

# Peer Conformity and Competition Shapes How Business Managers Evaluate Withdrawals from Russia amidst the Ukraine Crisis

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April 13, 2024

Total 7391 words

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## **Significance statement**

Amidst rising use of economic sanctions, geopolitics plays a greater role in market decisions. Not only governments, but firms and individuals evaluate whether to continue with business as usual during international crises. Using a survey experiment of Japanese business managers conducted shortly after the Russian invasion of Ukraine, we evaluate the strategic dynamic that shapes their opinion toward ending business with Russia. We find that learning about withdrawal by firms from a diverse set of countries increases support for withdrawal, while learning about ongoing business with Russia by Chinese firms fosters competition that lowers support for withdrawal. Our findings demonstrate countervailing pressures from peer conformity and competition, highlighting the ethical and strategic challenges at the intersection of geopolitics and business.

## **Abstract**

States have long used economic sanctions in response to violations of international law as a strategy to restore order. Increasingly, firms also reject doing business with violators. In response to the war in Ukraine, hundreds of multinational corporations (MNCs) voluntarily withdrew from Russia, even when policymakers were still debating the extent of sanctions. Why did some private firms halt their business with Russia while others continued? Using a survey experiment with Japanese firm managers conducted three months after the Russian invasion of Ukraine in 2022, we explore how peer effects – information on what other firms are doing in response to the crisis – influence support for withdrawal of business activity with Russia. Our findings show that information about withdrawal by other firms from a diverse set of countries promotes peer conformity that increases support. In contrast, information about ongoing business with Russia by Chinese firms fosters competition that reduces support. Market exposure moderates these reactions,

although the concern about peer behavior does not appear to be driven by a reputation mechanism. Our research provides insight into how business actors perceive the strategic interplay of peer influence and market dynamics in the context of geopolitical conflicts.

## Introduction

How do firms navigate geopolitical conflicts? As government leaders debate how to punish the violation of international law, business leaders must also decide whether their firm should continue with business as usual. Firm managers who normally maximize profits by an efficient choice of sourcing and marketing are thrown into a position to assess the suitability of commercial ties with a state that is engaging in acts of brutality. Increasingly, firms are expected to take action toward human rights protection, sustainable development, and other societal objectives (Ruggie, 2007; Lim and Tsutsui, 2012). Their decisions can either complement or undermine the ability of governments to achieve these goals (Vogel, 2008; Malhotra, Monin and Tomz, 2019; Johns, Pelc and Wellhausen, 2019).

In order to better understand preferences in the business community toward international political events, this paper examines the attitudes of managers about the Russian invasion of Ukraine. While the initial government responses to the invasion were divergent, a large number of leading multinational firms cut off trade and investment ties with Russia. The KSE Institute lists over 1400 companies that withdrew or curtailed Russian operations, from Mastercard to Nokia.<sup>1</sup> But for all the firms that withdrew, many others stayed (Evenett and Pisani, 2023). The debate on the decision was sometimes public, such as when Uniqlo chairman Tadashi Yanai first defended their ongoing business by declaring that "Clothing is a necessity of life ... The people of Russia have the same right to live as we do," before reversing course to announce withdrawal from Russia after a social

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<sup>1</sup> See list from project website available at <https://kse.ua/selfsanctions-kse-institute/>. The Yale School of Management also publicizes a list of prominent MNC withdrawals at <https://som.yale.edu/story/2022/over-1000-companieshave-curtailed-operations-russia-some-remain>.

media backlash called for a consumer boycott.<sup>2</sup> More often, these were boardroom decisions made behind closed doors without any public explanation for why a firm would stay or go. This context presents an important case to examine how business responds in the face of disagreement between the major powers and uncertainty over a developing international conflict.

We argue that the strategic interaction among firms significantly influences firm managers' opinions amidst international conflicts. As members of society and market participants, looking at how other firms respond offers important cues. Managers often do not have as much information about the business risk associated with international conflict as they would about market conditions that fall within their normal business operations (Kenyon and Naoi, 2010). Therefore, the reactions of other firms in the market may change managerial perspectives.

We examine the question of firm withdrawal with a pre-registered online survey of 2,100 business managers in Japan conducted during May 2022 shortly after Russia's attack on central Ukraine.<sup>3</sup> Japan offers an important case. While the Japanese government lined up quickly with other G7 governments to condemn the Russian actions, distance from the conflict zone and a general reluctance to connect aid and trade to political relations allowed room for doubt about how strongly it would use economic tools to punish Russia. Japanese businesses are deeply engaged in global supply chains. Although trade with Russia constitutes a small fraction of Japanese world trade, Japan ranked at a similar level with France as a trade partner with Russia in 2021.<sup>4</sup> Moreover, the idea of corporate social responsibility (CSR), adopted in Japan as a Western-led concept in the early 2000s (Fukukawa and Teramoto, 2009), has gained growing significance among Japanese firm managers (Eweje and Sakaki, 2015). The number of Japanese firms participating in the

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<sup>2</sup> Akane Okutsu, "Uniqlo suspends Russia business, reversing earlier decision," *Nikkei Asia*, 10 March 2022.

<sup>3</sup> The pre-registration is available at [osf.io/mv6qy](https://osf.io/mv6qy)

<sup>4</sup> In 2021, exports to Russia formed 1.04% of Japan's exports to the world, and imports from Russia formed 1.76% of its imports, with energy products the leading import and autos the leading export. Figures based on *The Atlas of Economic Complexity* (<https://atlas.cid.harvard.edu/>).

United Nations Global Compact is comparable to those of German and UK firms.<sup>5</sup>

Among the 169 Japanese subsidiaries in Russia tracked by the KSE Institute, 34% of them have either completely exited or halted business as of April 2023, which is less than the percentage of firms in the US and UK but a higher share than German or South Korean firms.<sup>6</sup> An analyst who was working for a corporate strategy consulting firm in Tokyo during the spring of 2022 reported that in the wake of the Russian invasion, he was flooded with queries by Japanese firms asking about what other firms were doing and how they should respond.<sup>7</sup> Such stories are suggestive that there may be peer effects among firms, which we explore in our survey analysis.

Our survey targets firm managers, whose views are important for understanding business responses to the Russian invasion. Although we do not ask respondents to recommend a specific decision for their own firm, the opinions of managers represent the most relevant sample for our research question. In the experiment, we present news about firms that withdraw/remain in Russia. The vignettes prime the attention of respondents to different trends, and then we ask their opinion about whether Japanese businesses should withdraw from business with Russia. First, we find evidence of peer conformity as learning about the withdrawal by other firms increases support for Japanese firm withdrawal. On the other hand, news about firms continuing business triggers concerns for competition: when the respondents are told that Chinese firms remain in the Russian market, they become less likely to support withdrawal. In fact, the news about ongoing business by Chinese firms offsets the positive effect from hearing about other companies withdrawing.

We also probe the role of reputation concerns and market pressure. Contrary to our expectation, we do not find that attributing reputation concerns as the main motive of other

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<sup>5</sup> As of March 2024, there are 570 German firms, 459 Japanese firms, and 370 UK firms that are listed on the UN Global Compact website (<https://unglobalcompact.org/what-is-gc/participants>, last accessed March 16th, 2024).

<sup>6</sup> KSE Institute, *The Leave Russia Database*. Available at <https://leave-russia.org/bi-analytics> (last accessed April 21st, 2023)

<sup>7</sup> Interview by author, March 27, 2023.

firms terminating business with Russia increases respondent's support for withdrawal—in fact, the reputation concerns prompt *reduces* support for withdrawal. Instead of reputation, a larger number of firm managers raised effectiveness in deterring Russia, concerns for secondary sanctions, and business risks in the Russian market as major factors they considered when assessing whether Japanese firms should withdraw. The analysis of market stakes aligns more closely with our expectations: the reaction to information about other firms is amplified if the respondent's firm conducts trade and investment in the same market.

Our research contributes to understanding the relationship between politics and economic interdependence by bringing in the perspective of firm manager preferences and the strategic interaction among firms. Most of the literature on economics and security focuses on the incentives of governments or analyzes observed dyadic economic flows between states. Some demonstrate that security interests lead states to favor trading among allies over adversaries (e.g. Pollins, 1989; Gowa and Mansfield, 1993), while others highlight conditions when economic interests may bridge rivalries (Gartzke, 2007; Kastner, 2007; Davis and Meunier, 2011). These cross-cutting pressures present a complicated landscape for businesses in the global economy as they choose whether to “follow the flag” (Pollins, 1989; Farrell and Newman, 2019; Pelozo and Shang, 2011) or conduct “business as usual” (Davis and Meunier, 2011; Carnegie, 2014). Firms may also adopt strategies to avoid association with controversial policies of their home government (Pandya and Venkatesan, 2016; Vekasi, 2020). In addition to government policies, we see group dynamics within the market. Theories of relational contracting suggest that social networks shape how firms view political risks in different locations (Pandya and Leblang, 2017). Our findings show how firm managers heed the actions of other firms when they face difficult decisions at the onset of a crisis.

Our study provides insights into economic coercion by looking at firms as leading actors whose decisions will raise or lower the cost of sanctions. An extensive literature

debates the effectiveness of government sanctions (e.g., Martin, 1992; Hufbauer et al., 2009; McLean and Whang, 2010; Drezner, 2022). These policies require firm compliance. Yet firms may also act on their own without a mandate by the government. Withdrawal—which we define here as a firm’s decision to cease commercial exchange with a country—forms the counterpart to a consumer boycott.<sup>8</sup> This practice could widen the scope of economic coercion.

Finally, our research builds on growing research about CSR. Others have shown that international trade and investment ties among firms may contribute to the diffusion of environmental or labor standards as firms engaged in global business begin “trading up” or “investing up” (Vogel, 1997; Prakash and Potoski, 2006, 2007; Greenhill, Mosley and Prakash, 2009; Malesky and Mosley, 2018; Distelhorst and Locke, 2018). In the case of divestment from Burma by multinational firms, both home state political characteristics and interfirm networks shaped diffusion patterns (Soule, Swaminathan and Tihanyi, 2014). By highlighting peer conformity and competition effects in reaction to international crises, we emphasize that business leaders follow the lead of other firms when forming their views about political and social issues. Our experimental analysis of manager opinion offers new evidence for why firms may decide to withdraw. This complements sociology and political science research on policy diffusion across countries that evaluates mechanisms through socialization, coercion, competition, and learning (Dobbin, Simmons and Garrett, 2007).

## **Peer Conformity and Competition Incentives**

When firms shun or favor certain countries or business partners based on their political conditions or behavior, their actions politicize business. We focus on the strategic interaction among firms in their evaluation of political events. *Peer conformity* describes when

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<sup>8</sup> For studies on consumer boycotts, see Pandya and Venkatesan (2016); Li and Liu (2019).

information about the actions of other firms induces similar behavior. Alongside peer conformity, the strategic interaction also presents *competition incentives* to seek commercial advantage. We consider both *firm stakes* and *reputation costs* as potential mechanisms to explain why managers may be more or less likely to support withdrawal from a market in response to international crises.

In navigating complex political situations, firms often look to their peers. Demands for corporate social responsibility arise for many issues related to management, labor relations, and sourcing. But the limits of international consensus among firms and governments have favored a bottom-up approach that relies on reporting and learning to encourage better behavior by transnational corporations (Ruggie, 2014; Bartley, 2007; Thrall, 2021). In this context, the decisions made by other businesses offers valuable information on what constitutes norm-conforming behavior. Managers may be motivated by a genuine concern for doing what is morally right, or they may want to maintain their reputation as socially responsible actors. Those that are perceived to be on the wrong side of an issue may suffer negative consequences such as decreased customer loyalty, loss of market share, and difficulty attracting skilled employees. Taking cues from other firms reduces the risk of such costs.

Learning about peer withdrawal can also have salient effects on firm managers' assessments because it may provide them with an information update on business risks in the Russian market. The literature on FDI documents how political risks of the destination influences investment (Jensen, 2008; Pandya, 2016; Carter, Wellhausen and Huth, 2019). In addition to the risk of expropriation by the Russian government, firms may consider another set of risks—the possibility of secondary sanctions from the U.S. and other governments. Integration in global value chains through overseas production also transforms consumers, workers, and investors abroad into stakeholders that can impact firm decisions (Johns and Wellhausen, 2016; Malesky and Mosley, 2018; Cory, Lerner and Osgood, 2021). These incentives lead to our first hypothesis.



**H1. Peer conformity:** *Respondents are more likely to support Japanese firms withdrawing from Russia when they learn that other firms have withdrawn.*

Whom do businesses follow? Business managers may look to the United States as the hegemon and let U.S. firm actions serve as the bellwether of change. Yet actions by U.S. firms alone may not signify a trend for international society given the outlier position of the United States as the primary sender of sanctions. Withdrawal by a wider range of firm nationalities sharpens the signal of a norm shift and perception of heightened risk. (Wellhausen, 2015) has shown how information channels link firm behavior by nationality as they evaluate responses to expropriation actions. We expect the conformity effect to be stronger when the respondent is primed with withdrawals by a wider range of firms, including co-national firms and those from countries with similar regime types and foreign policy positions. Therefore we evaluate two versions of the peer conformity hypothesis.

**H1a.** *Respondents are more likely to support Japanese firms withdrawing from Russia when they learn that U.S. firms have withdrawn.*

**H1b.** *Respondent support for withdrawal will be higher when told that firms from multiple nationalities are withdrawing, relative to only being told about U.S. firm withdrawals.*

We also evaluate how competition incentives may encourage remaining in the market when managers observe other firms that choose to stay. The cost of withdrawal increases when other firms continue their business with Russia – the pursuit of commercial advantage by these firms allows them to avoid adjustment costs and even seize market opportunities from the firms that withdraw. Information that other firms remain in the market could both weaken the normative signal and bring attention to economic competition.

In particular, by focusing on *Chinese* firms that continue business with Russia, we endeavor to elicit attention to the competition incentives. First, as a country with an author-

itarian regime, security rivalry, and accusations of human rights abuse, respondents are unlikely to see Chinese firms as international norm-setters.<sup>9</sup> Second, Japanese businesses frequently find themselves in competition with Chinese firms, both in terms of import competition in the Japanese market and for business opportunities abroad (Yamashita and Yamauchi, 2020; Vekasi, 2020). In contrast, referring to American or European firms that continued business with Russia would both weaken peer conformity and heighten competition. Since our goal is to differentiate between these two logics, we prime respondents with the counterpart most likely to induce feelings of competition rather than conformity.

**H2. Market competition:** *Respondents are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.*

We also probe the rationale for withdrawal. We consider firm stakes and reputation concerns as two potential mechanisms through which information about behavior by other firms could impact support for withdrawal. First, we examine whether the market exposure of the respondent's company moderates their reaction to the information. Based on economic motives, conformity and competition would weigh strongest for those working at firms with trade or investment ties to the respective markets.

**H3. Firm Stakes:**

*H3a. Respondents who work for firms that conduct business in the US market are more likely to support Japanese firms withdrawing from Russia when told that US firms withdraw.*

*H3b. Respondents who work for firms that conduct business in multiple foreign markets are more likely to support Japanese firms withdrawing from Russia when told that firms from multiple nationalities withdraw.*

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<sup>9</sup> According to the public opinion survey conducted in 2021, 79% of the Japanese respondents did not feel close to China, while 86% of them had an affinity toward the U.S. and 71% toward European countries (Cabinet Office of Japan, "Public Opinion Survey on Foreign Policy" September, 2021. (<https://survey.gov-online.go.jp/r03/r03-gaiko/index.html>).

*H3c. Respondents who work for firms that conduct business in China are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.*

Next, how do reputational concerns shape opinion? A firm's reputation for corporate social responsibility also carries economic value, on top of its social worth (Renneboog, Ter Horst and Zhang, 2008; Distelhorst and Locke, 2018; Koenig and Poncet, 2019). From consumers to investors, influential economic actors may steer their money toward firms with whom they hold aligned values. Managers have long had to worry that a scandal over abusive labor practices or environmental degradation within supply chains could tarnish the brand name. Increasingly the scope of activity held up for public judgment has broadened, and the invasion by Russia was followed by public calls for boycotts.

We evaluate the reputation mechanism by telling respondents that market analysts attribute fear of harm to reputation as the reason other firms have decided to withdraw. Such statements should not matter if opinions are based on either normative beliefs or other concerns such as fear of secondary sanctions. But the information will serve to prime respondents about the potential reputation risk for Japanese business.

**H4. Reputation concerns:** *Respondents' reaction to other firms' behaviors will be stronger when informed that the reason for withdrawal reflects concern about reputation with domestic and international consumers, investors, and client firms.*

## **Research Design**

We conducted an original survey experiment on business managers in Japan in May 2022 to evaluate how peer effects shape firm preferences for participation in boycotting Russia. We targeted individuals who are branch manager level or above at a medium or large enterprise (100 or more employees) in the manufacturing, construction, mining, or utility

industry. We recruited the respondents through Nikkei Research, a survey company in Japan, and collected 2,100 responses from their registered sample.<sup>10</sup>

After measuring respondents' baseline attitudes toward the Ukraine Crisis and the impact on their business, we gave randomized vignettes about how firms of different nationalities have reacted to Russia's invasion. Our survey experiment uses factual information to capture how firms behave in real-world situations.<sup>11</sup> Although some respondents may have prior knowledge, the treatment primes respondents to think about the specific facts included in the vignette (Chong and Druckman, 2007; Naoi and Kume, 2011). We expect that this design will change attitudes by prompting respondents to put higher weight on other firms' behaviors.

Our intervention varies the description of which firms participate in the boycott. Respondents in the first treatment branch were informed that some US firms, such as Microsoft and Starbucks, have stopped doing business in Russia. Respondents in the second treatment branch were given additional information about withdrawal by a wider group of firms including European and Korean firms, such as BMW, BP, H&M, Samsung, and Toyota as a leading Japanese firm. The third treatment branch provides information about ongoing sales in Russia by Chinese firms such as Alibaba and China Mobile. We layer the vignettes in order to analyze how each new piece of information changes support for withdrawal. In this design, respondents in the third treatment branch receive all three prompts about firm reactions to the invasion. The final stage of the experiment assesses motivations. Half of the respondents in each of the three treatment branches were primed with an additional vignette reporting that analysts say the withdrawing firms were concerned about their reputations among both domestic and international consumers, investors, and client firms. The experimental design is detailed in Appendix section A.5.

Following the vignettes, we measured attitudes by asking respondents whether Japanese

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<sup>10</sup> The recruitment email was sent to 11,001 registrants randomly selected from the pool that satisfies our target conditions. Overall, the response rate for our survey is 19.1%.

<sup>11</sup> Survey research suggests that using hypothetical scenarios will often achieve similar results (Brutger et al., 2022). We opt for using factual information to enhance the external validity of our study.

firms should withdraw business from Russia on a six-point scale from 1 (“strongly disagree”) to 6 (“strongly agree”).<sup>12</sup> Throughout the survey, we consistently remind respondents to answer from the perspective of their firms. We estimate the impact of the treatments on the six-level outcome with ordinary least squares regression (OLS). In a secondary analysis, we measure information-seeking behavior by asking respondents whether they would like more information about how the governments, the general public, and the business community responded to the situation in Ukraine. Respondents have the option to seek more information by clicking links to external websites that we provide in the survey. We analyze the binary outcome of whether they seek more information with logistic regression.

To address individual-level characteristics, we control for age, education, household income, seniority in the firm, years employed in the firm, and baseline attitudes toward Russia’s invasion of Ukraine. We also leverage information about the respondent’s firm to control for firm-level characteristics, including the number of employees, capital stock, period of establishment, industry, location of the firm, and firm ownership.<sup>13</sup> We checked covariate balance before estimating treatment effects to confirm that we have achieved a balanced sample through randomization. In addition, we implement block randomization within seven major industry groups to improve the efficiency of our causal effect estimation.<sup>14</sup> Summary statistics of pre-treatment variables can be found in Appendix Table A.2 and Figure A.1.

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<sup>12</sup> Appendix A.5 summarizes our pre-registered hypotheses.

<sup>13</sup> See Appendix A.4 for the description of variables. For some models, we omit covariates that do not have enough variation in the subsample.

<sup>14</sup> By randomization, respondents from the same industry could be mostly allocated to either the treatment arm or the control arm. This increases the variance of our estimates and makes it harder to detect treatment effects. Therefore we conducted complete randomization within each industry group, which allows us to achieve balance in the allocation of respondents to treatment arms.

## Results

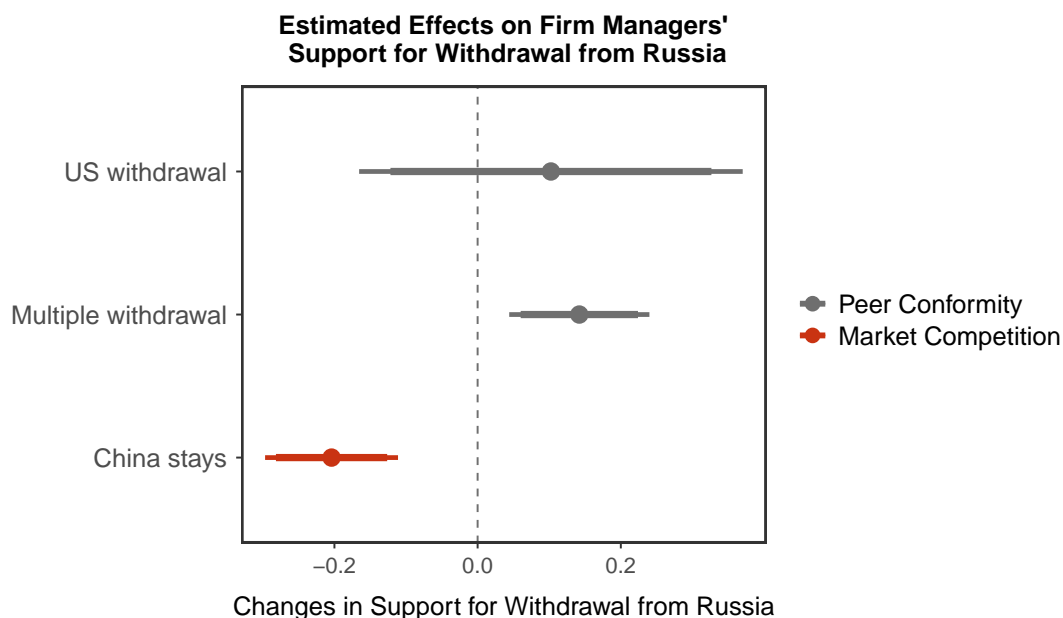
Our survey respondents generally have strong support for stopping business in Russia prior to any treatment assignment. Within our control group, 61.89% of respondents believed Japanese firms should stop doing business in Russia, 36.36% of respondents expressed neutrality, whereas only 1.75% of respondents opposed withdrawal. This closely matches levels of support reported in other public opinion surveys conducted in Japan during the months following the invasion using a general population sample.<sup>15</sup> Our experimental treatment evaluates how behavior by other firms changes opinion from this high baseline, and our sample of managers allows us to assess the question within a population that is attuned to thinking about business decisions.

We present the estimated effects of information about withdrawal in the first two rows of Figure 1. The information about US firms has little impact on opinion, but information about a wider withdrawal pattern has a significant positive effect. In comparison with the control group, the support for withdrawal increases by 0.14 points (95% CI: [0.04,0.24]) when respondents learn that firms from multiple countries are leaving Russia (n = 558). This confirms the peer conformity hypothesis under a cross-national trend of peer firms ending ties with Russia (H1b). The final row of Figure 1 reports the results for the market competition hypothesis (H2). Support for withdrawal decreased by 0.20 points (95% CI: [-0.30, -0.11]) among respondents who were informed about Chinese firms staying in Russia (n = 545). Overall, our results show the influence of strategic interaction on opinion toward withdrawal. Peer conformity can make firm managers feel compelled to follow a multinational group of firms to exit the market, while market competition can induce caution among those reminded about other firms keeping their operations in Russia.

Figure 2 confirms our hypotheses about firm stakes (H3a, H3b). When we differentiate respondents by their firm's economic activity in related markets (importing, export-

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<sup>15</sup> For further information see Kafura (2022).

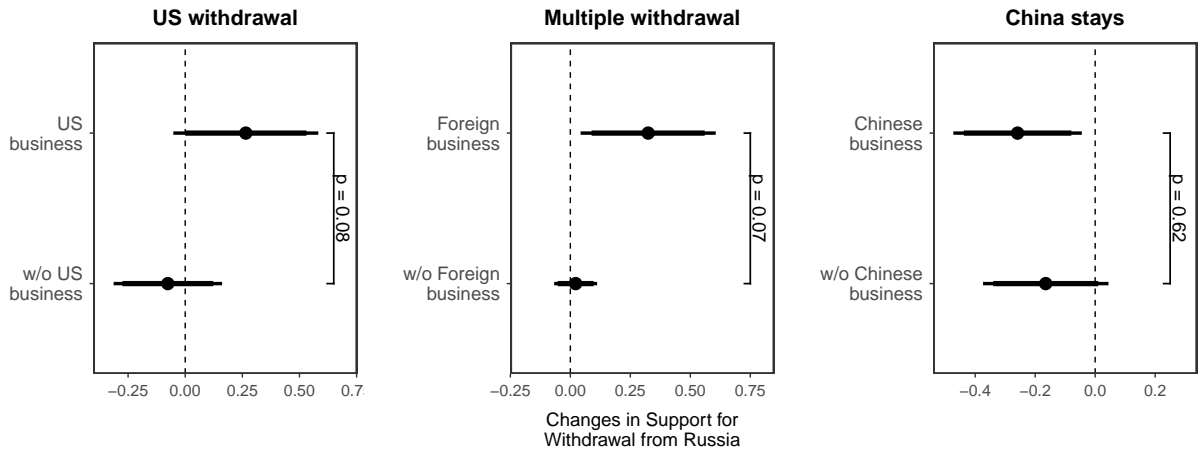


**Figure 1:** The figure presents the estimated effects of supporting withdrawal from Russia for each firm withdrawal treatment: US firm withdrawal (top), multiple countries withdrawal (middle), and Chinese firms stay (bottom). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

ing, outsourcing, or having local subsidiaries), we find stronger treatment effects. The US firm withdrawal has an imprecise but positive effect for respondents whose firms have business in the US (support for withdrawal increases by 0.27 points (95% CI: [-0.05, 0.58])), whereas the effects for those without US business are close to 0. The multiple withdrawal treatment has stronger effects on the managers of firms engaged in international trade and investment, who are significantly more likely to support withdrawal (increase by 0.32 points (95% CI: [0.04, 0.60])).<sup>16</sup> Those who work in firms limited to domestic business in Japan are unaffected by the treatment. The sensitivity to market competition also varies with firm stakes. We find respondents who work at firms with local businesses in China were even more cautious than others about leaving Russia when told that Chinese firms were continuing business in Russia. This moderating effect is important given that 55.2% of respondents in our sample have ongoing business relationships with China. Our analysis highlights that information about other firms and the market exposure of the in-

<sup>16</sup> We subset to those reporting business in any international market beyond the US and China, since the engagement in US and China is separately tested in the first and third plot.

## Heterogeneous Effects on Support for Withdrawal from Russia by Market



**Figure 2:** The figure shows how market stakes condition the estimated change in supporting withdrawal from Russia. The left column displays results for the US withdrawal treatment among respondents who work for firms with/without business in the US (top/bottom). The middle column shows the effect of multiple withdrawal treatment conditional on whether their firms have business in foreign countries besides China and the US, and the right column shows the effect of China stays treatment for those working at firms with/without business in China. The thin and thick horizontal lines represent the 95% and 90% confidence intervals, respectively. Each plot reports the p-value for the estimated difference between the two coefficients.

dividual's firm both matter when manager's consider the best response to a geopolitical crisis.

We conducted a series of robustness checks. First, analysis on the subset of managers working in firms that have trade or investment ties with Russian firms demonstrates support for the argument among those with a direct stake in the decision (N = 322) (Appendix D.1). We find a stronger effect of the multiple withdrawal treatment among respondents who reported that their business had been negatively impacted by the war (Appendix D.2). The effects tend to be stronger for managers employed in large firms with over 5,000 employees (Appendix D.3). Our results on the China stays treatment are generally robust across firms engaged in various foreign business activities, such as indirect engagement with import/export through their upstream/downstream production or ownership of foreign subsidiaries. For the multiple withdrawal treatment, we find the strongest positive effects among firms that indirectly import in the upstream process and those with foreign subsidiaries (Appendix D.4). When evaluating our hypotheses for the



sub-sample of high-level managers, we find similar effects for market competition, but the effects for peer conformity are insignificant (Appendix D.5). Finally, we show that our results are robust to excluding any one of the industry groups (Appendix D.6).

## Reputation Costs and Sanction Risks

Next, we evaluate whether concern about business reputation shapes preferences for withdrawal. We find little support for the reputation hypothesis. Figure 3 shows that support for withdrawal *decreases* by 0.26 points for both the US and multiple withdrawal treatment groups when they are told that the firms decided to withdraw due to reputation concerns.<sup>17</sup> There is a positive but insignificant effect for the Chinese firms stay branch (n = 566).<sup>18</sup> Contrary to our expectations, there is a backlash against the news that other firms are motivated by reputation concerns.

To further explore how strategic context and reputation concerns impact withdrawal decisions, we examine the follow-up questions where respondents are asked to select all the factors that affected their opinion about doing business with Russia (Figure 4). From a range of options, we find that reputation costs are not the top concern for Japanese firm managers. When comparing which markets matter for reputation, our sample of Japanese managers seems more concerned with Western markets than the Japanese market (Figure 4). The Chinese market is important for Japanese companies, but there is no evidence that reputation is a channel that raises risks.

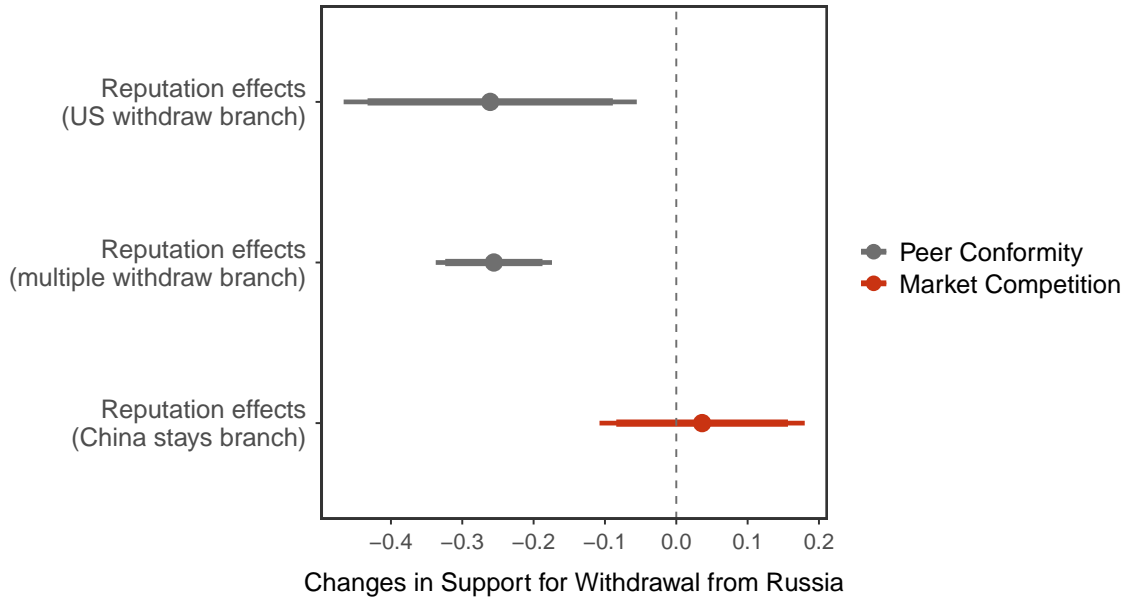
Instead, firm managers worry about effectiveness in deterring Russia, potential business risks in Russia, and secondary sanctions imposed by either the US or Chinese government. This points to one possible explanation for the surprising negative impact of the reputation treatment. When respondents learned that their peers were concerned about *reputation* rather than about secondary sanctions or business risks, they were reassured

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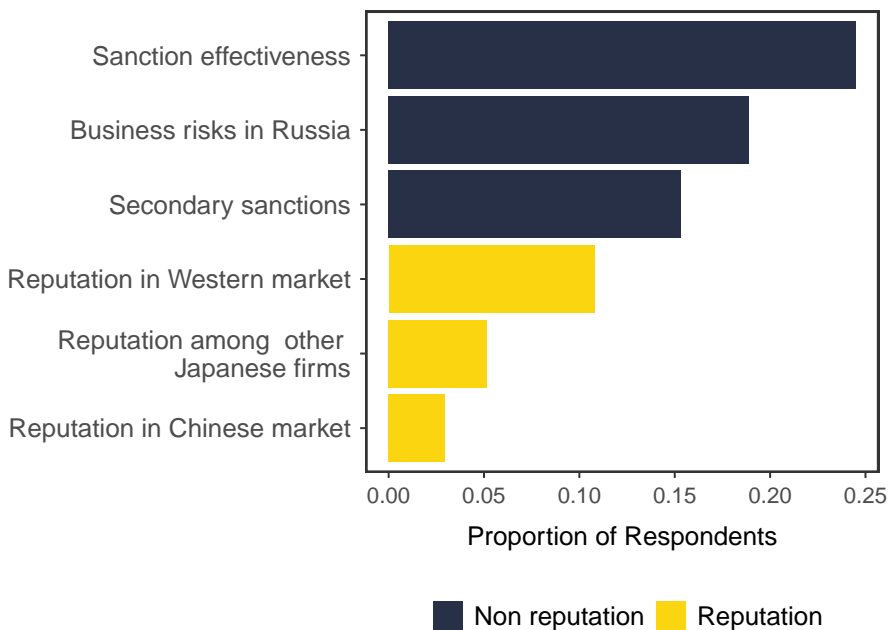
<sup>17</sup> The 95% confidence interval [-0.47, -0.06] is wider for the US firms withdraw branch (n = 541) than for the multiple countries firms withdraw branch (n = 562) [-0.34, -0.17].

<sup>18</sup> This stands in contrast to the negative effect in the baseline experiment (Figure 1).

### Reputation Effects on Support for Withdrawal from Russia



**Figure 3:** The figure presents the estimated effects of supporting withdrawal from Russia when adding the reputation costs vignette for each firm withdrawal treatment branch: US firm withdrawal (top), multiple countries withdrawal (middle), and Chinese firms stay (bottom). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

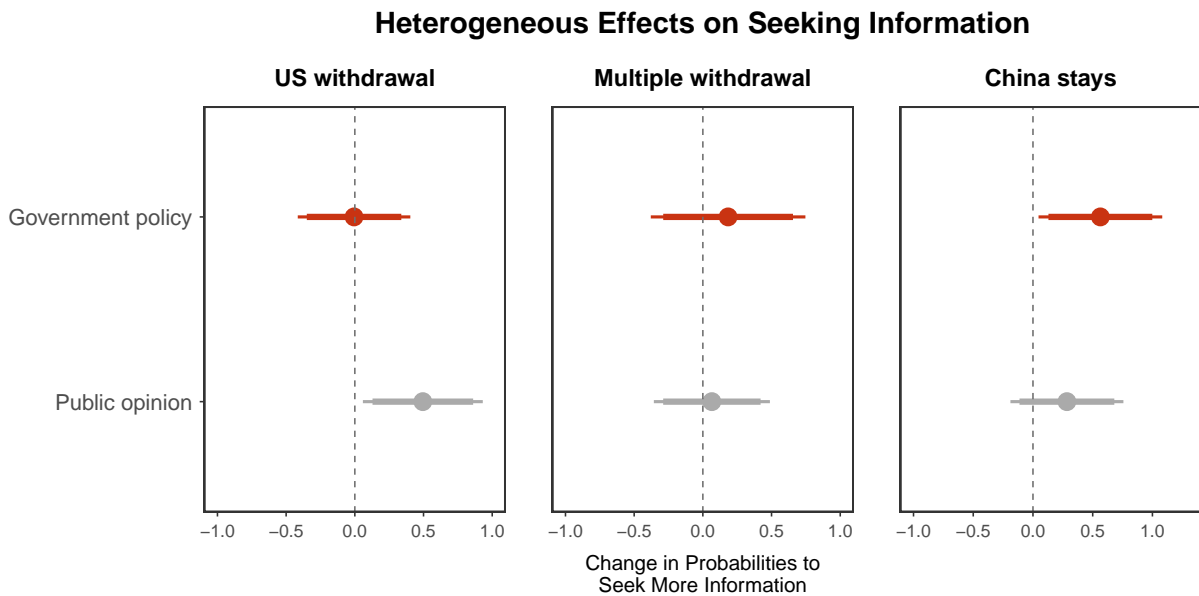


**Figure 4:** The figure shows the distribution of reasons that respondents selected as major factors in their opinion of whether Japanese firms should withdraw. It includes all respondents that are not given the reputation treatment. The total proportion does not sum up to one because respondents can select multiple reasons.

about the limited risks of continuing business with Russia.

## Behavioral Outcomes

Our analysis also shows that peer conformity and competition induce a behavioral response to seek more information about public opinion and government policies. Figure 5 shows that upon learning about withdrawal by US firms, respondents are 49.5% (95% CI: [6%, 93%]) more interested in receiving updates on US public opinion. In contrast, when they learn that Chinese firms continue to operate in Russia, they are 56.4% (95% CI: [5%, 108%]) more likely to seek information about China’s current policy regarding the Ukraine crisis. The addition of the multiple withdrawal vignette has little impact. The differential impact of the US and China vignettes suggests that managers view the crisis through a lens based on prior beliefs about the United States as a market-led economy and China as a state-led economy. The managers’ attention to public opinion in the



**Figure 5:** The figure shows the estimated effects of conformity and competition concerns on information seeking behaviors. The panels show the results of logistic regression estimates for the effect of each treatment on respondents’ willingness to seek more information about policy and public opinion of the United States (left plot), Japan (middle plot), and China (right plot). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

United States and government policy in China indicates how political uncertainty in each country impacts the type of information they seek.

## Discussion

Through trade wars and sanctions, economic statecraft has moved to the forefront of the global economy. But alongside state-led policies, private sector actions can also politicize markets. We ask how business managers evaluate the decisions over when and how to react to international crises. Managers are willing to leave contentious markets, and their reasons are not simply driven by concerns about their reputation with consumers and investors. But they do not make these decisions in isolation. Our central conclusion is that peers influence preferences for business decisions when firm managers face difficult decisions at the onset of a crisis.

In a randomized experiment on 2,100 Japanese business managers three months after the onset of the Russian invasion of Ukraine, we find that information about how other firms behave conditions the support for business withdrawal from Russia. Evidence for peer conformity and competition effects highlights the strategic context in which managers make decisions about political events. Yet the mixed findings about reputation as the mechanism for this response call for further research. It appears that managers are not simply anticipating harm to profits through reputation. Instead, they are more concerned about sanction effectiveness and business risks. At the same time, market exposure for their own firm amplifies how the information about other firms shapes opinion.

The behavior of other firms also influences risk perception. When focused on US firms withdrawal, Japanese managers sought information about public opinion in the United States. In contrast, when prompted with information about Chinese firms, they sought information on government policy in China. In the midst of uncertainty about future conditions, the behavior of other firms puts a spotlight on particular kinds of risk.

Managers look to other firms for guidance on the hard decisions about whether withdrawal is the best response to a crisis. Being the first to leave would take unusual courage and pose a larger risk. At the same time, being the last to leave could be morally reprehensible and draw criticism. The herd mentality of markets may also extend to evaluations of international crises. The offsetting forces of conformity and competitive incentives encourage managers to pay attention to the choices of other firms.

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# A Appendix: Variables and Covariate Balance

## A.1 By Industry

**Table A.1:** Treatment Assignment by Industry Groups

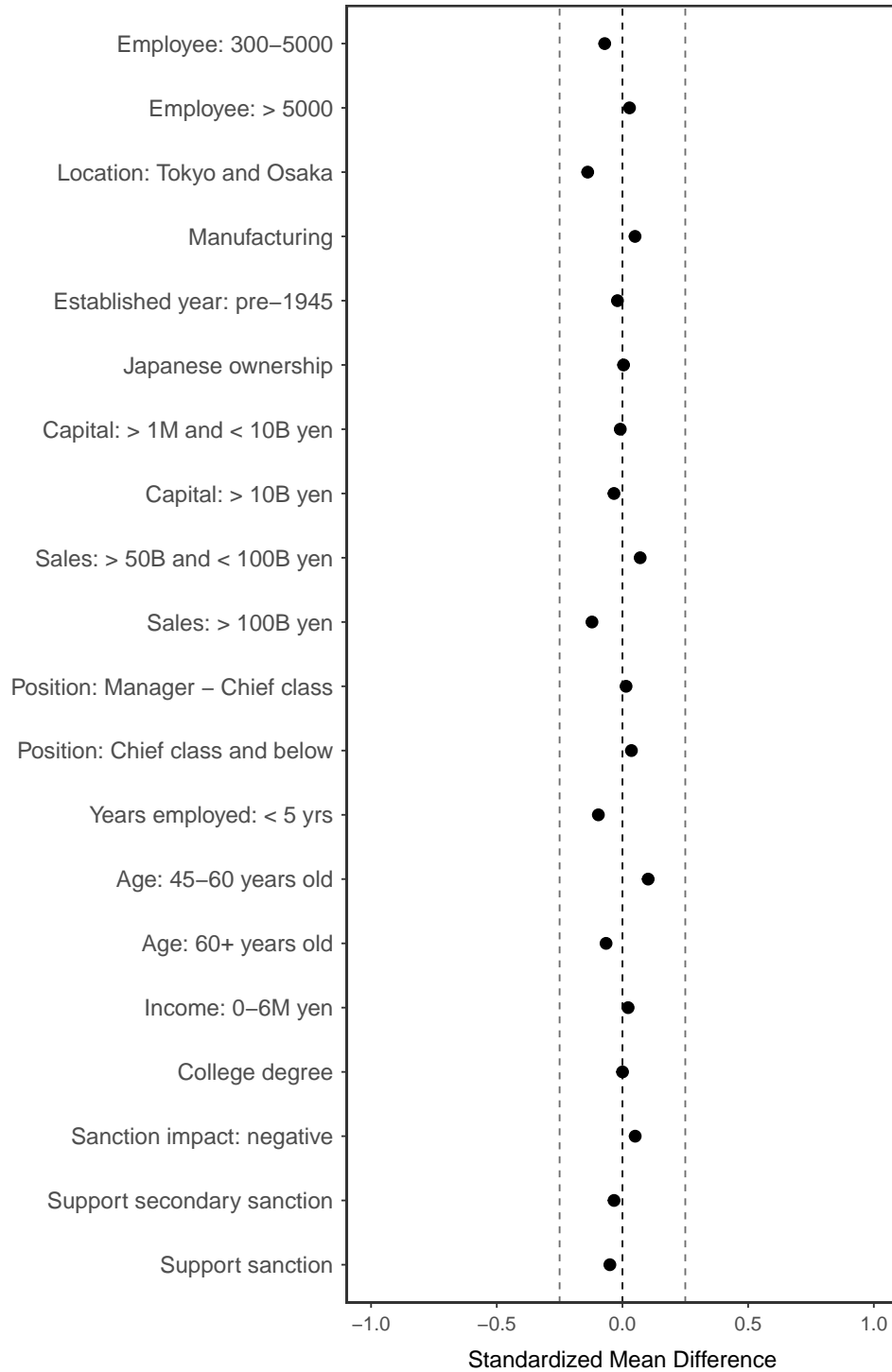
	Textile & Furniture (N=89)		Food & Beverage (N=155)		Chemical & Metal (N=420)		Machinery (N=374)		Construction & Mining (N=562)		Transportation (N=142)		Others (N=213)	
	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.	N	Pct.
Control	12	13.5	23	14.8	61	14.5	54	14.4	84	14.9	21	14.8	31	14.6
US firms withdrawal	14	15.7	23	14.8	60	14.3	53	14.2	79	14.1	19	13.4	31	14.6
US firms withdrawal + reputation	13	14.6	22	14.2	63	15.0	54	14.4	83	14.8	21	14.8	31	14.6
Multiple countries firms withdrawal	12	13.5	21	13.5	61	14.5	54	14.4	81	14.4	19	13.4	31	14.6
Multiple countries firms withdrawal + reputation	13	14.6	23	14.8	60	14.3	54	14.4	83	14.8	21	14.8	29	13.6
Chinese firms stay	13	14.6	22	14.2	55	13.1	51	13.6	74	13.2	21	14.8	30	14.1
Chinese firms stay + reputation	12	13.5	21	13.5	60	14.3	54	14.4	78	13.9	20	14.1	30	14.1

## A.2 Covariate Balance Table

Table A.2: Covariate Balance Table

	Control (N=286)			US firms withdrawal (N=279)			US firms withdrawal reputation(N=287)			Multiple firms withdrawal (N=279)			Multiple firms withdrawal + reputation (N=283)			Chinese firms stay (N=266)			Chinese firms stay + reputation (N=275)		
	Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N	Mean	Std. Dev.	N
Support sanction	1.0	0.2	57	0.9	0.3	56	1.0	0.2	64	0.9	0.3	65	0.9	0.3	62	0.9	0.2	62	0.9	0.3	62
Sanction impact	0.6	0.5	158	0.6	0.5	155	0.6	0.5	166	0.5	0.5	164	0.5	0.5	151	0.5	0.5	151	0.6	0.5	151
Sanction second	0.8	0.4	63	0.8	0.4	76	0.8	0.4	49	0.8	0.4	54	0.8	0.4	62	0.8	0.4	62	0.8	0.4	62
Employee	1	55	192	57	20.4	56	19.5	64	22.9	65	22.9	65	22.9	62	23.0	48	18.0	62	22.5	22.5	62
	2	167	58.4	158	56.6	155	54.0	166	59.5	164	59.5	164	59.5	151	58.0	149	56.0	151	54.9	54.9	151
	3	64	22.4	63	22.6	76	26.5	49	17.6	54	17.6	54	17.6	62	19.1	68	25.6	62	22.5	22.5	62
Tokyo and Osaka	0	114	39.9	121	43.4	131	45.6	135	48.4	131	48.4	131	48.4	124	46.3	108	40.6	124	45.1	45.1	124
	1	172	60.1	158	56.6	156	54.4	144	51.6	152	51.6	152	51.6	151	53.7	158	59.4	151	54.9	54.9	151
Manufacturing	0	84	29.4	79	28.3	83	28.9	81	29.0	83	29.0	83	29.0	78	29.3	74	27.8	78	28.4	28.4	78
	1	202	70.6	200	71.7	204	71.1	198	71.0	200	71.0	200	71.0	197	70.7	192	72.2	197	71.6	71.6	197
Established year	0	137	47.9	129	46.2	134	46.7	143	51.3	135	51.3	135	51.3	131	47.7	130	48.9	131	47.6	47.6	131
	1	139	48.6	140	50.2	139	48.4	126	45.2	135	45.2	135	45.2	130	47.7	125	47.0	130	47.3	47.3	130
Japanese ownership	0	48	16.8	50	17.9	51	17.8	46	16.5	49	16.5	49	16.5	49	17.3	52	19.5	49	17.8	17.8	49
	1	215	75.2	214	76.7	220	76.7	217	77.8	230	77.8	230	77.8	206	81.3	199	74.8	206	74.9	74.9	206
Capital	1	44	15.4	49	17.6	52	18.1	55	19.7	48	19.7	48	19.7	54	17.0	50	18.8	54	19.6	19.6	54
	2	109	38.1	107	38.4	103	35.9	116	41.6	118	41.6	118	41.6	103	41.7	69	25.9	103	37.5	37.5	103
	3	114	39.9	98	35.1	107	37.3	85	30.5	94	30.5	94	30.5	91	33.2	115	43.2	91	33.1	33.1	91
Sales	1	50	17.5	58	20.8	56	19.5	69	24.7	64	24.7	64	24.7	63	22.6	50	18.8	63	22.9	22.9	63
	2	83	29.0	86	30.8	92	32.1	99	35.5	90	35.5	90	35.5	85	31.8	63	23.7	85	30.9	30.9	85
	3	139	48.6	121	43.4	121	42.2	97	34.8	116	34.8	116	34.8	117	41.0	130	48.9	117	42.5	42.5	117
Position	1	108	37.8	102	36.6	93	32.4	96	34.4	102	34.4	102	34.4	88	36.0	88	33.1	78	28.4	28.4	78
	2	102	35.7	99	35.5	106	36.9	84	35.5	106	35.5	106	35.5	90	37.5	90	33.8	111	40.4	40.4	90
	3	76	26.6	78	28.0	88	30.7	99	30.1	75	30.1	75	30.1	88	26.5	88	33.1	86	31.3	31.3	86
Years employed	0	178	62.2	181	64.9	194	67.6	179	64.2	173	64.2	173	64.2	184	61.1	176	66.2	184	66.9	66.9	184
	1	106	37.1	98	35.1	93	32.4	100	35.8	110	35.8	110	35.8	89	38.9	89	33.5	91	33.1	33.1	91
Age	1	30	10.5	23	8.2	29	10.1	30	10.8	33	10.8	33	10.8	31	11.7	31	11.7	27	9.8	9.8	27
	2	191	66.8	202	72.4	197	68.6	187	67.0	192	67.0	192	67.0	179	67.8	179	67.3	186	67.6	67.6	186
	3	65	22.7	54	19.4	61	21.3	62	22.2	58	22.2	58	22.2	56	20.5	56	21.1	62	22.5	22.5	62
Income	0	152	53.1	140	50.2	176	61.3	158	56.6	152	56.6	152	56.6	130	53.7	130	48.9	150	54.5	54.5	150
	1	105	36.7	107	38.4	88	30.7	97	34.8	107	34.8	107	34.8	116	37.8	116	43.6	100	36.4	36.4	100
College degree	0	42	14.7	41	14.7	57	19.9	61	21.9	42	21.9	42	21.9	44	14.8	44	16.5	50	18.2	18.2	50
	1	244	85.3	238	85.3	230	80.1	218	78.1	241	78.1	241	78.1	222	85.2	222	83.5	225	81.8	81.8	225

### A.3 Covariate Balance Plot



**Figure A.1:** The plot shows standardized mean differences between the control group and all the treatment groups (x-axis) for each value of covariates (y-axis). They are all below an absolute difference of 0.25, indicating that the treated and the control are balanced in terms of the listed covariates.

## A.4 Variable Descriptions

### Individual characteristics

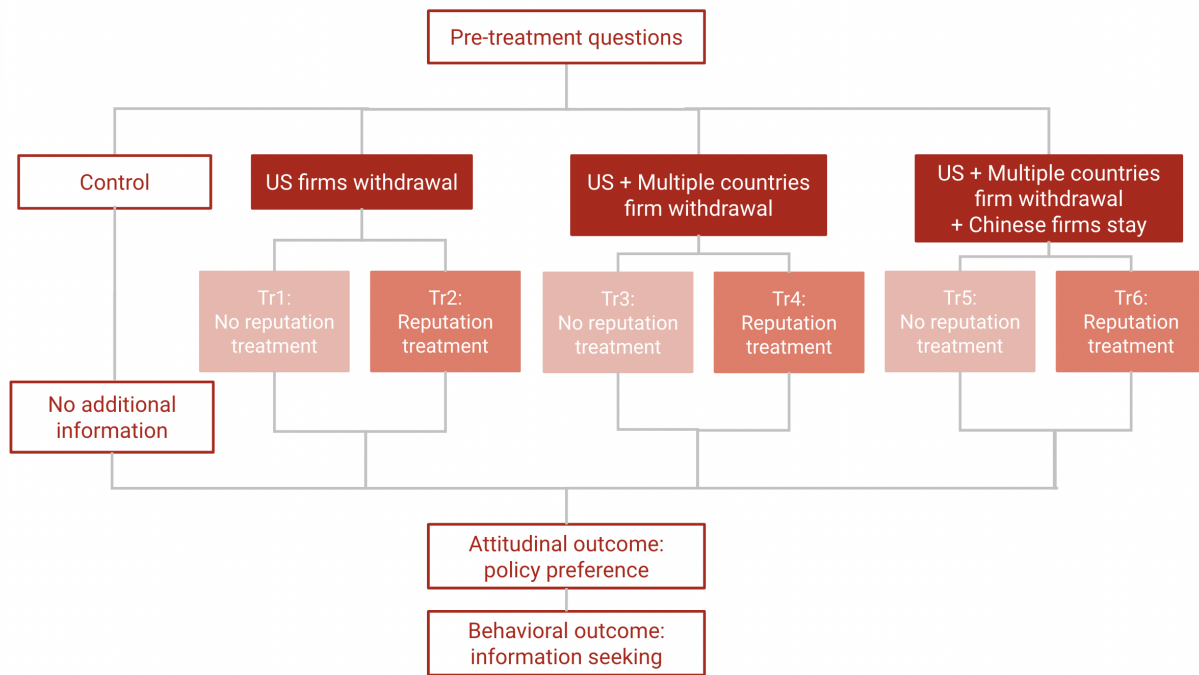
- Education (college degree):
  0. No college degree
  1. College degree and above
- Age:
  1. Below 45
  2. 45 – 60
  3. Above 60
- Household income:
  0. Below 10 million JPY
  1. 10 million JPY and above
- Position in the firm:
  1. From chairman class (top) to deputy manager class  
(会長/理事長, 副会長/理事, 代表取締役 (社長) /院長, 副社長/副院長/事務長, 専務取締役/常務取締役/役員/取締役, 顧問/監査役, 事業本部長, 部長, 部長代理)
  2. Section chief class and assistant section chief class  
(課長, 課長補佐)
  3. From section head to branch manager/factory manager class  
(係長, 主任・リーダー, 支店長・工場長)
- Years employed in the firm
  0. Twenty years or less
  1. More than twenty years
- Pre-treatment assessment of the Ukraine crisis's impact on own firm's business:
  0. No or positive impact
  1. Negative impact

### Firm characteristics

- Firm size (number of employees):
  1. Below 300
  2. 300 – 5,000

3. Above 5,000
- Year established:
    1. Before 1945
    2. 1945 and after
  - Location of the firm:
    0. Other than Tokyo or Osaka
    1. Tokyo or Osaka
  - Japanese ownership:
    0. Some portion is owned by foreign capital
    1. 100% owned by Japanese capital
  - Industry
    - Construction and mining
    - Food and beverage
    - Textile and wood related
    - Chemical and metal
    - Machinery
    - Transportation
    - Others
  - Capital
    - 1 Below 100 million JPY
    - 2 100 million – 10 billion JPY
    - 3 10 billion JPY and above
  - Sales
    1. Below 10 billion JPY
    2. 10 billion – 100 billion JPY
    3. 100 billion JPY and above

## A.5 Experimental Design



**Figure A.2:** Survey Flow and Treatment Branches

The experiment first provides the following background about the Ukraine Crisis to all respondents:

*Russia's invasion of Ukraine violates international law and has led to thousands of civilian deaths and millions of refugees fleeing the country. The governments of Japan, the United States, and the EU are imposing sanctions such as restrictions on trade and financial transactions.*

Next, respondents in each treatment branch were given layered vignettes consisting of the behavior of firms from each group as follows: (a) US firms withdraw, (b) US firms withdraw + firms from multiple nationalities withdraw, (c) US firms withdraw + firms from multiple nationalities withdraw + Chinese firms stay. The respondents in the control branch do not receive any information about firm behavior.

In addition, some US firms like General Motors, Microsoft, Nike, and Starbucks have stopped selling their products in Russia.

Furthermore, firms from other countries like Samsung (South Korea), BP (UK), H&M Hennes & Mauritz (Sweden), Toyota (Japan), and BMW (Germany) are also withdrawing their business from Russia.

Yet, many Chinese firms like Alibaba, China Mobile, Shanghai Fosun Pharmaceutical, and Great Wall Motor are still keeping their sales and production activities in Russia.

Finally, half of the respondents in each of the three treatment branches were given an additional vignette highlighting reputation costs associated with continuing to operate in Russia. For these groups, the following text was added to the firm withdrawal treatment vignettes:

Some analysts say that firms in global markets were concerned that continuing their business with Russia would harm their reputations among both domestic and international consumers, investors, and client firms.

After seeing these vignettes, the respondents are asked the following questions.

- Do you think Japanese firms should stop their business transactions with the Russian market and firms? (日本の企業は、ロシア市場や企業との取引をやめるべきだと思いますか。)



## B Preregistered Hypotheses

**Table B.1: Hypotheses on Main Effects**

Hypothesis 1	Peer Pressure	Respondents are more likely to support Japanese firms withdrawing from Russia when they learn that other firms have withdrawn. Their support will be higher when told that firms from multiple nationalities withdraw, relative to only being told about U.S. firm withdrawals.
Hypothesis 2	Competition Incentive	Respondents are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.
Hypothesis 3	Issue Saliency	Respondents who work for firms that conduct business with Russia (importing, exporting, outsourcing, or having local subsidiaries) are more likely to be influenced by other firms' withdrawals, compared to respondents that do not have any business relationship with Russia.

**Table B.2: Hypotheses on Mechanisms**

Hypothesis 1a	Market Pressures	Respondents who work for firms that conduct business in the United States are more likely to support Japanese firms withdrawing from Russia upon learning about the cases of US withdrawals.
Hypothesis 1b		Respondents who work for firms that conduct business in multiple foreign markets are more likely to support Japanese firms withdrawing from Russia when told that firms from multiple nationalities withdraw.
Hypothesis 2a		Respondents who work for firms that conduct business in China are less likely to support Japanese firms withdrawing from Russia upon learning that Chinese firms continue to operate in Russia.
Hypothesis 4	Reputation Concerns	Respondents are more likely to support Japanese firms withdrawing from Russia when informed that MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 5		Respondents are less likely to support Japanese firms withdrawing from Russia when they learn that Chinese firms still operate in Russia even when other MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 4a		Respondents who work for firms that conduct business overseas are more likely to support Japanese firms withdrawing from Russia when informed that MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 5a		Respondents who work for firms that conduct business in the Chinese market are less likely to support Japanese firms withdrawing from Russia when they learn that Chinese firms still operate in Russia even when other MNCs are withdrawing due to concerns over their business reputations.
Hypothesis 6	Other Mechanisms	Concerns for business risk, secondary sanctions, and reputation costs will mediate respondents' sensitivity to the information about which firms are withdrawing. However, respondents are less likely to support withdrawals after learning that Chinese firms continue to operate in Russia because respondents are less concerned with business risks.

**Table B.3: Information Seeking Behaviors**

Hypothesis 7	Consumer incentives	Respondents told about US/Japanese/Chinese firms will be more likely to seek information on US/Japanese/Chinese public opinion.
Hypothesis 8	Compliance	Respondents told about US/Japanese/Chinese firms will be more likely to seek information on US/Japanese/Chinese government policies.
Hypothesis 9	Peer pressure	Respondents told about US/Japanese/Chinese firms will be more likely to seek additional detailed information on the behavior of other firms.

## C Regression Results

**Table C.1:** Effects of US Firms Withdrawal on Support for Withdrawal from Russia

	w/o US Business	US Business	Total
Treatment	-0.076 (0.121)	0.265 (0.162)	0.102 (0.137)
Num.Obs.	289	276	565
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated effects of supporting withdrawal from Russia for the US withdrawal treatment (compared to the baseline control branch). The left and middle columns show the estimates for each subgroup: firms with and without business in the US. The right column shows the estimates for the full sample. The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree).

**Table C.2:** Effects of Broader Peer Pressure on Support for Withdrawal from Russia

	w/o Foreign Business	Foreign Business	Total
Treatment	0.022 (0.046)	0.324+ (0.144)	0.142* (0.050)
Num.Obs.	346	212	558
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated effects of supporting withdrawal from Russia for the multiple withdrawal treatment (compared to the control branch). The left and middle columns show the estimates for each subgroup: firms with and without business in foreign countries besides the US. The right column shows the estimates for the full sample. The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree).

**Table C.3: Effects of Chinese Firms Stay on Support for Withdrawal from Russia**

	w/o Chinese Business	Chinese Business	Total
Treatment	-0.165 (0.107)	-0.259+ (0.109)	-0.204* (0.047)
Num.Obs.	240	305	545
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated effects of supporting withdrawal from Russia for the China stays treatment (compared to the multiple withdrawal branch). The left and middle columns show the estimates for each subgroup: firms with and without business in China. The right column shows the estimates for the full sample. The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree).

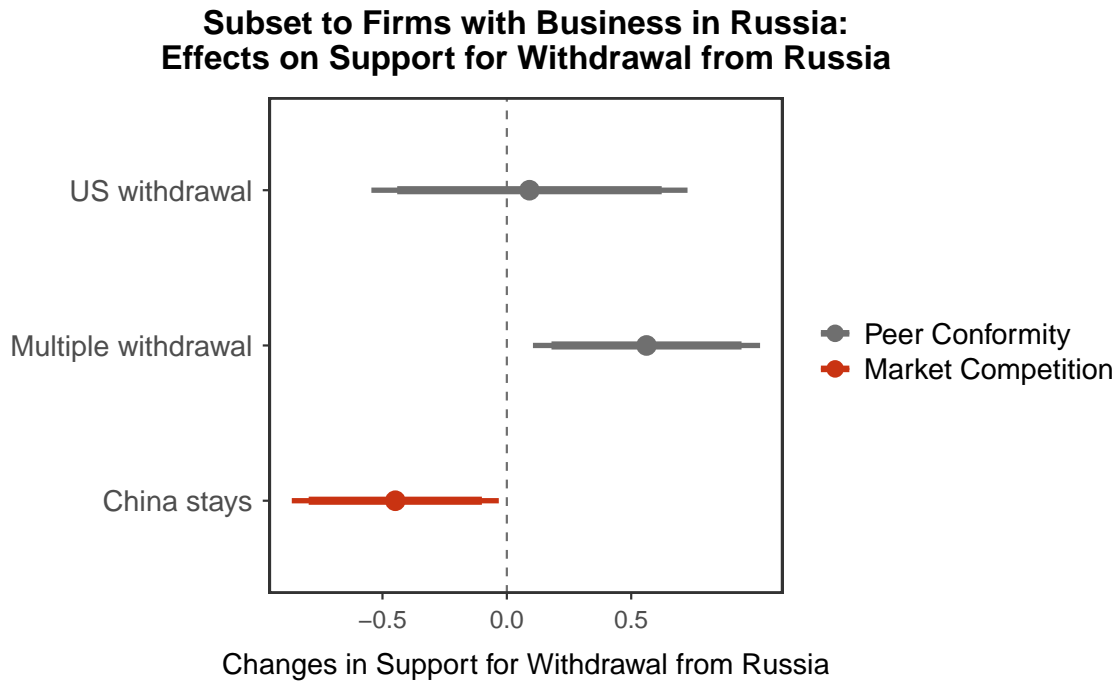
**Table C.4: Reputation Effects on Support for Withdrawal from Russia**

	Within US withdrawal branch	Within Multiple withdrawal branch	Within China stays branch
Treatment	-0.261+ (0.105)	-0.256** (0.042)	0.036 (0.073)
Num.Obs.	541	562	566
Firm-level controls	Yes	Yes	Yes
Individual-level controls	Yes	Yes	Yes

The table shows the estimated effects of reputation costs for all three branches - US withdrawal, multiple countries withdrawal, and Chinese firms stay - respectively. The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree).

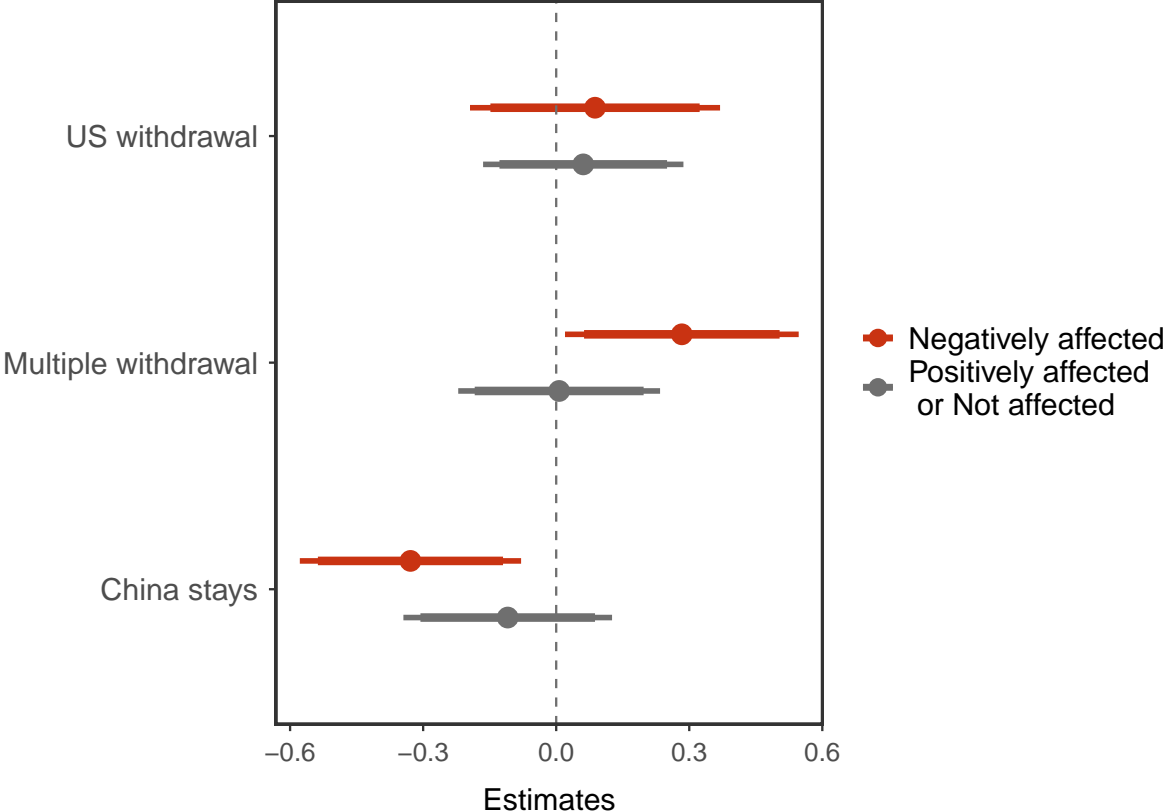
## D Additional Figures

### Subsample: Firms Conducting Business with Russia



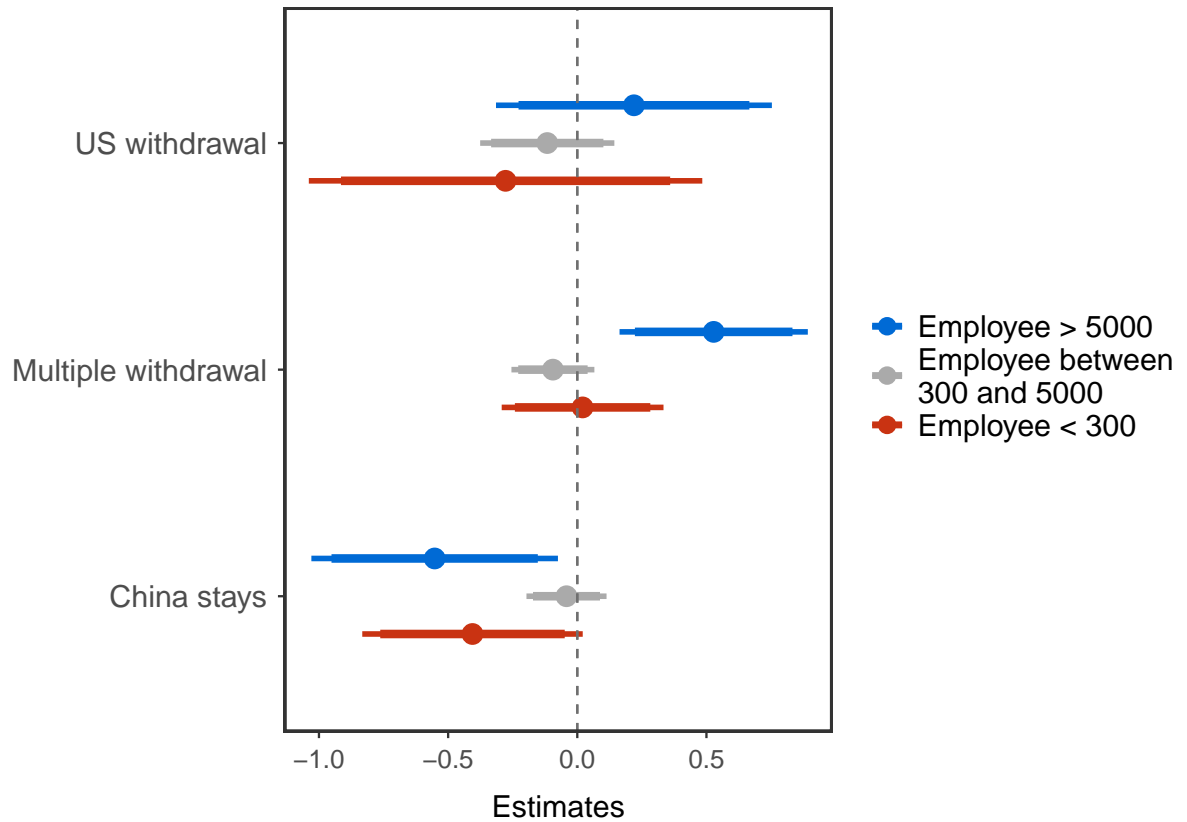
**Figure D.1:** The figure presents the estimated effects of supporting withdrawal from Russia for each firm withdrawal treatment, when subset to firms who had any business with Russia (N = 322). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

# The Impact of Ukraine War



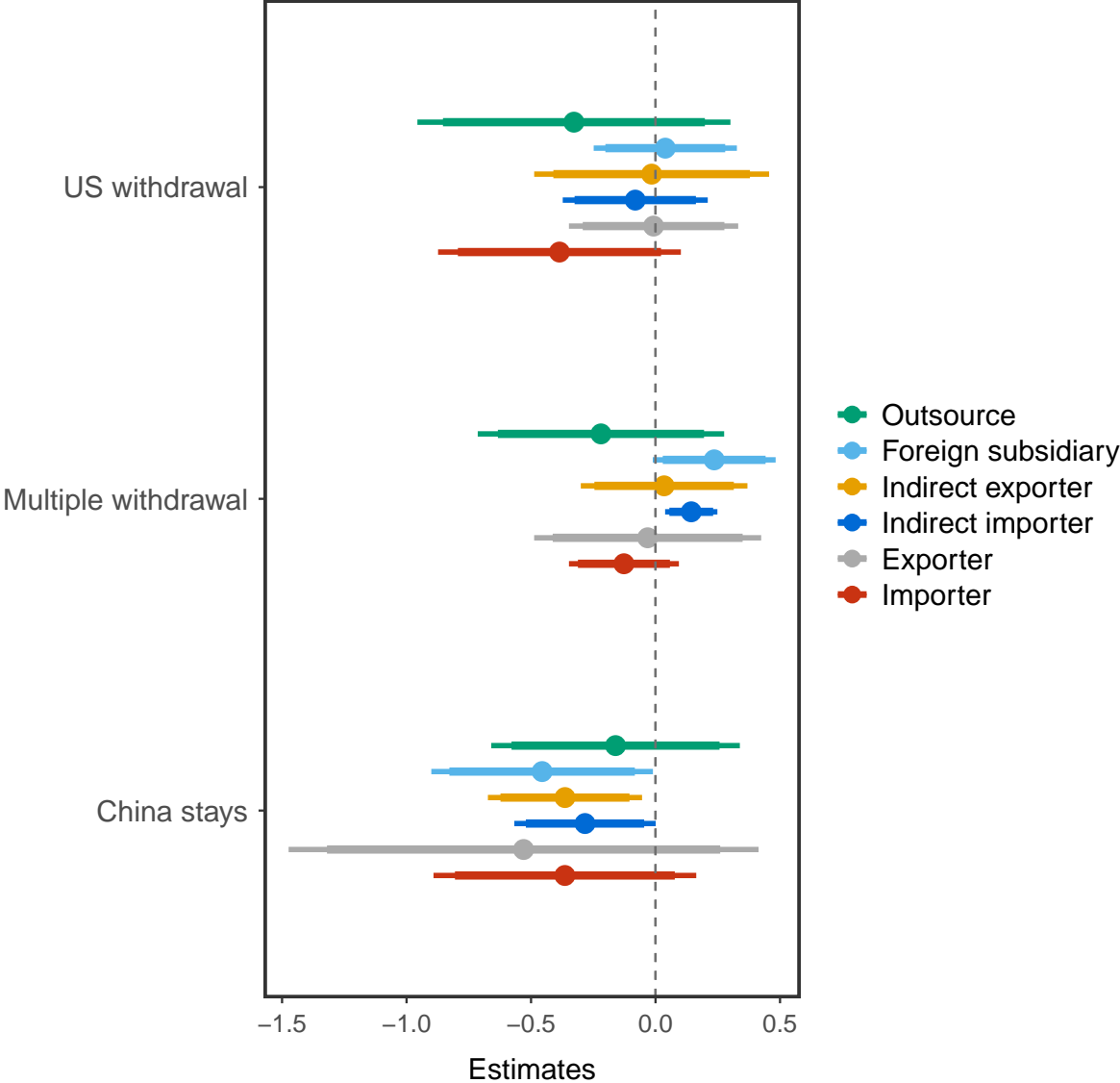
**Figure D.2:** The figure presents the estimated effects of supporting withdrawal from Russia for each firm withdrawal treatment, subset by the self-reported impact of the Ukraine war on its business operation: those who reported negative impact (N = 876) and those who either did not recognize any impact on their business or had positive impact (N = 1079). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

## Firm Size Heterogeneity



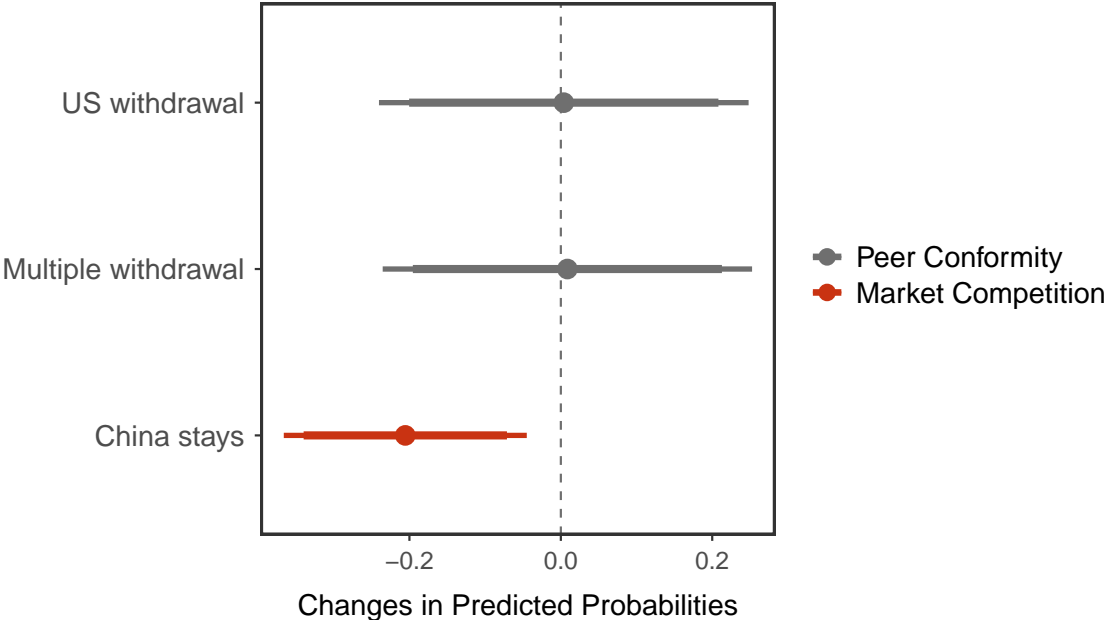
**Figure D.3:** The figure presents the estimated effects of supporting withdrawal from Russia for each firm withdrawal treatment, subset by the size of employment of the respondent's firm: those below 300 employees (N = 407), between 300 and 5,000 (N = 1110), and above 5,000 (N = 436). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

# Comparison By Foreign Business Activities



**Figure D.4:** The figure presents the estimated effects of supporting withdrawal from Russia for each firm withdrawal treatment, subset by foreign business activities of the respondent’s firm: whether they directly import (N = 468), directly export (N = 456), indirectly import (N = 1015), indirectly export (N = 810), have foreign subsidiaries (N = 383), or outsource in foreign markets (N = 236). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

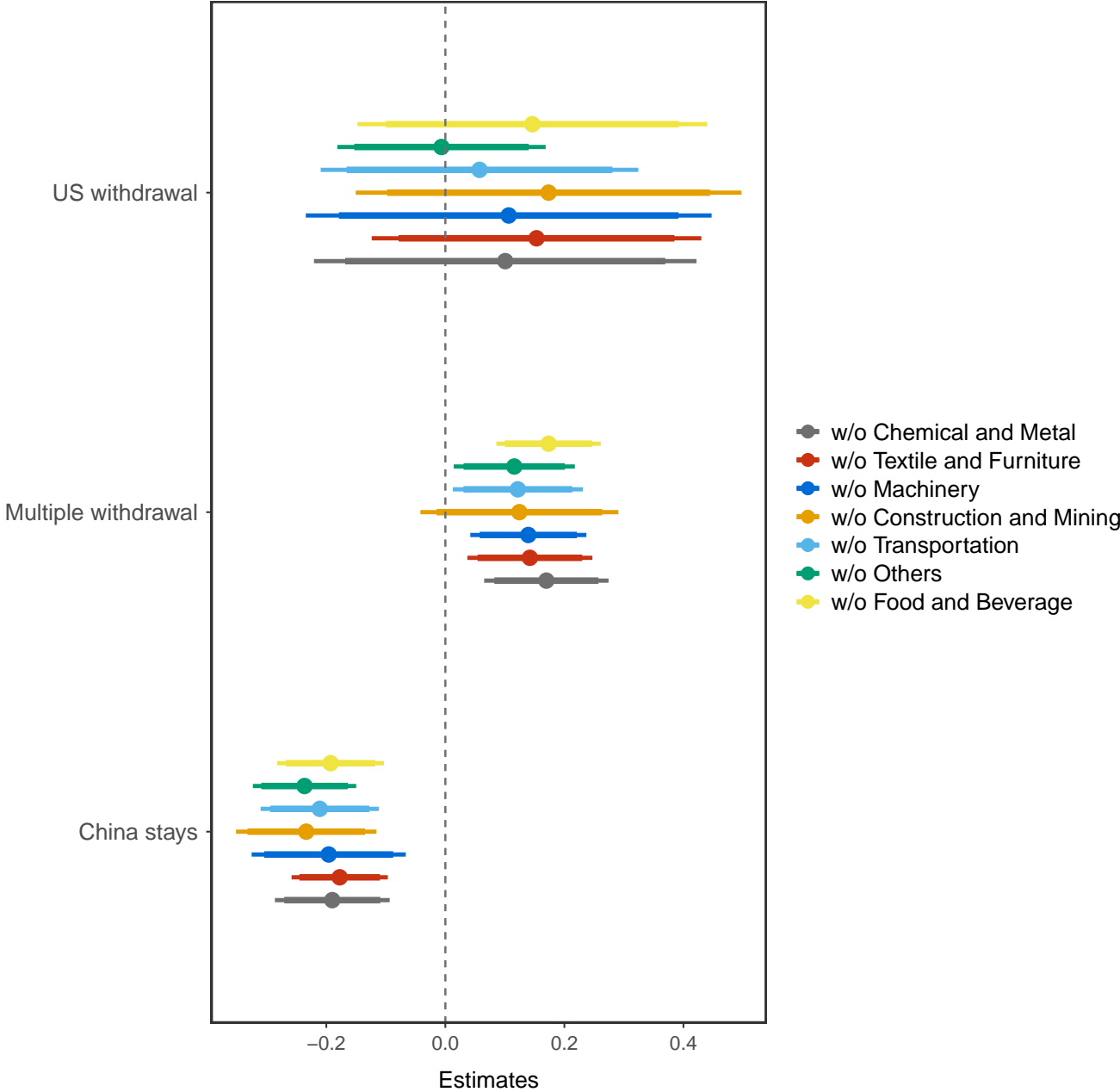
# Higher-level Manager Sub-sample



**Figure D.5:** The figure presents the estimated effects of supporting withdrawal from Russia for each firm withdrawal treatment, when subsetting the sample to respondents that belong to the business headquarters class or above (N = 667). The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

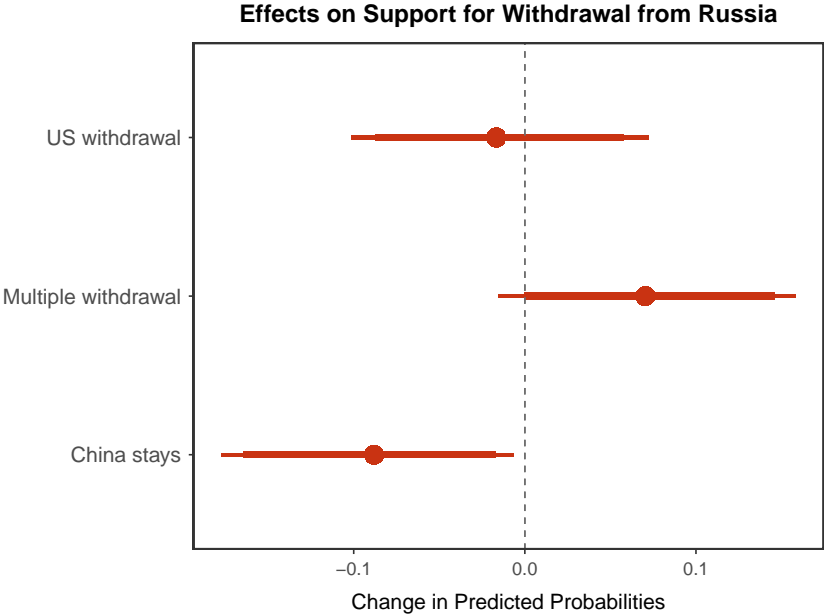


# Robustness Check: Leave-one-out by Industry



**Figure D.6:** The figure shows the estimated effects of three vignettes on support for withdrawal from Russia, when leaving out each industry group. The top, middle, and bottom rows show estimated effects for the US withdrawal treatment, multiple countries withdrawal treatment, and Chinese firms stay treatment. The support for withdrawal is measured on a scale of 1 (strongly disagree) to 6 (strongly agree). The thin and thick lines represent the 95% and 90% confidence intervals, respectively.

# Alternative Outcome Measures: Ordered Logit Estimates



**Figure D.7:** The figure presents the estimated change in predicted probabilities for each firm withdrawal treatment: US firm withdrawal (top), multiple countries withdrawal (middle), and Chinese firms stay (bottom). The outcome, support for withdrawal, is measured on a scale of 1 (not support) to 3 (support), and the figure plots the results for the 'support' category. The thin and thick lines represent the 95% and 90% confidence intervals, respectively.