



USG 2020

DECEMBER

BUSINESSES AND PUBLIC
EXPECTATIONS



Overview of the research

The survey was undertaken
from September 9–22, 2020

Data sources:

Quantitative sources

Survey of permanent Latvian
residents aged 18 to 75 in
all regions of Latvia (SKDS
Research Center), including:

1,011 direct interviews
in the respondents' places
of residence;

1,005 respondents
in an online survey.

Qualitative sources

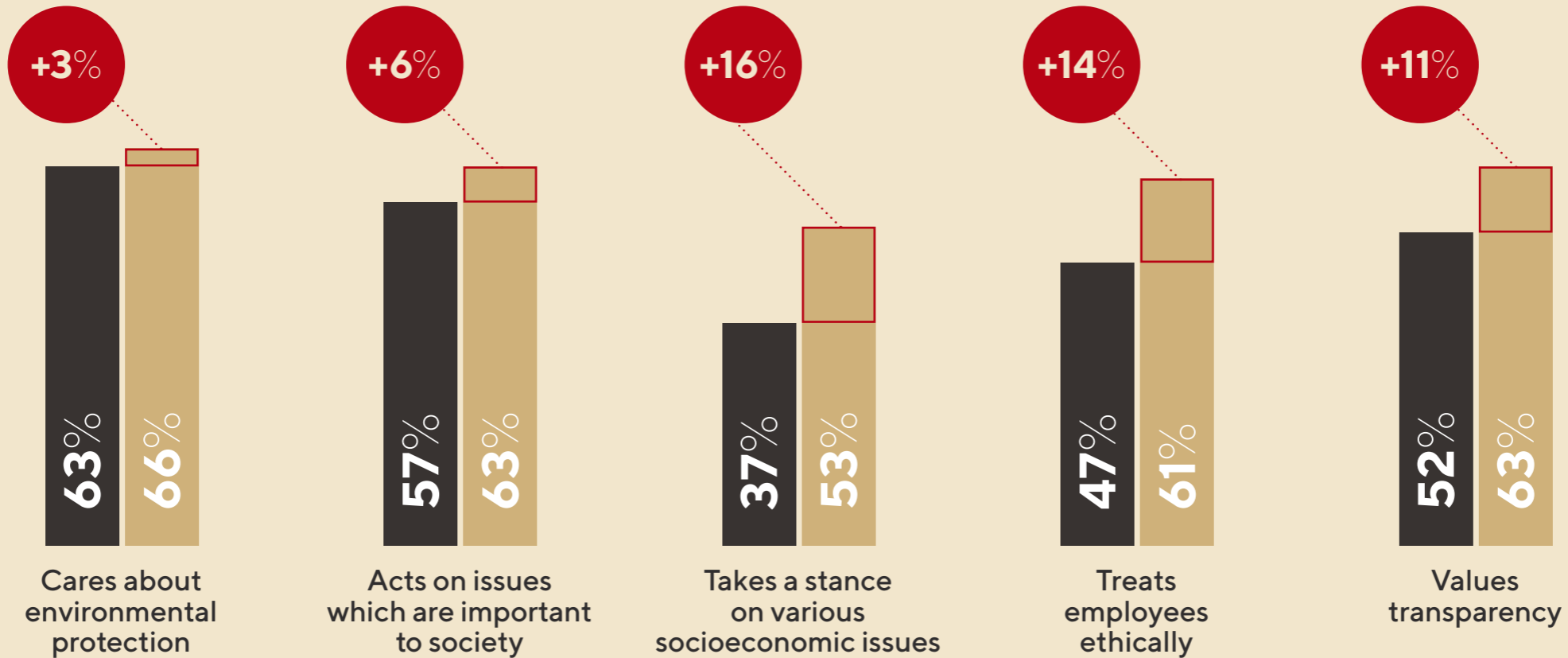
Interviews with the management
of medium and large businesses
(Vilands Associates &
VA Government)





How have public expectations changed within the past year regarding businesses and brands?

The public is increasingly considering factors other than price and quality when selecting goods and services



● 2019
● 2020

USG 2020: What, apart from price and quality, determines your choice in favour of a brand or service? I will list a number of factors, and after each one, please tell me if this factor is very important, somewhat important, somewhat unimportant or very unimportant.
Base 2020: all respondents, n: 1011, Base 2019: all respondents, n: 1015



A viewpoint from businesses

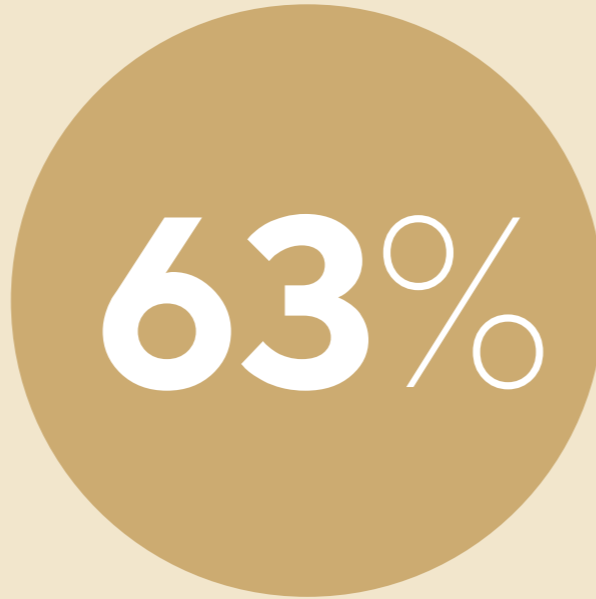
“

We are all in this world together. If everyone gets involved, then our solutions can be more effective, and we can achieve more. For each business, based on their own business experience, the most relevant issues will be slightly different. But as a society we would benefit if each business owner thought about this, defined their opinion and acted.

A growing number of people base their purchase decisions on a business's approach to current issues



2019



2020

of people replied that, **apart from quality and price, their choice in favour of a brand is determined** by whether a business thinks also about current issues, not just profit

USG 2020: What, apart from price and quality, determines your choice in favour of a brand or service? I will list a number of factors, and after each one, please tell me if this factor is very important, somewhat important, somewhat unimportant or very unimportant.
Base 2020: all respondents, n: 1011, Base 2019: all respondents, n: 1015

More than half of respondents also expect businesses to take a stance on important public social, political and economic issues

53%

+16%

This marks a significant increase since 2019.

USG 2020: What, apart from price and quality, determines your choice in favour of a brand or service? I will list a number of factors, and after each one, please tell me if this factor is very important, somewhat important, somewhat unimportant or very unimportant. Base 2020: all respondents, n: 1011, Base 2019: all respondents, n: 1015



A viewpoint from businesses

“

We work on sustainability, because our employees and clients expect it of us. Therefore we believe it is the right thing to do. We hope that politically sustainability will one day be included in legislation, but if all these stakeholders did not ask it of us, we probably wouldn't do it.

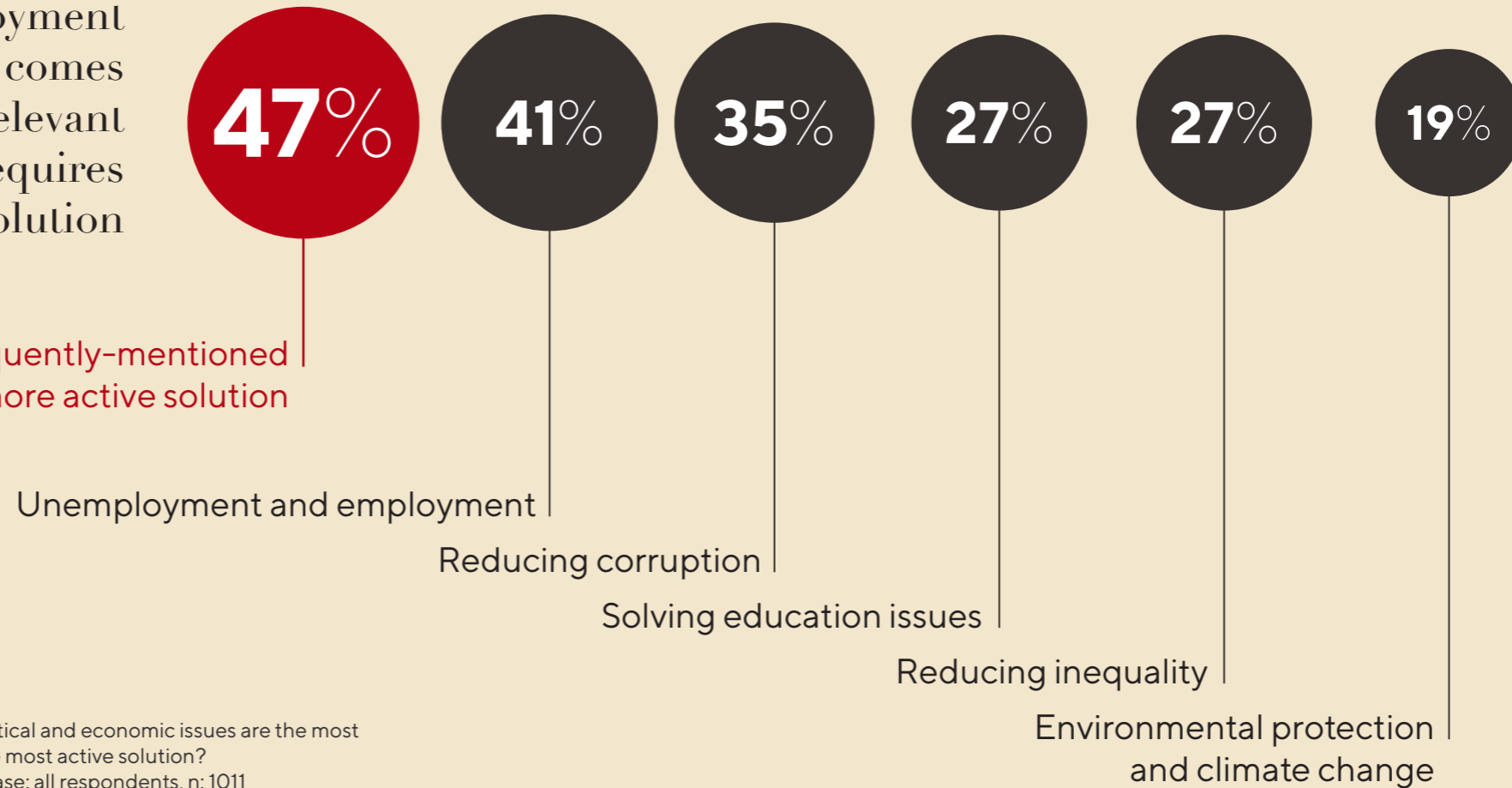


What are the most pressing
issues in society that
businesses can solve?

Public health continues to have the highest priority on the agenda

While unemployment and employment* comes in as the second most relevant issue this year which requires a more active solution

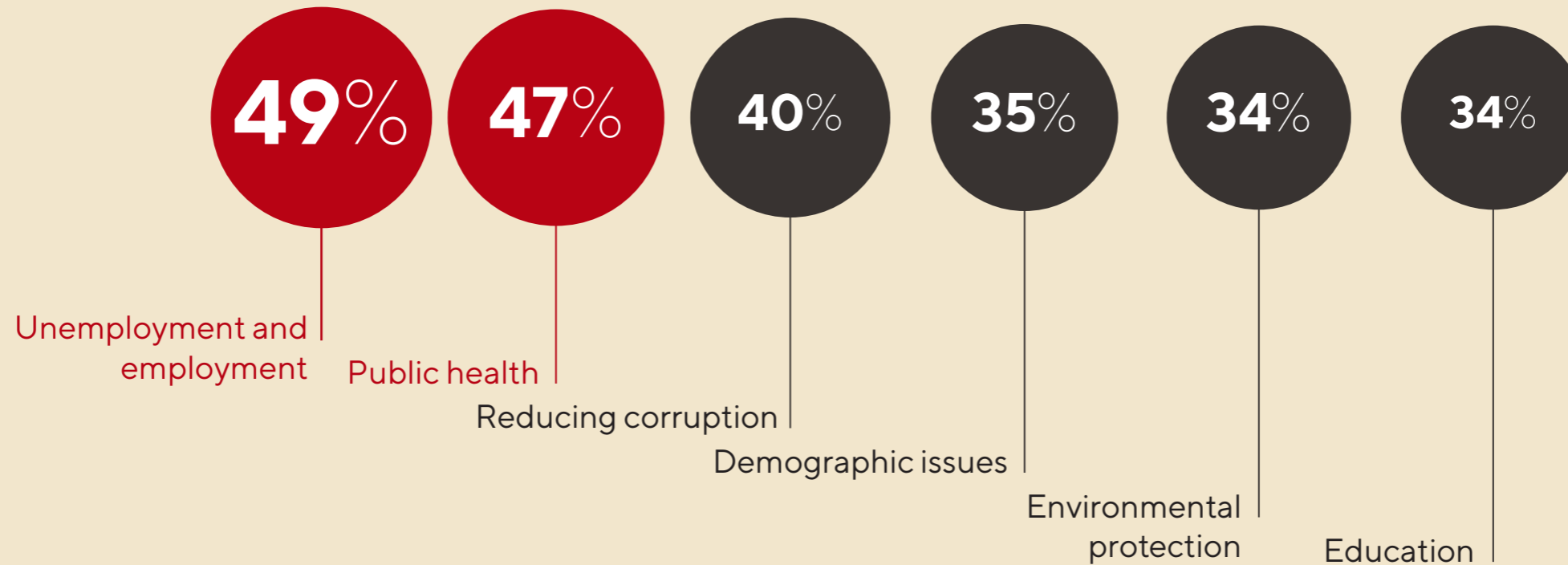
Public health is the most frequently-mentioned issue which requires a more active solution



USG 2020: Which of the following social, political and economic issues are the most relevant right now – i.e., which issues need the most active solution? Please state the three most relevant topics. Base: all respondents, n: 1011

* Unemployment and employment was included as an answer for the first time.

Employment and public health are also top priorities where society expects a more active public position from businesses



USG 2020: Which of the following social, political and economic issues are the most relevant right now - i.e., which ones need the most active solution? Please state the three most relevant topics.
Base: all respondents, n: 1011



A viewpoint from businesses

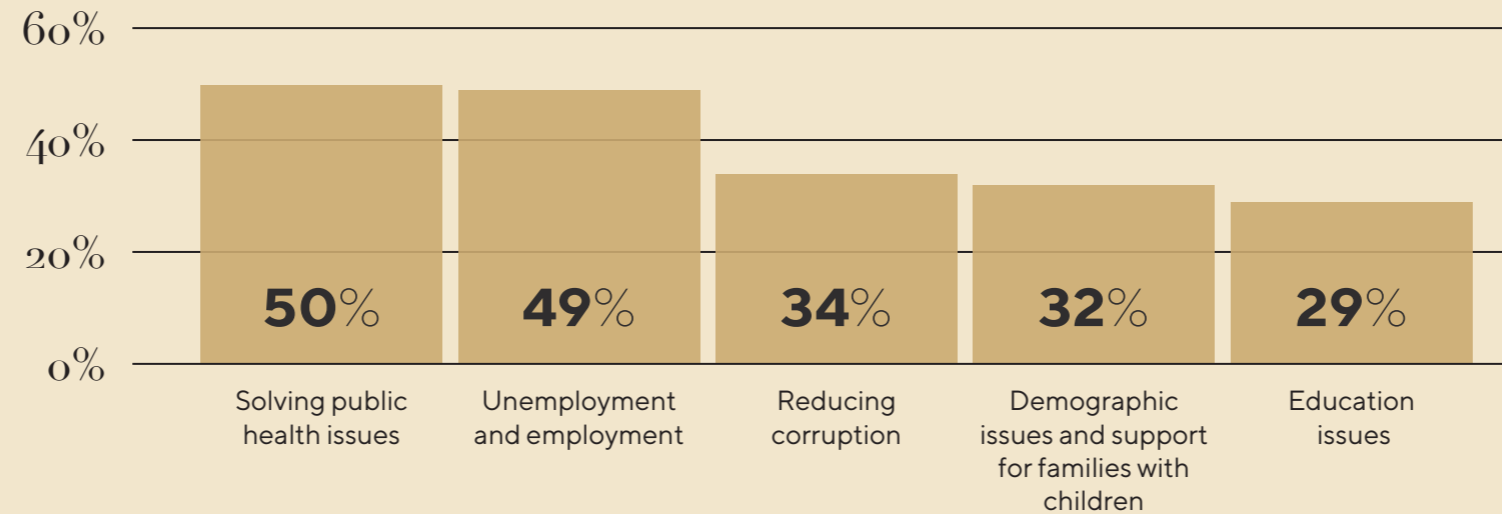
“

Society is interested in living in an economically viable and successful country. And this can be achieved through entrepreneurship. That's why the opinions of business owners are so important in making political decisions on how economic policy is formed.

“

Our aims are to create resilient infrastructure, promote inclusion and sustainable industrialisation, and encourage innovation. That's the first thing. The second is to promote resilient, inclusive and sustainable economic growth, productive employment and suitable quality job opportunities for all.

These are also the key areas where businesses should invest their profits



USG 2020: Imagine that your favourite brand has decided to dedicate a portion of their profits to resolving a social issue. Please select up to 3 areas that, in your opinion, the brand should prioritise by supporting it with a portion of their profits. State the most important issue first, the second most important second, and the third most important third.

Base: all respondents, n:1011



A viewpoint from businesses

“

In many of our decision-making processes historically, we have been guided by the principle of whether the decision will benefit society. But this needs additional investment. For example, construction using wood is slightly more expensive initially, but we have chosen a more expensive product because we have a goal. We have to take on part of these expenses during the procurement process to select not just the most suitable product and achieve our specific goal, but also deliver some benefit to society. It is in our hands: we can do it.

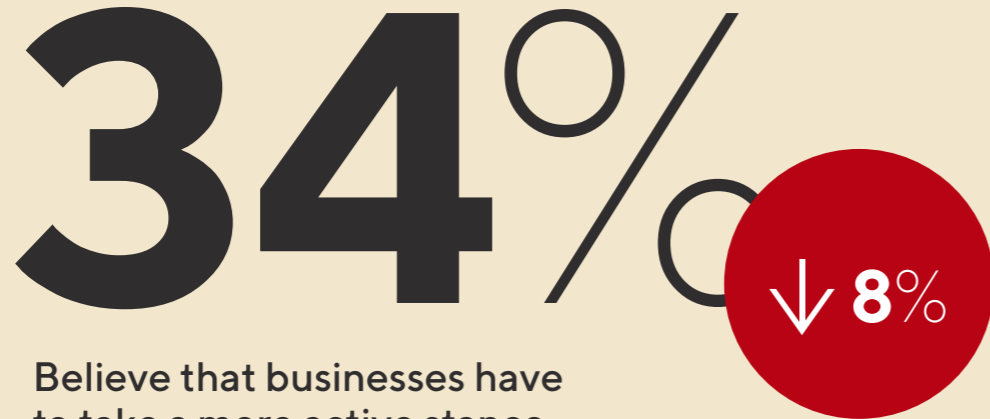
“

I would like to see more attention paid to healthcare. Meanwhile, industries that need to make changes have to let people go or rebrand themselves. And the people who are let go then have to be involved in the development of other industries.

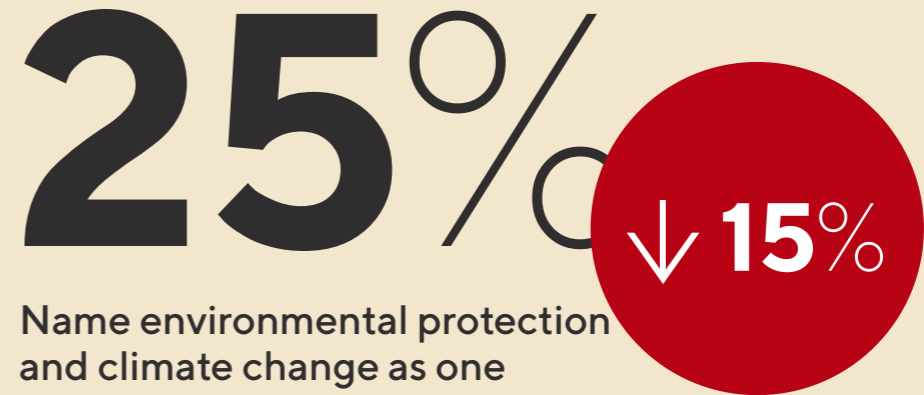


Does society expect businesses to
focus on environmental,
social and governance topics?

Expectations towards businesses on environmental topics
have changed this year, mainly due to changes
in our daily lives in 2020



Believe that businesses have to take a more active stance on environmental protection and climate change

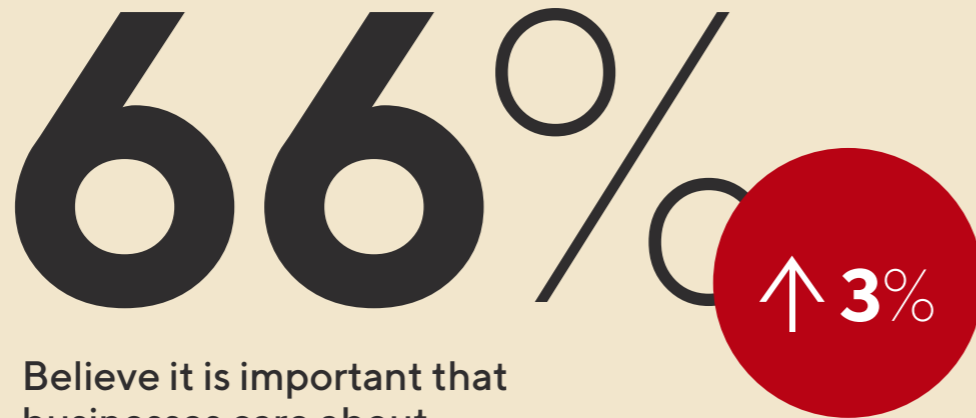


Name environmental protection and climate change as one of the three priorities that businesses should support with their profits

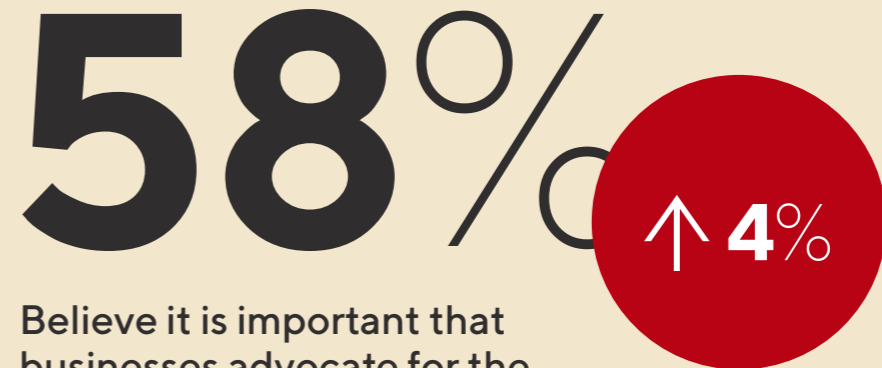
USG 2020: (1) Which of these social issues do you believe brands and businesses should take a more active public stance on and role in?
(2) Imagine that your favourite brand has decided to dedicate a portion of their profits to resolving a social issue. Please select up to three areas which, in your opinion, the brand should prioritise by supporting it with a portion of their profits. State the most important issue first, the second most important second, and the third most important third.
Base 2020: all respondents, n:1011, Base 2019: all respondents, n:1015

However, it is still important that businesses continue to prioritise environmental issues in their everyday operations

Environmental protection is the next most important factor (after price and quality) when choosing a brand or a service



Believe it is important that businesses care about environmental protection



Believe it is important that businesses advocate for the considerate use of resources

USG 2020: What, apart from price and quality, determines your choice in favour of a brand or service? I will list a number of factors, and after each one, please tell me if this factor is very important, somewhat important, somewhat unimportant or very unimportant.
Base 2020: all respondents, n: 1011, Base 2019: all respondents, n: 1015



A viewpoint from businesses

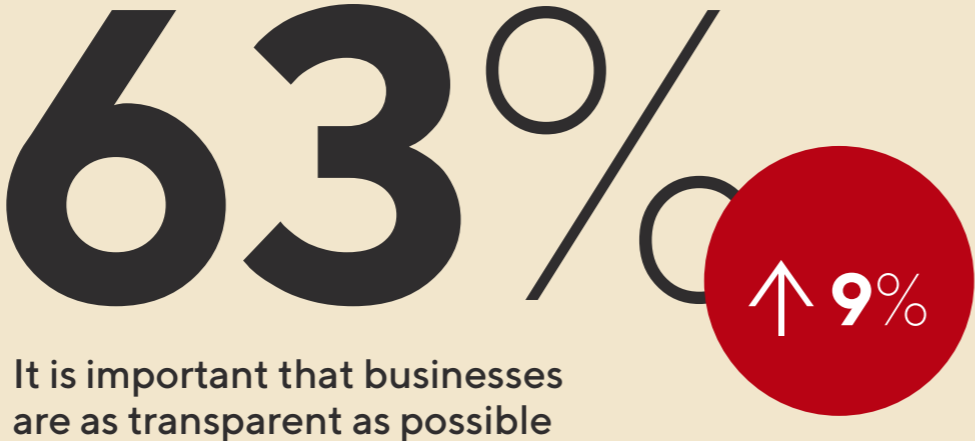
“

The more we think about sustainability and base our business on it, the more stable we are. If the whole society interacts on these issues, we create a clearer chain of values and become more stable. We know our partners and we know we can depend on them.

“

If we look at the most progressive investment funds right now, sustainability is one of the key factors determining which businesses to invest or not to invest in. Therefore, looking at the next 10 to 20 years, or even 2 to 5 years, sustainability will be a must-have for businesses that want to attract investment.

The importance of social and corporate governance topics
has increased significantly for society this year



USG 2020: What, apart from price and quality, determines your choice in favour of a brand or service? I will list a number of factors, and after each one, please tell me if this factor is very important, somewhat important, somewhat unimportant or very unimportant.
Base 2020: all respondents, n: 1011, Base 2019: all respondents, n: 1015



A viewpoint from businesses

“

We place great importance in striving for excellence and achieving the best results in our corporate governance. We strive to make management’s decisions transparent and clear to employees and to create an environment where the management team trusts one another and leads the business as one team. We also expect the same of our customers.

“

All three criteria—environmental impact, social issues, and corporate governance practices—are characteristics of any organisation. All three can be considered risks and opportunities for the existence of an organisation, today and in the future.

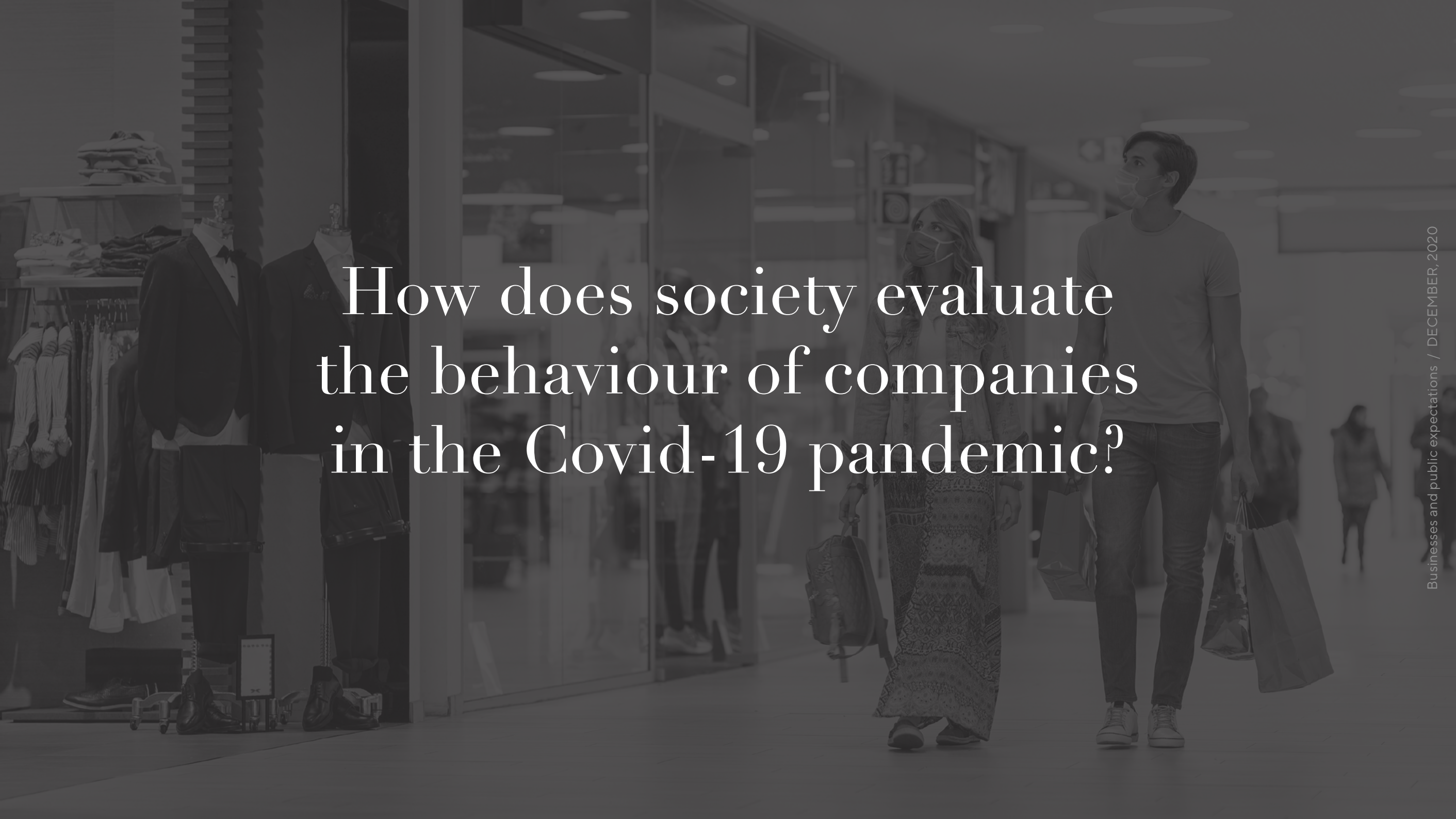
A viewpoint from businesses

“

Sustainable economic development is based not just on the environmental dimension, but also on a social one. Sustainable business issues should always have both an environmental aspect and a social one – you create an inclusive environment within your company. This is a big topic both for large and small businesses, and it is also the European Union’s main ‘new standard’ that we all have to implement.

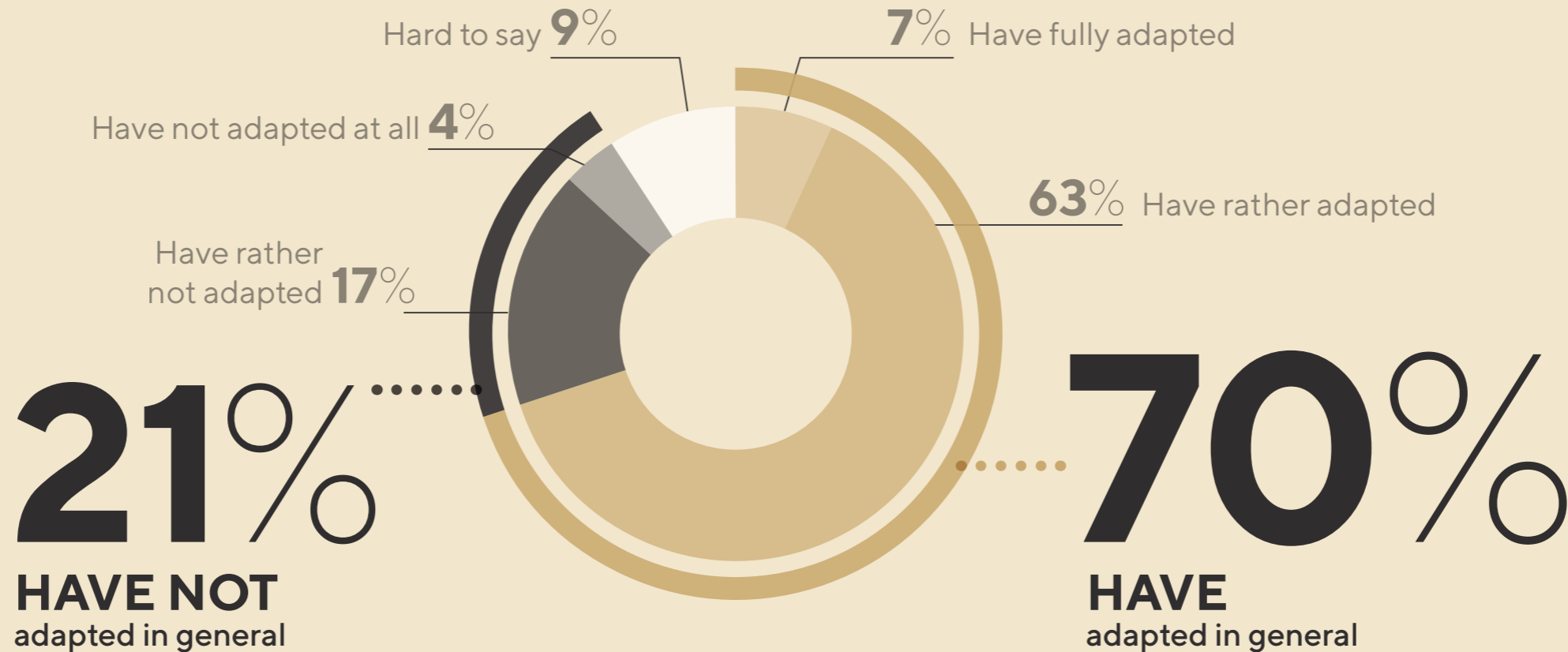
“

Our company wrote our first analytical review of these issues 20 years ago. That was the first time we came close to the idea that a business is responsible not just for its use of resources, but also for its relationships with people. At the end of the nineties, we expanded to European Union markets, at which point we showed our attitude toward society and the environment through reports, mainly to our clients in Europe. We have therefore integrated many of these principles in the standards that we closely follow.

A grayscale photograph of a shopping mall. In the foreground, a woman wearing a face mask and a patterned dress walks towards the left, carrying a backpack. To her right, a man wearing a face mask and a t-shirt walks towards the right, carrying several shopping bags. The background shows other people walking in the mall, some also wearing masks. On the left side, there is a clothing store display with mannequins and racks of clothes. The overall atmosphere is one of a busy shopping environment during the COVID-19 pandemic.

How does society evaluate the behaviour of companies in the Covid-19 pandemic?

Most people believe that Latvian businesses in general have adapted to the new circumstances created by the Covid - 19 pandemic



USG 2020: Do you believe that Latvian businesses have adapted to the new circumstances regarding the COVID-19 pandemic?
Base: all respondents, n:1005

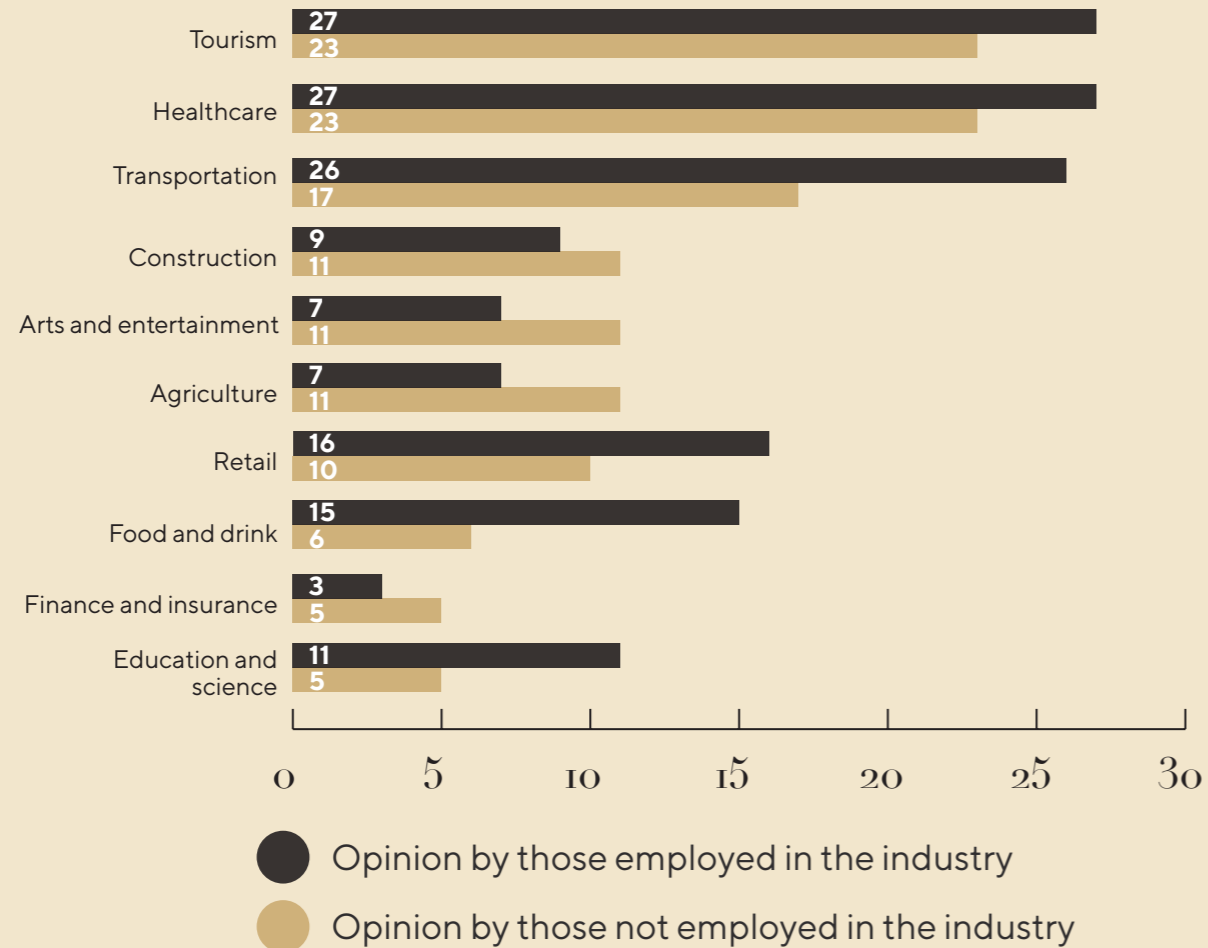


A viewpoint from businesses

“

The work done by the Ministries of Finance and Economy in collaboration with business representatives has to be held up as an excellent example of how quickly we can change principles and come to an agreement. I think Latvian society has demonstrated extremely quick and disciplined decision-making, which has brought results. We can only hope this autumn and winter that we as a society listen and are open to changing our processes to enable us to protect ourselves just as well as we did in spring.

Which industries gained the most during the Covid - 19 pandemic thanks to advocacy and lobbying?



Tourism, healthcare and transportation sectors are perceived as gaining the most from their advocacy efforts. Despite very different practical results, this has been stated by both - industry insiders and general society.

The effectiveness of advocacy and public affairs is not directly linked to society's perception and share of voice in the public space.

USG 2020: This year, the government developed several mechanisms to support business during the COVID-19 crisis. Which industries do you believe gained the most (including governmental support and changes to industry regulation) thanks to advocacy (lobbying) activities? Please select up to three industries.

Base: all respondents, n: 1005



A viewpoint from businesses

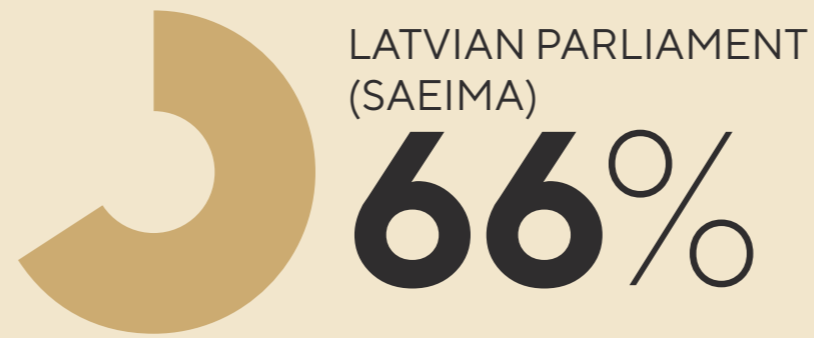
“

There has always been a discussion of whether the country should be run like a business or like a community. However, I see that in situations when industries or businesses create a community with a common goal, they are always stronger. Government institutions have resources, access, and data on how to help people in these circumstances. We don't always have to involve society, but we should always involve businesses. The work of all parties must be guided by very specific, clear goals. Only when successful changes or bills have been delivered can all parties see the benefit they secure for society and each industry. And as soon as these aspects are clear, there is the feeling that everything is in its place, and everyone knows what they have to do.



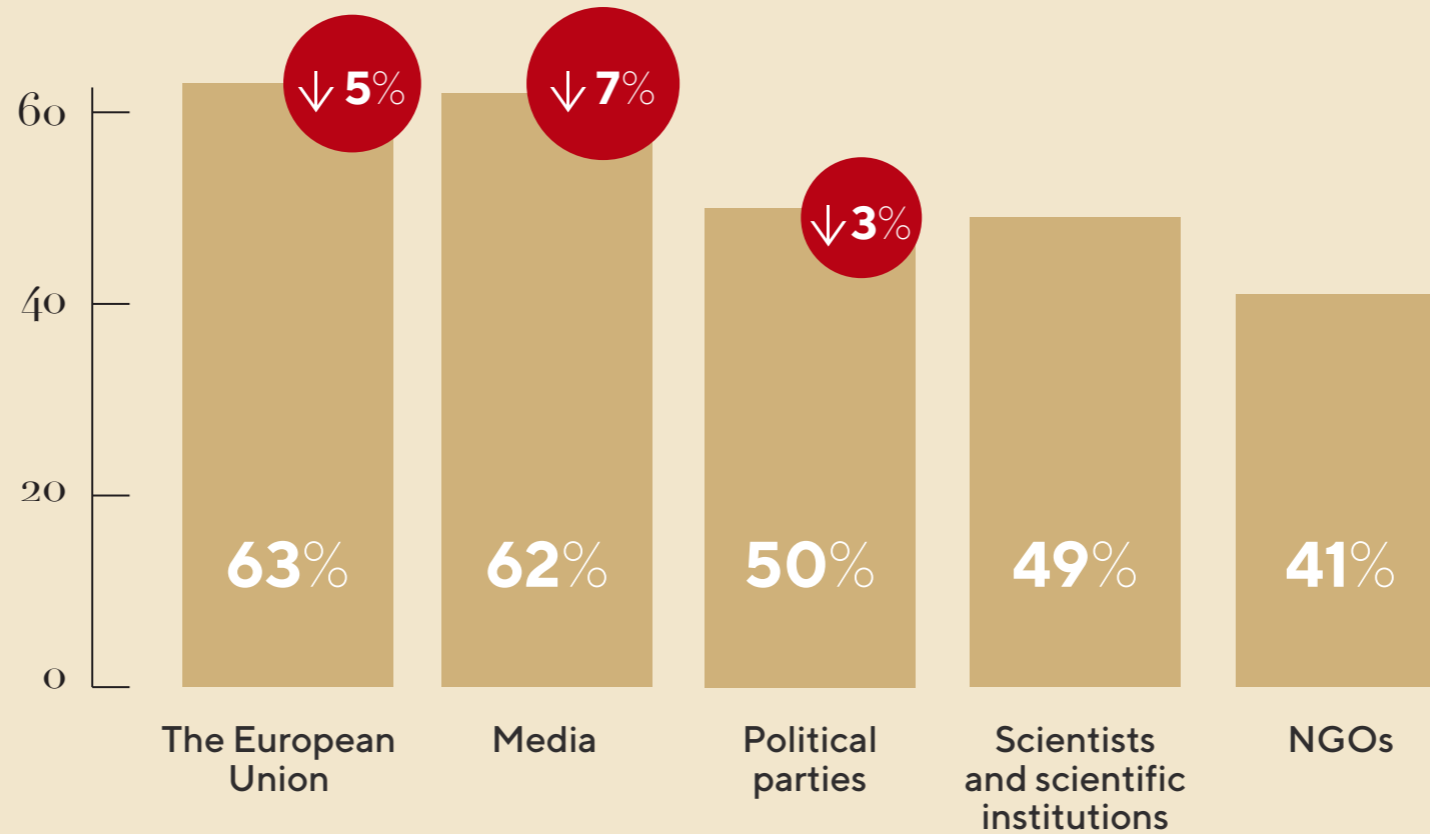
Who can best solve issues
that are important to society?

While in 2019 the public was most optimistic of the Government and media's ability to resolve social issues, this year they mainly rely on the Government, Parliament and local authorities



USG 2020: In general, do you believe that these organisations are able to resolve social issues? Answers: Yes, Probably yes, Probably no, No, Hard to say.
Base: all respondents, n:1011

The ability of other organisations to solve issues that are important to society



USG 2020: In general, do you believe that these organisations are able to resolve social issues? Answers: Yes, Probably yes, Probably no, No, Hard to say.
Base: all respondents, n:1011



A viewpoint from businesses

“

It is very difficult to make decisions when things are changing so quickly. Government institutions, ministries and legislators have worked very hard. For the Saeima to transition to a remote work and work so quickly – that involves a lot of trust.

Latvian businesses continue to be rated higher in their ability to solve issues that are important to society

43%

Latvian
businesses

32%

International
businesses

USG 2020: In general, do you believe that these organisations are able to resolve social issues? Answers: Yes, Probably yes, Probably no, No, Hard to say.
Base: all respondents, n:1011



A viewpoint from businesses

“

Each of us in Latvia upholds our being and our identity, but not our collective work. We are happy to vote for change, but only if it doesn't affect our wallet. I believe that we need a discussion on systemic elements of reciprocity, and we need to speak about the system as a separate subject. For our part, that would be one of the most important things.

Conclusions

Public expectations in 2020

THE EXPECTATIONS OF LATVIA'S SOCIETY TOWARDS COMPANIES AND BRANDS HAVE INCREASED SIGNIFICANTLY OVER THE YEAR.

1. An increasing portion of the population considers aspects other than price and quality when choosing products and services, including: a business's approach to environmental protection (**66%**, **+3%** compared to 2019), if they take a stance on issues important to society (**63%**, **+6%**), if they have a clear viewpoint on various socioeconomic issues (**53%**, **+16%**), if they act ethically towards their employees (**61%**, **+14%**) and if they are transparent (**63%**, **+11%**).

2. A growing number of people base their purchase decisions on a business's approach to current issues. Last year this was important to **57%** of those surveyed, while in 2020 it is important to **63%**.

3. More than a half (or **53%**) expect businesses to have a position on important social, political and economic issues. This is a considerable increase from last year, when it was important to **37%** of those surveyed.

4. It is difficult to measure whether the public acts in accordance with their responses when actually shopping. But we cannot deny that apart from price and quality, individuals care personally about other aspects of business operations. This may be linked to insecurity about the future created by the COVID-19 pandemic. Anxiety and uncertainty about tomorrow may be the reason society views any organisation or institution as a source of a potential solution.

Conclusions

Issues important to society in 2020

1. Similarly to last year, public health has the highest priority for society. It was the most frequently mentioned issue in need of a more active solution, at **47%** of respondents.
2. Unemployment and employment followed public health this year in the priority list. A total of **41%** named it as their second most important topic in need of a more active solution.

3. Employment and public health are also primary issues for which society expects a more active public stance by businesses – coming in at almost half of those surveyed. These are also the main areas in which businesses should invest their profit, with public health at **50%** and unemployment and employment at **49%**.

Conclusions

The importance of environmental, social and governance aspects

1. Bearing in mind the changing priorities of 2020, public expectations towards businesses regarding the environment have changed. Currently, **every third** resident of Latvia believes that businesses should play a more active role in environmental protection and climate change issues. Similarly, **every fourth** respondent names environmental protection and climate change as one of the three priorities which businesses should support with their profits.

2. Although the public does not expect active business involvement in environmental issues this year, it is still essential that businesses continue prioritising environmental topics. A total of **66%** of Latvia's public mentions environmental protection as the next most important factor (after price and quality) when selecting a product or service. Meanwhile, **58%** find it important that businesses use their resources wisely.

Conclusions

The importance of environmental, social and governance aspects

- 1.** At the same time, the importance of corporate governance and social responsibility has increased significantly when selecting a brand or service.
-
- 2.** **63 %** of Latvians feel it is important that a company is as transparent as possible. A majority also prioritise a business which has an ethical relationship with employees; this belief is held by more than half of the Latvian public (**61%**).

Conclusions

The actions of businesses during the COVID-19 pandemic

- 1.** **70 %** of the Latvian public believes that businesses in general have adapted to the new circumstances surrounding the COVID-19 pandemic.

- 2.** Tourism, healthcare and transportation sectors are **perceived as gaining the most from their advocacy efforts**. Despite very different practical results, this has been stated by both - industry insiders and general society.

- 3.** The effectiveness of advocacy and public affairs **is not directly linked** to society's perception and share of voice in the public space.

Conclusions

The ability of various organisations to solve relevant social issues

1. Society still rates the Government's and Parliament's ability to solve relevant social issues most highly. Meanwhile, the opinion of the media is more critical this year, while the ability of local authorities to resolve social issues is rated more positively.

2. At the same time, public opinion of the ability of businesses to resolve social issues remains unchanged. Latvian businesses are rated more highly (**43%**) than overseas businesses (**32%**) in terms of their ability to resolve social, political and economic issues.

Team

Elīna Egle

Vīlands Associates, Partner,
New Business Lead

Ralfs Vīlands

Vīlands Associates, Partner,
Strategic Consultant

Vladlens Kovaļevs

VA Government, Managing Partner

SKDS Project Working Group:

Arnis Kaktiņš

Mārtiņš Krontāls

Atis Putniņš

Ingeborga Daila Zīriņa

Līga Savicka

Research Consultant:

Andris Saulītis, Mg. Soc. Sc.



Contacts

Elīna Egle

Vilands Associates, Partner,
New Business Lead

elina.egle@vilands.lv
+371 29654616

