



# GLOBAL BUSINESS

AT THE

# GEOPOLITICAL FRONTLINES

A 2021 REPORT ON GEOPOLITICAL RISKS  
TO BUSINESS REPUTATION



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# GLOBAL BUSINESS AT THE GEOPOLITICAL FRONTLINES.

For multinational companies, business as usual no longer exists. As the world fought to contain the COVID-19 pandemic in 2020, the outlines of a less visible battle came into focus around the world: a new era of **Great Power Competition** whose consequences will endure long after the virus is eliminated.

A new geopolitical era has emerged, in which rising and global powers are challenging the liberal values and institutions that have formed the foundation of the international world order for over seven decades.

A multinational company risks unprecedented scrutiny, reputation and business damage amid the crosshairs of geopolitical competition, especially as communications and media technology accelerate the ability for public constituencies – not just diplomats – to use their voice to speak up and speak out on international political issues and the role they believe companies should play in them.

At the same time, multinational companies have a new public diplomacy opportunity to use their reputation and influence – their soft power – to advance their values and value across borders, and to unite the people of nations around those values at a time of heightened divisions.

## **NEW COMMUNICATIONS STRATEGIES AND PRINCIPLES ARE REQUIRED TO PREPARE FOR AND COPE WITH THE ISSUES AND OPPORTUNITIES THAT ARISE FROM THE ROLE COMPANIES PLAY – WILLINGLY OR NOT – IN THE ECONOMIC, TECHNOLOGICAL AND INFORMATION BATTLE OF 21<sup>ST</sup> CENTURY GREAT POWER COMPETITION.**

This calls for heightened responsibility among communications leaders to bridge the gap between international relations and business reputation. General Counsel and Government Relations leaders are often tapped to navigate an organization through shifting international political and regulatory dynamics, calling upon the Chief Communications Officer only after a public crisis is imminent, or worse, already in motion. This will not suffice in 2021 or the years ahead.

January saw a new administration come to power in Washington, several world leaders use The Davos Agenda event to set national goals, and optimism that global vaccinations will jumpstart economies and reopen societies in the months ahead. 2021 will also see a post-Brexit UK, a more

strategically autonomous Europe, and the 100th anniversary of the founding of the Chinese Communist Party. Questions remain about Iran and North Korea's nuclear prospects, climate change results among the world's largest polluters, and the evolution of multilateral institutions to effectively address present-day challenges, including global health.

This report focuses on three of the most prominent geopolitical risks to business reputation in 2021, spurred not only by the events of the day, but by the enduring transformation of great power politics: supply chain geopolitics, technology competition and disinformation.

With their finger on the pulse of political, social and cultural issues, communications leaders are best-placed to guide their organizations to understand, anticipate, plan and protect against these issues, as well as the heightened reputation risk – and opportunity – that comes with doing business in the era of 21st century Great Power Competition.

**MICHELLE S. GIUDA**

*Executive Vice President  
Geopolitical Strategy & Risk, Weber Shandwick*

*Former Assistant Secretary of State  
Global Public Affairs, 2018-2020*

# FOR MULTINATIONAL COMPANIES, BUSINESS AS USUAL NO LONGER EXISTS.

New communications strategies and principles are required to prepare for and cope with the issues and opportunities that arise from the role companies play – willingly or not – in the economic, technological and information battle of 21<sup>st</sup> century Great Power Competition.

## SUPPLY CHAINS IN THE POLITICAL & PUBLIC SPOTLIGHT

The reshoring and decoupling of manufacturing and supply chains for economic and security reasons means that companies should be prepared for the risk of being named and shamed should they not play along with government or public expectations. This includes addressing longstanding but intensifying scrutiny on human rights issues in supply chains.

Global media and social media mentions of supply chains and MNCs or forced labor increased

# 282%

IN 2020 FROM THE YEAR PRIOR. (Source: Brandwatch)

## DISINFORMATION IS NOW AN URGENT, LONG-TERM COMMUNICATIONS RISK

The competition between nations for economic dominance means that a multinational company may either contribute to or hinder certain nations' economic interests. In either instance, it stands to become a target of information statecraft by governments and other actors who would benefit from undermining the company's reputation and market position. The time to build disinformation resilience is now.

LESS THAN HALF OF CCOs -

# 48%

say that their company has done or currently detects/protects the company from cyberattacks and fake news.

– The Page Society's latest 2019 survey among Chief Communications Officers

## TECHNOLOGY COMPETITION REVEALS “COUNTRY” AS A KEY BUSINESS STAKEHOLDER

As technology competition increases between nations, companies intersecting with emerging technologies will be publicly scrutinized about whose national interests and values they are advancing through their business, products and services. Multinational companies must consider their home country as a key stakeholder and how national interests will impact their global business and communications strategies.

AMONG AMERICANS

**77%** BELIEVE IT IS IMPORTANT

**46%** BELIEVE IT IS VERY IMPORTANT

that companies and organizations make company decisions that protect national security.

– Weber Shandwick/KRC Research, February 2021

## COMMUNICATIONS LEADERSHIP IMPERATIVES IN THE 21ST CENTURY GEOPOLITICAL ARENA

With their finger on the pulse of political, social and cultural issues, communications leaders are best-placed to guide their organizations to better understand, anticipate, plan and protect against the heightened reputation risk – as well as seize the public diplomacy opportunity – that comes with doing business in the era of 21<sup>st</sup> century Great Power Competition. This requires:

GEOPOLITICAL INSIGHTS

DATA ANALYTICS & RESEARCH

GLOBAL MEDIA INTELLIGENCE

SCENARIO PLANNING

RESILIENCE BUILDING

# SUPPLY CHAINS IN THE PUBLIC & POLITICAL SPOTLIGHT

Even before the COVID-19 pandemic drew international attention to global supply chain vulnerabilities, a renewed focus by countries on economic sovereignty was pushing supply chains center stage in the public spotlight. This did not start and will not end with the virus.

**“ECONOMIC SECURITY IS NATIONAL SECURITY.”**

– Joseph R. Biden, Jr., *Foreign Affairs*, March/April 2020

In the United States, bipartisan attention to reducing supply chain reliance outside the U.S. is accelerating as a national and economic security imperative. In the Biden Plan to Rebuild U.S. Supply Chains, he commits to “fundamental reforms that shift production of a range of critical products back to U.S. soil, creating new jobs and protecting U.S. supply chains against national security threats,” with a focus on medical supplies and equipment, energy and grid resilience technologies, semiconductors, key electronics and related technologies, telecommunications infrastructure and critical raw materials. The Biden administration has started with an executive order requiring federal government procurement to be sourced in the United States.

Japan and South Korea are encouraging businesses to reshore manufacturing out of China and into Southeast Asia by offering subsidies. India has recently amended its Consumer Protection (E-Commerce) Rules, 2020, and the Legal Metrology (Packaged Commodities) Rules, 2011, to mandate that online sellers clearly display a product’s country of origin – an attempt by the government to influence consumer choice and favor products manufactured in India.

Whether it’s Make in India, Made in China 2025, Buy America, or Europe’s drive toward “strategic autonomy,” the reshoring and decoupling of manufacturing and supply chains for economic and security reasons means that companies should be prepared for the risk of being named and shamed in media headlines or legislative hearings should they not play along with government or public expectations.

OF FORTUNE 500 CEOS  
**82%**

agree that “nationalism will rise and global supply chains will become less common” after the COVID-19 pandemic.

– *Fortune*, May 2020



# SUPPLY CHAINS IN THE PUBLIC & POLITICAL SPOTLIGHT, CONT.

This includes addressing longstanding but intensifying scrutiny on human rights issues in supply chains. The Responsible Business Initiative that narrowly lost in a highly-contested referendum in Switzerland – sparked by a coalition of Swiss civil society organizations – is a harbinger for more activist efforts across the globe to hold business liable for human rights violations in their global business operations. Britain, Canada and France already possess such laws, and Germany is expected to pass its human rights due diligence law before September 2021. Policymakers and activist groups are poised to publicly exploit human rights issues to an even greater degree in order to undermine the case for doing business in competitor countries.

Global media and social media mentions of supply chains and MNCs or forced labor increased

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IN 2020 FROM THE YEAR PRIOR. (Source: Brandwatch)

Whether it be human rights or the more fundamental question of whether a business is advancing or hindering national security and economic interests and values through its supply chain, a multinational company should be prepared to earn public and political attention around its actions and operations.



### *Nike and Coca-Cola Lobby Against Xinjiang Forced Labor Bill*

Business groups and major companies like Apple have been pressing Congress to alter legislation cracking down on imports of goods made with forced labor from persecuted Muslim minorities in China.



## THE COMMUNICATIONS TAKEAWAY:

- ▶ Beyond cost, quality and delivery, supply chains are now vehicles for policymakers, the public and consumers alike to determine if a business is operating for or against a nation's security and economic interests, in addition to its own company and core values.
- ▶ Companies should expect to earn political, public and consumer attention and must prepare for their supply chain operations to be publicly scrutinized through strategic scenario, communications and reputation risk planning.
- ▶ The re-engineering of supply chains will impact jobs and local economies. This requires companies communicate with transparency and sensitivity to those affected, while demonstrating the rationale for a more resilient supply chain.



# TECHNOLOGY COMPETITION REVEALS “COUNTRY” AS A KEY BUSINESS STAKEHOLDER

Tensions around technological supremacy and security are heating up between countries.

In the era of Great Power Competition, countries have come to recognize that control of key technologies is essential for both national security and economic prosperity.

The government in India is pushing its own Universal Payments Interface (UPI) as an alternative to “foreign players.” In Australia, the new Foreign Relations Bill enables the country’s foreign minister to stop new or previously signed agreements with overseas governments. This is likely to impact infrastructure and technology partnerships, such as the Belt and Road Initiative with Beijing. And 2021 is the year in which the EU will try to catch up on digital standards by developing a strategic regulatory digital EU agenda, reaching out to the U.S. to form an “EU-U.S. Agenda for global change,” including a common agenda on digitalization.

## MOST NOTABLY, THE U.S. AND CHINA

CONTINUE TO CALL FOR  
THEIR RESPECTIVE TECHNOLOGY  
AND INNOVATION SECTORS

to advance their nations’ interests  
and vision for the future.

China’s focus on technology in the proposals for its next five-year plan, due out in March 2021, comes atop its “Made in China 2025” industrial policy to become dominant in global high-tech manufacturing, as well as “China Standards 2035” to set global standards for next-generation technologies. Underpinning this vision is the Chinese Communist Party’s principle of improving the socialist system with Chinese characteristics.

Meanwhile, President Biden has identified “disruptive technology” as one of the challenges that will define our time, alongside climate change and the threat of nuclear war, asserting that “as new technologies reshape our economy and society, we must ensure that these engines of progress are bound by laws and ethics, as we have done at previous technological turning points in history, and avoid a race to the bottom, where the rules of the digital age are written by China and Russia.” In a campaign speech last summer, **Biden declared that corporations have “a responsibility to their workers, their community, to their country.”**

**MULTINATIONAL COMPANIES DOING BUSINESS IN EMERGING AND CRITICAL TECHNOLOGIES MUST CONSIDER THEIR HOME COUNTRY AS A KEY STAKEHOLDER AND HOW NATIONAL INTERESTS WILL IMPACT THEIR GLOBAL BUSINESS AND COMMUNICATIONS STRATEGIES.**

# TECHNOLOGY COMPETITION REVEALS “COUNTRY” AS A KEY BUSINESS STAKEHOLDER, CONT.

Consider that, according to a February 2021 survey conducted by Weber Shandwick/KRC Research, **77% of Americans believe it is important that companies and organizations make company decisions that protect national security – 46% said this is very important.** As for American consumers, more than one-third (36%) say they have started/continued or stopped using products and services of a company because of the company’s support for American interests globally.

In Europe, the COVID-19 pandemic has decreased consumer perceptions of both Chinese and American brands. And we witnessed how geopolitical competition between the U.S. and China decimated Huawei’s international mobile phone business at the same time Chinese consumers rushed to buy Huawei smartphones ahead of a potential chip shortage due to U.S. export restrictions.

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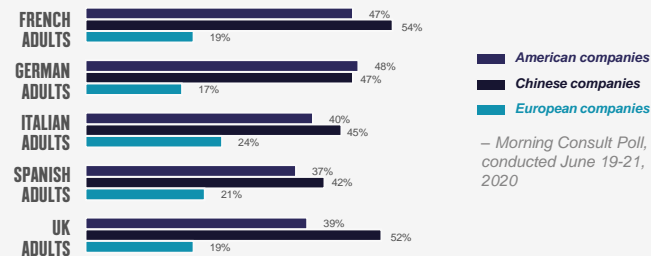


## THE COMMUNICATIONS TAKEAWAY:

- ▶ As technology competition increases between nations, companies intersecting with emerging technologies will be publicly scrutinized about whose national interests and values they are advancing through their business, products and services.
- ▶ Companies should start by assessing their mission, vision and values in the context of today’s geopolitical realities and adjust their communications and engagement strategies among all stakeholders, including government and citizens.
- ▶ Having clear processes in place to assess the impact on complex issues of human rights, economic sovereignty, technology security and more will be critical. Not everyone will agree with the actions companies take, but it is easier to defend decisions that are made in a thoughtful way, using a clear process.

## EUROPEAN CONSUMER PERCEPTIONS

Share of European adults who say that **the coronavirus pandemic has made them less favorable towards each of the following:**



– Morning Consult Poll, conducted June 19-21, 2020



# DISINFORMATION IS NOW AN URGENT, LONG-TERM COMMUNICATIONS RISK

The 2019 Aon Global Risk Management Survey ranked “pandemic risk/health crises” 60<sup>th</sup> of 69 top risks for global organizations. Disinformation could also blindside businesses.

While the issue of “fake news” surfaced with gusto worldwide in 2016, it has remained a relative backburner issue for many companies and organizations. This is unsurprising due to the many pressing, significant and real-time problems impacting company reputation, such as the COVID-19 pandemic and ensuing questions about the future of work and global economic recovery. But it is also due to the scale and complexity of the disinformation challenge – and the even larger question of what a business should do about it.

LESS THAN HALF OF CCOs -

# 48%

say that their company has done or currently detects/protects the company from cyberattacks and fake news.

– The Page Society's latest 2019 survey among Chief Communications Officers

**INFORMATION STATECRAFT AND INFLUENCE CAMPAIGNS ARE TOOLS USED BY COMPETING NATIONS TO INFLUENCE PUBLIC OPINION IN WAYS THAT ADVANCE THEIR OWN INTERESTS AND HINDER THAT OF ADVERSARIES. THIS CAN INCLUDE DISINFORMATION AND PROPAGANDA CAMPAIGNS, CYBERSECURITY ATTACKS AND CENSORSHIP.**

These are not new tools and tactics. However, key attributes of the modern communications environment amid Great Power Competition now present heightened risk to businesses.

First, advancements in technology and growing access to personal and commercial data facilitate the speed and targeting of media and information to vulnerable audiences by highly-sophisticated state actors as well as savvy individual or institutional political actors. The suspected Russian hackers that breached U.S. government agencies in late 2020, gaining potential access to corporate and personal data from major U.S. companies, is just one recent example.



# DISINFORMATION IS NOW AN URGENT, LONG-TERM COMMUNICATIONS RISK, CONT.

As bots, algorithms and other forms of content automation accelerate the ability of governments and political actors to spread disinformation, computational propaganda (think propaganda at 5G speed) will flood the information space at a scale and velocity not yet experienced, making corporate communicators' fears of a "viral tweet" pale in comparison.

Secondly, the competition between nations for economic dominance means that a multinational company may either contribute to or hinder certain nations' economic interests. In either instance, it stands to become a target of information statecraft by governments and other actors who would benefit from undermining the company's reputation and market position.

**DISINFORMATION SEEKS TO DEEPEN DIVISIONS WITHIN AND BETWEEN ALLIED NATIONS, AND TO UNDERMINE PEOPLE'S CONFIDENCE IN ELECTED GOVERNMENTS."**

— NATO's approach to countering disinformation:  
a focus on COVID-19, July 2020

Finally, protecting business reputation requires an understanding of the geopolitical information environment, including the recognition that truth in several closed or censored societies has not existed in modern times. Thus, the ability to counter inaccurate narratives about an event, a brand or a company in these environments is severely limited and presents new and different challenges than combatting disinformation in open societies where free speech and a free press are codified in the rule of law.

In the latter, the ability to combat disinformation is also exceptionally difficult as counter measures run the risk of infringing upon free speech, a free press, or technology innovation writ large. The complex political and regulatory environment across different countries and cultures underscores the importance of companies taking proactive measures to build disinformation resilience and protect themselves in the crosshairs of information warfare as governments and regulatory bodies are unlikely at this point to adjudicate on their behalf.



## THE COMMUNICATIONS TAKEAWAY:

- ▶ The time to build disinformation resilience is now. The risk of disinformation in today's geopolitical environment is only accelerated by the communications environment as technology and tactics become more sophisticated and "best practices" for disinformation are established.
- ▶ Communications leaders must understand the risks that this unprecedented environment presents to their business reputation, as global brands are actors in the competition for economic supremacy – willingly or not – and stand to get caught in the crosshairs of information and economic statecraft.
- ▶ Media intelligence helps companies balance risk and reward through a deeper understanding of how information travels in real time. The more business leaders understand how content is created, shared and consumed in the geopolitical arena, the more competitive – and safe – they can be with their own media strategies, content and narratives.
- ▶ Implementing a proactive media and analytics strategy to recognize risk, unearth opportunity, and exert some control over the company's reputation in today's information environment has never been more important.

# THE COMMUNICATIONS LEADERSHIP IMPERATIVES

Communications leaders – from their unique perch at the intersection of political, business, social and cultural issues across consumer, employee, public and policymaker stakeholders – are best-placed to guide their organizations to better understand, anticipate, plan and protect against the heightened reputation risk, as well as seize the public diplomacy opportunity, that comes with doing business in the era of 21st century Great Power Competition.

**THIS REQUIRES:**

**Geopolitical Insights**

An understanding of today’s Great Power Competition taking place across economic, technological and information domains.

**Data Analytics & Research**

Deep insights into real-time attitudes, perceptions and conversations among citizens, employees, customers, policymakers and influencers across borders, including detection of early and emerging signals.

**Global Media Intelligence**

An understanding of diverse media and information environments across the world, including how content is created, shared and consumed.

“THE MAIN THING YOU HAVE TO DO IS BUILD RESILIENCE INTO THE SYSTEM SO THAT YOU’RE NOT TRYING TO PREDICT SPECIFIC SHOCKS, BUT YOU’RE MAKING YOUR WHOLE SYSTEM RESILIENT TO WHATEVER SHOCKS MAY COME ALONG. “

– Fred Kempe, President & CEO, The Atlantic Council

**Scenario Planning**

A seat at the table to anticipate, detect and educate corporate boards and leadership teams on geopolitical reputation risk, and guiding the organization toward proactive crisis and scenario-planning.

**Resilience Building**

As evidenced by the COVID-19 pandemic, it may prove impossible to predict specific shocks to an organization’s reputation across the globe. The imperative for communications leaders is to build resilience into the brand and company reputation – now – in order to attain the capacity to recover quickly when new challenges threaten reputation.

# WEBER SHANDWICK'S GEOPOLITICAL RISK & REPUTATION ADVISORY GROUP

The reputation risk for companies doing business across borders and cultures has never been more extreme or fast-paced. Technology-empowered employees, consumers and citizen activists combined with a growing focus on national priorities – whether Brazil Above Everything, Brexit, Make in India, China Dream or Buy America – have thrust business into the crosshairs of 21st century geopolitical competition.

As the global competition takes place across economic, technological and information arenas – battlegrounds that nearly all multinational organizations influence – companies are in the political and public spotlight. Reputation and influence have never been more important to business resilience at the same time they've never been more at risk.

Weber Shandwick's Geopolitical Risk & Reputation Advisory Group counsels clients to protect and elevate their reputation and influence, mitigate risk, and capitalize on opportunities in the 21st century geopolitical arena.



FOR MORE INFORMATION,  
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**LUCIANA  
BARBETTA**  
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**SAPTARSHI  
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**GREG  
PRAGER**  
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**ZIAD  
HASBANI**  
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**ED TAYLOR**  
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**OLIVER  
DREWES**  
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