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Populism and Multinational Enterprises: Strategic Consequences in International Markets

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“to my family”

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Abstract

This thesis examines the dual interconnection between populist governments and the strategic responses of multinational corporations. It illustrates how populist governments generate an environment of institutional uncertainty, which is typified by reputational risk and legal uncertainty that firms have to work through. Despite a vast literature on political risk, there has been little focus on how populist governments generate both legal/institutional volatility (e.g., policy shocks and tariff shocks) and reputational/societal volatility (e.g., media campaigns against elites and consumer boycotts). Business, in response, makes strategic changes, such as diverting investments, restructuring operations, going global, and assuming an attitude of political neutrality; these collective actions can, in turn, affect the political environment. There are five overarching themes identified: (1) Regime Uncertainty with legal and reputational dimensions; (2) Strategic Adaptation in combination with organisational agility; (3) Political Neutrality with discursive reputation management; (4) International Diversification as a response to mitigate; and (5) Corporate Political Agency in which corporate behavior influences public discourse. This thesis also presents a two-dimensional "legal + reputational" uncertainty model that encapsulates the distinctive dynamics of populist environments, illustrating how firms strategically adjust—in adaptive, structural, and political manner—to each dimension. Furthermore, through the examination of feedback loops in both directions, it demonstrates how corporate routines and corporate-political decision-making proactively alter populist rhetoric, thereby positioning multinational corporations as co-architects of their risk environment. The research of this project extends theoretical paradigms by hypothesising corporations as proactive, rather than reactive, populist players with agency, thus co-construction of the political environment. For management practice, this research offers a "menu" of strategic imperatives—adaptability, risk assessment, communications strategies, and cautious engagement—that need to be blended to effectively manage populist uncertainty. This research adds to both political economy and international business literature in showing the bi-directional dynamic between populist political phenomena and multinational corporations.

Chapter 1: Introduction

Global companies today are working in a world with unmatched political instability. The emergence of populist governments worldwide - those political strategies that purport to act for "the people" in opposition to some alleged elite - has disrupted entrenched institutions and settled expectations (Moffitt, 2016). Well-functioning institutions (rules, laws, and norms) in general tend to minimise uncertainty as well as transaction costs by making the "rules of the game" more transparent (North, 1991). Populist governments tend to resist or alter such rules quickly. Policy changes can be sudden, destabilise the autonomy of the judiciary, or incite sentiments against the elite, all of which can increase risks for firms that rely on stable regulatory and social conditions. Conversely, as companies pursue global expansion, they increasingly confront regime uncertainty: instability in legal regulations and in public opinion that influence investment choices (North, 1990; Pfeffer & Salancik, 1978).

Companies are not only passive victims of populism. They also undertake a range of strategic activities - modifying business strategies, influencing their public reputation, and utilising global networks - to cope with these risks (Al-Esia, Crane, Iatridis, & Yorgancıoğlu, 2024). According to resource dependence and agency theories, organisations possess the means to either exert influence on or insulate themselves from volatile political environments. Moreover, their collective actions can convey powerful messages (Hillman, Keim, & Schuler, 2004). For example, when multiple multinationals relocate production in response to populist policy, that can legitimise populist rhetoric of "foreign companies abandoning the people". Conversely, firms engaging in corporate community engagement can truncate populist appeals by demonstrating respect for local welfare. Business actions thus influence politics, creating a two-way, recursive dynamic between firms and populist governments (Scherer & Palazzo, 2011; Devinney & Hartwell, 2020).

This thesis explores this bidirectional dynamic. It aims to discover: (1) How do populist politics create uncertainty and constraints for multinational firms, and (2) How do firms strategically respond to those political challenges, and do those corporate strategies, in turn, influence political discourse or outcomes?

These questions address important gaps in current scholarship. While political scientists have done a lot on the origins and effects of populism, and International Business researchers on political risk more broadly, less has bridged the two by focusing on how populist ideology specifically affects firm strategy. Similarly, corporate political activity literature often addresses elite lobbying or CSR, but less so how everyday business choices (expansion, outsourcing, communications) shape populist narratives (Mudde, 2004; Miller, 1992; Hillman, Keim, & Schuler, 2004).

In addressing such questions, the present research employs a qualitative, case-study methodology with five multinational corporations. Semi-structured interviews with executive-level informants provided insight into how each firm perceives risks emanating from populism and how they deal with such adversity. Analysis of data was carried out through thematic coding outlined by Braun and Clarke (2006). The findings quote five broad themes that guide a conceptual model connecting populist political currents and corporate strategy (refer to Figure 1, Chapter 4). They structure the empirical chapters as follows: (1) Regime Uncertainty (legal and reputational), (2) Strategic Adaptation and flexibility, (3) Political Neutrality (discursive risk management), (4) International Diversification (buffer strategy), and (5) Firms as Political Actors (feedback effects). Findings are presented in Chapters 5 and 6 and are discussed under which conditions they confirm or extend the theory. The conclusion consolidates contributions and suggests avenues for future research.

In summary, this thesis argues that the firm–populism relationship is two-way and dynamic: populist governments shape the business environment for firms, and in turn, the collective strategic choices of firms silently reshape the political environment. A recognition of this bidirectional connection contributes to the understanding of global strategy and informs managers how to maximise opportunity and reduce risk under populist politics.

1.1 Background and Relevance of the Study

Populism has spread around the world in recent years. Leaders in many countries - Latin America to Europe - have run on anti-system, nationalist

platforms, which sometimes combine economic protectionism with cultural appeals (Rodrik, 2018; Tabellini, 2019). Scholars have described populism as a "thin-centered" ideology that pits a moral people against an immoral elite. Populism can be defined as a political movement that frames society as divided between a morally pure and unified people and a corrupt elite, claiming to represent the general will of the people against established institutions (Mudde, 2004).

Populism tends to create policy instability: governments pursue short-run popular victories (subsidies, tariffs, nationalisation) that destabilise long-run commitments. For multinationals, such changes have a detrimental effect on the predictability of investment policy (Mudde, 2004; Miller, 1992). As one executive described it, investing in populist times is similar to " driving in changing weather conditions (Interview 4 [Food & Beverage Sector], Appendix B), where sudden storms may erupt at any moment.

Meanwhile, populist rhetoric often blames large businesses as part of the elite. Even those seeking to be neutral can be cast as the villains (Mudde, 2004). As one participant put it, “We sometimes receive instructions not to operate in specific countries, even when the commercial potential is high. The reputational risk for the wider group outweighs local opportunities. It’s not about avoiding minor issues, “It is about protecting the group from broader fallout” (Interview 4 [Food & Beverage Sector], Appendix B). This illustrates that reputational risk (public trust) is just as important as legal risk. Organisations have always faced political risks; the increased intensity and bidirectional dynamics of populism are novel. When organisations confront both legal threats and social stigma, their strategic decisions are altered. A review of the literature on recent research (e.g., Moffitt, 2016; Mudde & Kaltwasser, 2018; Bennett et al., 2023) confirms that populist governance can effectively influence the rule of law (North, 1990) and popular discourse.

Yet, organisations are not passive. The resource-dependence perspective argues that businesses attempt to control their dependence on volatile institutions. This may be achieved through political diversification or employing flexibility with the aim of adaptation. There are even some academic articles mentioning

feedback loops: Carballo Pérez and Corina (2024) demonstrate that highly internationalised companies resist populism more, whereas Bennett et al. (2023) reveal that the left or right-leaning nature of populism influences the type of entrepreneurial opportunity. Based on these findings, this thesis hypothesises firms to be agents: they are capable of reshaping supply chains, communication strategies, and alliances in response to regime uncertainty, thereby generating signals that are likely to affect public opinion and policy.

1.2 Research Questions and Objectives

The research tries to respond to the following two related questions:

RQ1: How do populist regimes generate uncertainty and strategic risks for multinational firms?

RQ2: How do firms respond strategically to these populism-induced uncertainties, and how do those corporate responses, in aggregate, influence political outcomes?

These pertain to understanding the populism firm's strategy direction and the firm's strategy for populism feedback. The objectives are: (a) to theorise the mechanisms (e.g. legal uncertainty, reputational volatility) by which populist politics affect firms; (b) to define the strategic responses firms use to manage these mechanisms (e.g. flexibility, communication strategies); and (c) to consider whether firm collective action can amplify or dampen populist discourses (e.g. through investment signals or local interactions). In this project, the dissertation aims to bring together different strands of literature in political science, institutional economics, and international business.

1.3 Methodological Approach

To address these questions, the present study takes a qualitative, exploratory design, which suits the innovative and intricate phenomenon being examined. The main data source consists of semi-structured interviews with the chief executives of five multinational corporations. A multiple-case strategy (Yin,

2018) adds strength to the findings by applying a number of settings. Cases were selected carefully to provide maximum variety in terms of industry (fashion, apparel licensing, food & beverage, manufacturing, fitness technology) and business models (franchising, manufacturing, digital hybrid). All of these companies have extensive geographic reach and experience conducting business in various political regimes (including populist regimes), which makes the respondents' experience rich to learn from.

Data were gathered using semi-structured interviews that probed the perceptions of executives regarding how populism affected their businesses, strategic adjustments undertaken, and any political effects noted due to their companies' activities. The interview protocol (Appendix A) addressed areas in line with research questions, including knowledge about populism, how it has affected distribution and investment choices, and whether there was any awareness of influencing the political landscape. The interviews lasted for about an hour, were recorded, and transcribed word for word. These were subsequently coded using a thematic coding process (Braun & Clarke, 2006) to examine patterns between cases.

The study guarantees methodological rigor through the use of proven qualitative methods. Coding was inductively driven but theoretically informed (by concepts such as regime uncertainty and agency of the firm), with themes being iteratively constructed through comparative interview analysis. The coding process produced a thematic matrix (Appendix C), thereby enabling comparative case analysis. Ethical benchmarks of informed consent, confidentiality, and objective questioning were strictly adhered to in the study.

1.4 Structure of the Thesis

The thesis then takes the following structure. Chapter 2 reviews populism, political risk, and corporate political action literature, delineating populism's key dimensions and reviewing controversies on how politics shapes global business, with explanations of gaps this study fills. Chapter 3 describes methodology: research design, case selection, data collection, and analysis procedures, with limitations. Chapter 4 presents the Conceptual Framework: drawing on

institutional and political economy theory, with regime uncertainty defined, the distinct risks posed by various populist ideologies explored, and firm-level agency, including strategic responses and corporate political activism, discussed. Chapter 5 summarises the Empirical Findings structured around the five themes discerned above. Chapter 6 discusses how these findings deepen and advance theoretical understanding with particular reference to firm heterogeneity and strategic trade-offs. Finally, Chapter 7 is finished with a summary of findings, theoretical and managerial implications, and directions for future research. The appendices include the complete interview guide, anonymised versions of the five interviews, and a summary coding matrix.

Chapter 2: Literature Review

2.1 Defining Populism

Mudde (2004, p. 543) defines populism as a “thin-centered ideology that perceives society as ultimately separated into two homogeneous and antagonistic groups, namely ‘the pure people’ and ‘the corrupt elite’, which claims that political discourse ought to reflect the volonté générale (general will) of the people” (see also Mudde & Rovira Kaltwasser, 2017; Canovan, 1999).

This theoretical framework prioritises a dichotomous vision of identity and morality. Some others emphasise the discursive dimensions: populist leaders possess a specific rhetorical flair and stylistic features (e.g., Manichean narratives, rejection of pluralism, and charismatic leadership) that displace conventional institutional processes. Another perspective sees populism as an institutional governing style: populist parties tend to circumvent conventional checks and balances, undermine independent institutions, and advance majoritarian agendas (Moffitt, 2016; Mudde & Kaltwasser, 2018). Across definitions, common elements include the backing of "the people," resistance to the "elite," and an inclination to reorganise or challenge conventional norms.

Most relevant to this study, the impact of populism on business hinges on these dimensions. Ideologically, anti-elite rhetoric usually entails criticism of corporations as part of the “establishment.” Discursively, populist leaders are able to reframe public discourse in the media and speeches rapidly. Institutionally, populist governments are able to change policies unpredictably (e.g., expropriations, protectionist policies) to consolidate popular support. Thus, the literature suggests that there are two types of populism: political movements and rhetorical movements (Moffitt, 2016).

2.2 Populism and International Business: A Review of Current Debates

Research on the impact on companies is also coming out more. Research shows that populist rhetoric consistently dampens entrepreneurial activity by increasing perceived uncertainty in the form of future regulation. For instance, Bennett et al. (2023a) show that populist rhetoric in a nation causes

entrepreneurs to anticipate greater transaction costs, thus decreasing new firm creation rates. Carballo Pérez and Corina (2024) also note that foreign direct investment is deterred in contexts of rising populism, except for those firms with high degrees of internationalisation. Studies employ quantitative, cross-country methodologies and demonstrate that ideology and institutions serve to mediate populism's impact on business. Traditional political risk scholarship (Brunner, 2001; Henisz, 2000) addresses regime stability but has a tendency to operationalise a broad concept of "political risk" without disentangling populist drivers. There are a few international business researchers (Ghemawat, 2001; Meyer, 2001) who highlight the importance of political stability for location decisions, with the implication that any instability source - e.g., populism - would matter. However, comparatively few recent papers do address explicitly distinctive features of populism. For example, Stöckl and Rode (2021) examine how checks and balances buffer firms in populism, and Henisz (2000) shows that unstable policy leads multinationals to diversify. But these do not capture the reaction of businesses to politics.

On the corporate political side, CSR and political strategy literature (Scherer & Palazzo, 2011; Doh et al., 2012) recognise that firms engage in non-market strategies to influence society. Scherer and Palazzo (2011) argue that globalisation forces businesses into a new political role. This aligns with the interest in whether firms' very presence (through investment, employment, advocacy) can shape populist narratives. Yet most scholarship focuses on intentional political engagement (lobbying, alliances) rather than the unintentional political signaling of everyday business activities.

2.3. Populist Policies and Regime Uncertainty

Most relevant to this study, the literature in political science and economics on regime uncertainty, as well as institutional economics, provides a conceptual foundation. Regime uncertainty is characterised by a lack of predictability in the policy environment—sudden reversals in law, contracts, or enforcement mechanisms that raise perceived investment risk. The tendency of populist governments to focus on short-run popular policies heightens this uncertainty:

they may implement measures without the usual constraints (e.g., sudden nationalisations, protectionism) or disregard existing obligations. For example, they might change investment rules midway through a project on nationalist grounds (Bylund & McCaffrey, 2017; North, 1990; Williamson, 2000). Executives elsewhere, including in Italy, have lamented: "It is difficult to make a 10-year investment against a 4-year political cycle" (Interview 3 [Fitness Equipment Sector], Appendix B). The literature confirms this pattern: property rights and bilateral investment treaties are less credible under populist governments (Henisz, 2000; Williamson, 2000). In the same vein, populist rhetoric can rapidly shift public norms, and companies that were "in" are suddenly "out" in the public's eyes. Accordingly, populist-induced uncertainty is framed as being two-dimensional (Chapter 4): having a legal/institutional dimension (contract risk, policy volatility) and a reputational/societal one (changing public opinion and legitimacy).

2.4 The Role of Firms in Political Feedback Loops

While populism impacts business, the impact in the reverse direction – business on populism – has received limited attention. Political economy has been increasingly observing corporate political influence via strategic action (Pfeffer & Salancik, 1978; Hillman, Keim, & Schuler, 2004). Businesses may employ lobbying or CSR to shape opinion and policy. Other case studies show that business conduct can alter political outcomes: e.g., massive business tax cuts under Trump were both a result of business pressure, but also influenced public support for populist programs (Hillman, Keim, & Schuler, 2004; Public Citizen, 2024).

Theoretically, this is suggestive of a feedback process: firms react to politics, yet their reactions (e.g., disinvestment, activism) turn into stimuli for politicians or public opinion once again. This is consistent with bidirectional models in political science (Moffitt, 2016) and with the theory of "embedded autonomy" (Evans, 1995), in which governments and business interact dynamically. Therefore, populism influences firm strategy, which then alters the environment and gives rise to new political responses.

2.5 Conceptual Gaps and Contributions of This Study

Previous studies have addressed single elements of regime uncertainty, for instance, legal risk, as proposed by Henisz (2000), and reputational risk, as proposed by Maignan and Ferrell (2004). Previous studies have also examined the strategic responses of firms to political upheaval, for example, strategic adaptation to institutional change, as developed by Oliver (1991), and resource-dependence perspectives on political engagement, as developed by Pfeffer and Salancik (1978). However, no single study has combined these different lines of research to describe how populism specifically generates both legal/institutional and reputational uncertainties and how firms influence populist forces in various industries. Current research on regime uncertainty primarily addresses changes in formal institutions (e.g., Jensen, 2008; Meyer, 2001) and ignores the concurrent effect of perceptions at the societal level, i.e., reputational volatility, caused by populist rhetoric. Similarly, studies of corporate agency in political risk tend to focus on one particular strategy (e.g., lobbying and corporate social responsibility investments) without situating it in a feedback-loop model that accounts for the bidirectional impact of corporations and populist actors (Scherer & Palazzo, 2011; Doh et al., 2012).

It is, therefore, imperative to construct a conceptual model that (1) delineates the two dimensions of uncertainty unleashed by populism—i.e., legal/institutional and reputational/company—and (2) describes how firms utilise adaptive, structural, and political responses not as responses to threats but as programs that, in concert, can exacerbate or buffer populist impacts. Regime-uncertainty approaches focus on how changes in formal rules affect multinational decision-making (Henisz, 2000; North, 1991), while CSR-based studies emphasize reputational stakes in adverse external contexts (Matten & Moon, 2008; Carroll, 1991). However, no comprehensive explanation exists of how populism—by simultaneously disrupting both formal institutions and public opinion—creates a recursive environment in which corporate strategy both responds to and helps reshape populist regulation. This dissertation addresses this gap by introducing a two-way model of legal and reputational uncertainties along with firm-specific agency in various industry settings.

Chapter 3: Methodology

3.1 Research Design and Rationale

This thesis follows a qualitative research approach, adapted to examining rich, contextually dependent dynamics. An appropriate exploratory research design for the research questions (how do firm strategy and populism influence each other?) allows for the capture of executives' lived experience and strategic logic, which may not be captured with standardised surveys. Qualitative methods, Denzin and Lincoln (2011) argue, are well-suited for theory-building complicated phenomena. In this case, it is drawn on institutional economics and political theory as a framework for organisation, but remains open to concerns arising inductively.

Five multinational corporation cases were selected intentionally to provide depth along with range. This multiple-case study design, with cross-industry representation, is aimed at attaining thematic saturation (which was indeed reached at the fifth interview) and enhancing transferability of findings. A concentration on the most senior executives (CEOs, directors) ensures access to strategic thought, at the cost of the usual elite interview caveats (managed ethically, Chapter 3.5). Overall, the design balances information depth and rigor by using qualitative interviews to uncover rich mechanisms, which are then mapped onto existing theory to develop a conceptual model.

3.2 Case Selection: Criteria and Profiles of Interviewed Firms

Five firms were chosen based on the following: (1) Geographic scope: All operate in multiple regions (at least three continents) to allow for variance in political regimes; (2) Industry diversification: Spanning fashion, apparel licensing, food & beverage, industrial manufacturing, and fitness technology to allow for sector comparison; (3) Organisational form heterogeneity: Diverse business models (franchise/licensing, wholly-owned, joint ventures, hybrid digital) to allow for the examination of how structure influences risk management. This heterogeneity allows for examining whether certain types of firms respond differently to populism.

Brief profiles (details anonymised) were reviewed in interviews. For example, Firm A (fashion retail) is a French artisan brand with an international presence that focuses on ethical sourcing, which is relevant to reputational risk in populist contexts. Firm B (Italian apparel licensing group) coordinates the distribution of brands via local licensees in more than 100 countries, illustrating a decentralised strategy. Firm C (food & beverage) has vertical integration in both roasting and distribution, illustrating supply-chain management in the context of changing trade regulations. Company D (industrial manufacturing) combines in-house production and contract manufacturing to balance tariffs (showing how capital-intensive firms balance tariffs). Company E (fitness-tech) combines physical equipment with a digital wellness platform in 80+ nations (a hybrid model using technology). The examples cover both consumer and B2B settings.

This range ensures that the results uncover underlying patterns among multinationals, while variation in the cases highlights conditional influences. Interestingly, after the fifth interview, no new themes emerged, indicating thematic saturation. Although five cases are a small sample, the aim is to gain deep insights instead of seeking statistical generalisation. The selected cases provided enough data to spot consistent strategies and trade-offs in the face of populist pressures.

3.3 Data Collection: Semi-Structured Interviews

The formative data for this research were gathered via semi-structured interviews with a senior executive from one of the five chosen organisations. The interview protocol, discussed in Appendix A, was organised into three thematic sections intended to garner both strategic insights and contextual awareness.

The initial segment focused on the attitudes of executives toward populist political movements. The respondents were invited to consider the existence of populist moods or leaders within countries where their companies are located, and how probable such aspects would be in their likelihood to shape company strategy. The questions posed included: "Do you factor a government’s populist orientation into your decision-making?”.

The following section examines how populism impacts business strategy. The aim was to determine whether there were specific instances of how populist policies could influence strategic choices, including investment relocation, supply chain reconfiguration, or market withdrawal. A common question posed in this section was: “Can you give an example of a business decision directly affected by a populist government’s agenda or actions?”.

The third part examined the potential for firms to shape political contexts. Managers were questioned as to whether their firms' actions, in the form of corporate social responsibility initiatives or public utterances, were perceived to have any influence on political attitudes or behaviors. As an illustration, they were posed the following question: "Have you observed any feedback from your actions on how local people or politicians behave toward you?”

The semi-structured interview permitted the application of a standardised framework with every participant, yet provided scope for free exploration of unexpected insights as and when they manifested (Bryman, 2015). The interviews took around 60 minutes each, were recorded audio-wise, and subsequently transcribed. All of the transcripts underwent strict cross-verification and anonymisation procedures to maintain confidentiality, with some individual and company names being substituted with generic descriptors. In order to provide consistency in the process of data collection, the interviewer pilot-tested the protocol in advance and reworded questions according to early feedback to prevent ambiguity and guarantee effectiveness.

3.4 Data Analysis: Thematic Coding Approach

Interview transcripts were thematically coded (Braun & Clarke, 2006). This was done in multiple steps. Firstly, familiarisation with data: each transcript was read multiple times, with early notes on points of interest. Secondly, open coding: extract text was given descriptive, data-driven labels (e.g., "tariff shock," "media strategy," "institutional void"), generating dozens of initial codes. Then, axial coding consolidated related codes into overarching themes. Four overarching themes were induced: Regime Uncertainty, Strategic Adaptation, Political Neutrality, and International Diversification. The Regime Uncertainty theme

was further divided into legal and reputational subthemes. Corporate Political Agency—i.e., the impact of corporations on political processes—was the predominant theme that commingled with feedback effects in every category. These themes were strongly consonant with the conceptual framework and were substantiated by their systematic recurrence in every interview. Themes were subsequently examined and refined for consistency, i.e., the response strategy termed "political neutrality" was neatly separated from the state referred to as "reputational risk." Saturation was reached with the fifth interview, during which no new themes emerged. Evocative quotations were chosen to exemplify each theme, and a thematic matrix was built to show how each firm reflected each theme (Appendix C).

A double-coding of a randomly selected sample of ten pages across the five interview transcripts was systematically carried out by two independent researchers to assess inter-coder reliability. The Cohen's kappa coefficient thus obtained was 0.78, reflecting a high degree of agreement. Exceptions (8 out of 87 codes) were discussed and resolved, resulting in more specific coding guidelines, namely for differentiating between subthemes within Regime Uncertainty. Then, a second round of axial coding was performed to sharpen and confirm each theme that had been identified. Finally, potential biases were addressed: while the selection of executive-level interviewees may have resulted in a perspective aligned with corporate strategy, asking for specific examples (e.g., dates, events, and measurable effects) helped to minimize subjectivity. These methodological strategies cumulatively enhance the strength and clarity of the interpretations drawn from the data.

3.5 Limitations and Ethical Considerations

No study is constraint-free. Qualitative, case-study design inherently limits generalisability: conclusions from these five firms, heterogeneous as they are, cannot be assumed universal. One avenue for future research would be to test the patterns described herein in a quantitative study. Further, as with all senior manager interviews, there is the risk of retrospective bias (Golden, 1992): informants can justify past choices or present a good impression. The

interviewer mitigated this by probing for concrete examples and triangulating across cases (consistent themes emerging independently across firms added credibility).

Interviewing corporate elites on contentious topics also brings ethical and operational issues. Executives may be defensive or prejudiced by company communication. To manage this, participants were assured of rigorous confidentiality and anonymity. They signed informed consent forms explaining the intellectual aim of the study and their rights (withdrawal, refusal to answer). Transcripts were anonymised (Appendix B) to protect identities.

Validation within the analysis was secured by cross-case comparison; where in several companies, independent descriptions were made of the same things (e.g., avoiding populist markets), this served to increase the confidence in those patterns observed. Also, where possible, interview responses were anchored to known external events (e.g., verifying assertions of policy change with news sources). These served to establish the validity of findings.

Overall, despite these limitations being noted, the qualitative depth and coherence of the research, established through extensive methodology and thematic coding, offer a robust starting point. The overriding concern here is to develop an in-depth understanding. Through the description of connections between populism and company strategy, this exploratory method offers informative, practical insights that can guide larger studies as well as managerial behavior.

Chapter 4: Conceptual Framework

4.1 Institutional Economic Theory and Regime Uncertainty

Institutional economics underpins the analysis, with regime uncertainty a key notion. Institutions are framed by North (1990, p. 3) as the "rules of the game in a society" – formal rules and laws and informal norms which give rise to stability. When institutions are stable, firms can plan for the long term and invest confidently. Populist politics can get in the way of such rules. Sudden nationalisations, rule changes to seize short-term gains, or compromised judicial power cause uncertainty. For companies, this means contracts are not honored and policy is altered unexpectedly, effectively raising transaction costs (North, 1990). In some markets, even offering customer refunds became risky because of abrupt policy changes (e.g., currency controls), according to one Italian manager.

This study takes this idea one step further by hypothesising two dimensions of regime uncertainty under populism. The legal/institutional dimension includes all forms of regulatory uncertainty: tax hikes, tariffs, licenses, and enforcement. Executives provided examples of unexpected tariffs in the U.S. or retroactive "national interest" review of licenses already issued. Such shocks erase assumed stability and discourage investment, as one put it, no one wants to take a 10-year factory plan gamble if the rules might flip after four years.

The reputational/societal dimension of populism is: how populist rhetoric can suddenly make firms outsiders or enemies of “the people” regardless of corporate wrongdoing. Managers in Chapter 5.1 talk about being vilified for being multinational (e.g., accused of “outsourcing jobs”) (Appendix B). When political actors portray firms as adversaries, public trust is substantially undermined. Companies thus face a dual uncertainty: will policies change suddenly, and will public opinion turn against them? Both directions interact—for instance, the ideology of the populist government can determine which one is more salient (Section 4.2). It is important to understand this dual uncertainty for international managers evaluating risk under populist governments.

4.2 Political Ideology and Business Environment Sensitivity

Populist regimes are highly variable; their ideological leanings shape the kinds of uncertainty that businesses have to manage. Researchers and practitioners have described left, right, and centrist forms of populism, each posing distinct challenges for multinational firms.

Left populism is generally marked by anti-capitalist discourse and an aggressive focus on redistribution. Iconic figures like Hugo Chávez in Venezuela and Evo Morales in Bolivia pursued aggressive nationalisation policies and used predominantly critical rhetoric against private enterprise, especially multinational business. A case in point is the Chávez administration pursuing large-scale nationalisations in the petroleum, telecommunications, and electricity industries while advocating simultaneously a model of "21st-century socialism" in opposition to neoliberal capitalism (Ellner, 2008). Likewise, Morales prioritised communitarian socialism and nationalised Bolivia's mining and hydrocarbon industries to decrease the role of foreign corporations and enhance state oversight of natural resources (Webber, 2011; Crabtree & Chaplin, 2013). These examples illustrate how left-wing populists utilise firm state intervention and anti-market rhetoric to reconstitute economic institutions per redistributive objectives. In such instances, the firm tends to encounter increased legal risks, including expropriation risk or seizure of assets, reputational risks stemming from populist propaganda labeling them as exploiters of the host communities. Even firms with high local investment and adherence to ethical standards may become demonised in public debate; i.e., they may be charged with "appropriating the people's land." Thus, working in the environment of left-wing populism means that firms must be prepared for not only overt policy control but also for a broader social suspicion.

Right-wing populism is likely to accentuate nationalism and traditional cultural values. Although these administrations may seem business-friendly at first—enacting policies like corporate tax reductions, for example—they also generate considerable uncertainty through protectionist policies, trade limitations, and ideological requests for patriotism. For instance, under the Trump administration in the United States, firms benefited from the 2017 Tax Cuts and

Jobs Act, which lowered the corporate tax rate from 35% to 21% (Tax Cuts and Jobs Act, 2017). But this era was also characterised by imposing huge tariffs on steel, aluminum, and other products imported from China and other nations, which resulted in heightened trade tensions and uncertainty (Bown, 2025). These protectionist policies, fueled by nationalist politics, caused tremendous disruptions to global supply chains and established a business environment characterised by unpredictability (Rodrik, 2018).

While outright expropriation is not common in right-populist regimes, companies may encounter uncertain regulatory frameworks and political tactics compelling them to outwardly adhere to nationalist objectives. In that regard, short-term benefits could be neutralised by long-term uncertainty regarding international agreements and regulations. Centrist populism, on the other hand, has no discernible ideological foundation and tends to pick and choose policies from all along the political spectrum. Such pragmatism and opportunism have sometimes been described as a "thin-centered ideology" (Mudde, 2004) that makes it extremely hard to anticipate government actions. Firms in centrist populist governments have to respond to quickly changing priorities, as exemplified by a stimulus policy that is positively pro-business one quarter being supplanted by stringent regulation the next.

This unpredictability generates a chronic condition of uncertainty instead of outright hostility, thereby rendering planning challenging and necessitating enhanced adaptive capacity. As later discussed in Chapter 5, a number of executives offered that the primary issue with left-wing populism was with regard to the danger of interventionist policies and the undermining of legal rights. Right-wing populism was linked more to policy instability and nationalist pressure. Figure 1, shown (end of subsection 4.4), graphically summarises these dynamics by showing how various populist ideologies affect the particular blend of legal and reputational uncertainty that firms have to contend with.

In this manner, the prevailing ideological paradigm emerges as a primary source of regime-associated risk.

4.3 Firm-Level Agency and Strategic Responses to Populism

Whereas institutional theory usually depicts organisations as passive recipients bounded by their external environments, a firm-level agency perspective provides a more dynamic account. It highlights the fact that firms are not helpless victims of political risk; rather, they do possess the ability to actively frame, reduce, or even take advantage of it through strategic action. In politically contested contexts, especially in populist regimes, firms are not confined to a defensive stance—they can adopt a range of proactive strategies to shield themselves from uncertainty and, in some cases, influence the very political rules under which they function.

One such set of strategies that can be identified involves adaptive responses. Adaptive responses are characterised by operational changes to minimise exposure to populist threats. Companies can implement geographic diversification by shrinking their businesses in risky markets and expanding their presence in more stable ones. They may also reorganise supply chains across various jurisdictions so as not to be overdependent on one regulatory environment. Operational flexibility—defined as the ability to quickly change levels of production—becomes paramount, along with the need for financial hedging through instruments like insurance or contingency planning. Evidence gathered from supports these findings: executives discussed examples of shifting production due to heightened tariffs or accelerating digital investments to counter the impact of trade barriers. These responses illustrate ways in which organisations exercise agency by being resilient in the face of shifting political contexts (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008; Appendix B).

A second set of strategies entails structural decisions. These are conscious decisions regarding the internal governance structure of a firm in response to political risk. Some firms opt for decentralised decision-making so that local subsidiaries have greater autonomy to react nimbly to national political trends. Others opt to centralise government affairs departments to develop homogenised communications and synchronized responses at the corporate level. These organizational decisions represent a deliberate compromise

between worldwide coherence and local adaptability, previously evidenced in the case profile presentations in Chapter 3.

The third arena of strategy consists of political strategies, which have been generally termed as corporate political activity (CPA). Companies can take part in lobbying efforts—directly or, more commonly, in the presence of populist pressures, through business associations if institutional access is circumscribed. They can also align with other companies to defeat negative regulatory proposals or use discursive strategies by influencing public opinion through public relations campaigns or corporate social responsibility initiatives. Hillman, Keim, and Schuler (2004) differentiate between transactional approaches—issue-based and short-term—and relational approaches, with a long-term engagement focus. In populist governments, where traditional avenues of lobbying might be compromised or unstable, firms employ more relational methods, cultivating contacts with stable bureaucracies or prominent opinion leaders. Firms can also negotiate resource dependence, as framed by Pfeffer and Salancik (1978), by decreasing their reliance on hostile state actors or making mutually advantageous proposals—e.g., creating employment or sharing technology—to match their objectives with governmental ones. The key takeaway from this agency-focused perspective is that firms possess agency and are not passive victims in the face of political risk. Organisations have material resources, such as financial capital, innovations, and institutionalised legitimacy, combined with strategic competencies such as flexibility and access to various networks. These competences grant them the ability to act proactively when managing uncertainty. The view explains the processes through which some organisations succeed during populist regimes, while others fail. Chapter 5 will explore these dynamics more closely, showing how one fitness company consciously reorganised its Brazilian business along distribution-oriented lines in anticipation of government regulation. Finally, acknowledging the agency of firms encourages a more subtle view of political risk, not merely an exogenous constraint to be suffered, but as an obstacle that may be worked around and, on certain occasions, changed through strategic action.

4.4 Bidirectionality: Firms as Both Targets and Agents

Following the above, this thesis posits a bidirectional relationship between populism and firms. Firms are not only targets of populist politics but also drivers influencing it. On the targeting dimension, firms as symbols of the elite are targeted by populist protests (large or foreign companies), populist policies (increased taxation of certain industries, localization demands, public shaming campaigns), and populist frames ("big corporations vs. people") directly affecting firms (Figure 1). For instance, populist regimes might argue that banks, technology firms, or energy firms are harmful to the nation, hence legitimising punitive policies. Firms in such a scenario must respond to overnight policy shifts and shape their reputations amid heightened public attention.

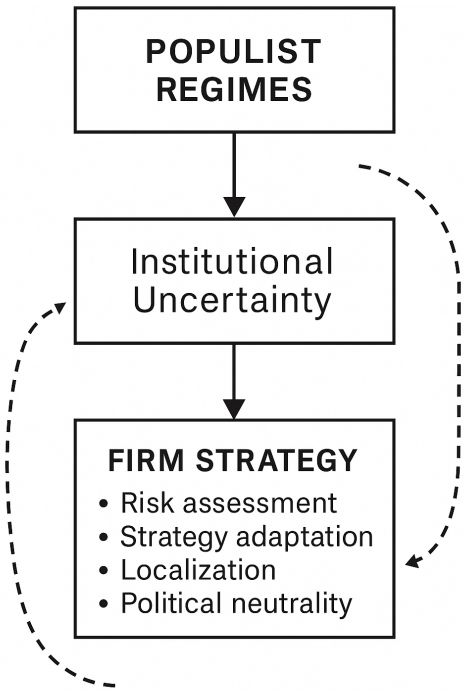
On the agent side, collective firm actions influence politics (Figure 1). This includes discursive feedback (through public pronouncements or strategic silence) and economic feedback (through investment decisions). If a firm relocates a plant in reaction to a populist policy, the action may serve to reinforce the populist leader's rhetoric of foreign capital flight from the country. Conversely, an organisation that highlights its benefits, like job creation in local areas and investments in communities, might deflect populist claims of corporate greed (Hillman, Keim, & Schuler, 2004; Jensen, 2008). Insights from the interviews suggest that firms often inadvertently "supply evidence" for populist arguments simply by following standard business logic (Appendix B). The choice to stay in a marketplace can also convey confidence and refute claims of elitism. Furthermore, strategic silence or neutrality functions as a form of feedback: by refraining from making waves, firms alter the discourse, since the absence of conflict itself conveys a message (Hoskisson et al., 2000).

Thus, a hypothesised feedback loop: populism influences businesses, and business corporations' actions influence populism. This is not a linear cause-and-effect in a simple sense, but a recursive dynamic. Each can vary in intensity and direction: corporate influences may be indirect or lagged, while political adaptations tend to have immediate operating consequences. The following chapters illustrate empirical confirmation of the twin interactions. Identifying such a co-evolutionary process enhances theoretical insight and warns managers

that decisions may carry political implications in addition to short-run business results.

The two-way logic is demonstrated in Figure 1, below, which summarises the conceptual model upon which this thesis rests. This figure demonstrates how populist governments generate both institutional and reputational uncertainty (Bylund & McCaffrey, 2017; Mudde, 2004) and then transmit these pressures to impact strategic behavior at the firm level (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008). Notably, it also demonstrates the feedback loop by which corporate behavior can influence political discourse (Hillman, Keim, & Schuler, 2004; Appendix B), thereby reinforcing the two-way interaction that is the subject of this study.

[Figure 1. Conceptual framework linking populist regimes, institutional uncertainty, and multinational firm strategy.]



Chapter 5: Empirical Findings

5.1 Detailed Coding and Validation

To demonstrate the importance of the data interpretation process, Table 1 below presents the format of the Summary Coding Matrix (Appendix C), which sorts the open codes into five large macro-categories. The first macro-category, Regime Uncertainty, includes subcodes such as Tariff Shock, Permit Revocation, and Sudden Regulatory Intervention, and is referred to 27 times throughout the five interviews. The second general category, Strategic Adaptation, contains subcodes such as Relocation, Digital Pivot, and Organizational Restructuring, which appear 22 times in four of the five interviews. The third general category, Political Neutrality, contains subcodes such as Neutral Communication and Avoidance of Political Sponsorship, which appear 15 times in three interviews. The fourth general category, International Diversification, includes subcodes such as Opening New Markets and Foreign Joint Ventures, which appear 18 times in four interviews. Finally, the fifth macro-category, Corporate Political Agency, includes subcodes Lobbying and Membership in Industry Associations, with 13 total instances across three interviews.

Macro-category	Main Subcodes	Number of Occurrences	Interviews Involved
Regime Uncertainty	Tariff Shock (12), Permit Revocation (8), Regulatory Intervention (7)	27	1, 2, 3, 4, 5
Strategic Adaptation	Relocation (9), Digital Pivot (6), Restructuring (7)	22	1, 2, 3, 5
Political Neutrality	Neutral Communication (9), Avoid Sponsorship (6)	15	1, 3, 4
International Diversification	Opening New Markets (11), Joint Venture (7)	18	1, 2, 4, 5
Corporate Political Agency	Lobbying (8), Industry Association (5)	13	2, 3, 4

[Table 1 – Summary of theme occurrences from interview coding.]

To show how unedited quotes were turned into specific themes, two examples are provided. In the first example (Regime Uncertainty – Legal), a simple quotation such as "During the steel tariffs, our plant nearly had to close…" (Interview 2 [Apparel and Fashion Sector]) was initially coded with the open

code "Tariff Shock." Using axial coding, this open code was subsequently integrated under the overarching theme "Regime Uncertainty – Legal," illustrating how businesses view tariff shocks as a source of regulatory uncertainty. In the second example under Political Neutrality, the direct quote "We decided not to support any political party, to protect our image…" (Interview 4 [Food & Beverage Sector]) was given the open code "Neutral Stance." This code was later subsumed under the main theme of "Political Neutrality," thus highlighting the organizational strategy of staying neutral in order to safeguard its reputation. Following initial coding, systematic double-coding of ten randomly chosen pages of the five interview transcripts was conducted to establish inter-coder reliability. Cohen's kappa was 0.78, indicating substantial agreement. Discrepancies—8 out of 87 codes—were resolved through discussion and led to clarified coding guidelines, most notably to distinguish subthemes under Regime Uncertainty more specifically. A second round of axial coding was then tested and developed each theme. Finally, possible biases were addressed: whereas selecting just executives may have introduced a corporate-strategy–oriented perspective, requesting concrete examples (dates, events, measurable impact) worked to counterbalance subjectivity. Together, these procedures ensure that the interpretations driven by data are both substantial and open. and transparent.

5.2 Regime Uncertainty: Legal and Reputational Dimensions

The interviews undertaken for this research demonstrate that populist governments generate a double-edged type of uncertainty for multinational corporations. All five executives indicated that they had experienced a mix of legal and institutional uncertainty and reputational and societal fluctuations, even though the precise focus differed in relation to the industry and setting.

Regulatory uncertainty, bred of institutional instability, was a pervasive theme throughout all of the interviews that were conducted. Managers cited abrupt and unanticipated policy changes that rendered strategic planning impossible and eroded confidence in long-term investments. One executive in the fashion industry noted that “Trump-era surges in U.S. import tariffs caused severe

difficulties for our logistics and pricing," another in the food & beverage industry pointed to "unpredictable alterations to trade regulations and product-recall directives" that produced operational mayhem, and in the industrial sector, an executive described how a valid operating permit was "unexpectedly revoked for a vaguely stated provision relating to national interest." Such events illustrate a basic feature of populism-led governments: regulatory principles can change quickly and arbitrarily, often serving political purposes over consistent legal precepts (Interview 2 [Apparel and Fashion Sector], Appendix B; Interview 4 [Food & Beverage Sector], Appendix B; Interview 5 [Industrial Manufacturing Sector], Appendix B). These disruptions have real economic effects. Businesses were routinely compelled to delay or abort major investments, tear up contractual agreements, and divert funds on short notice. A fashion company executive complained that it was impossible to make a 10-year capital investment 'against a four-year political term' (Interview 3 [Fitness Equipment Sector], Appendix B). Businesses reacted by inserting 'political risk buffers' into project costs; as one financial manager explained, "We now set aside a contingency fund for unforeseen regulatory costs—it's an uncertainty tax on every project" (Interview 3 [Fitness Equipment Sector], Appendix B). Although practical, this raises underlying operating costs in populist environments and lowers efficiency.

Reputational uncertainty was equally destabilising. Populist rhetoric and shifting public sentiments can quickly reverse stakeholder perception, and the reputation of a firm becomes a mercurial and often politicised asset. One health-technology executive said, "You can be punished not for what you do but for the role you are seen to be playing" (Interview 4 [Food & Beverage Sector], Appendix B). The perception that one is a multinational corporation or agent of globalisation can prompt populist resistance irrespective of whether the company acts ethically or involves itself with local communities. Managers across various industries said that "public trust was tenuous" and could easily be undermined by populist communication (Appendix B). As an example, a CEO in the fashion industry remarked that because populist media represented "foreign brands as exploiters," consumer sentiment turned negative even though the company conducted its sourcing in a transparent and ethical way (Interview

2 [Fashion Sector], Appendix B). To change this, they were forced to go on a communication drive to reassert their values and commitments locally (Interview 2 [Fashion Sector], Appendix B). The corresponding reputational risks were usually defined by the ideological leaning of the populist government in question. Business corporations were likely to be depicted as exploitative and greedy under left-populist environments, while under right-populist governments, they were criticised for being unpatriotic or excessively internationalist. In either case, managers outlined a continual practice of 'image management,' comprising active communications, local engagement, and assiduous tracking of the public debate. One of the managers rightfully compared the experience to 'driving under variable weather conditions, with political storms that have to be defused' (Interview 4 [Food & Beverage Sector], Appendix B).

Most importantly, these two axes - legal and reputational—are not distinct but intimately connected. Populist ideology can inform us as to which source of uncertainty is more prominent. Left-populist governments, for instance, may simultaneously impose adversarial regulatory change and encourage class-based hostility towards business. Right-populist administrations, though possibly offering market-based incentives like tax cuts, may induce reputational damage through nationalist rhetoric or protectionist trade policies (Mudde, 2004; Jensen, 2008). As one executive put it: "With redistributive left regimes, we feared punitive taxation and nationalisation. With right-wing nationalist regimes, we feared arbitrary rules on imports or visas" (Appendix B).

In brief, Theme 5.1 concludes that multinational firms under populist regimes confront a "new normal" of dual sources of uncertainty: institutional/legal instability and societal/reputational volatility. This twofold nature renders the essential business activities like budgeting and investment planning, branding, and stakeholder communication more complex. In addition, it supports the central thesis of this research: populism undermines not just the formal institutional setup that multinational companies take for granted, but the social legitimacy that forms the foundation of their license to operate.

5.3 Strategic Adaptation and Organisational Flexibility

Amidst such complicated uncertainties wrought by populist governments, all the companies interviewed narrated an active and strategic reformulation of their business models. Rather than being passive, they actively altered both structure and strategy, in line with firm-level agency discussed in Chapter 4. Among the overarching themes underlying these narratives was organisational flexibility—companies have purposely developed the capacity for rapid alteration amidst political instability (Hoskisson, Eden, Lau, & Wright, 2000; Appendix B). One fundamental conclusion extracted from the interviews is that political risk analysis has emerged as a key element in strategic decision-making processes. As one of the CEOs in the apparel industry explained, “When we invest, we certainly take into consideration political conditions - stability, justice, orientation…” (Interview 2 [Fashion Sector], Appendix B). This perception has been converted into a tangible alteration in various strategic dimensions (Jensen, 2008).

Rebalancing of operational footprint was one of them. Several companies reported that they shifted or diversified their manufacturing and sourcing functions to reduce exposure to politically driven disruptions (Hoskisson, Eden, Lau, & Wright, 2000). For example, a manufacturing company shifted its base of operations to the United States to avoid punitive tariffs elsewhere (Interview 5 [Industrial Manufacturing Sector], Appendix B). Similarly, a food & beverage producer explained diversifying its roasting and packaging operations to a number of areas and thus reducing exposure to the legal and regulatory risks of any single country (Interview 4 [Food & Beverage Sector], Appendix B). Such spatial movements enabled companies to cut over-dependence on risky jurisdictions and protect themselves from sudden, politically driven policy shifts (Jensen, 2008).

A further front-running strategy was selective entry and market avoidance. A number of executives reported that they have adopted a more cautious and selective international growth strategy (Appendix B). One executive from the fashion sector explained that their company now avoids entering markets where populist protectionism could conflict with the company’s values-based brand

identity, unless there is an overriding reason to enter (Interview 2 [Fashion Sector], Appendix B). This risk-based market selection is prioritised on political stability and regulatory predictability (Hoskisson et al., 2000). Where high-risk markets remain commercially attractive in terms of population or revenue potential, firms enter with a low profile - most typically through joint ventures or low-investment structures - to limit exposure (Jensen, 2008; Appendix B).

Organisational flexibility and restructuring were also fundamental drivers. Companies reported that they modified legal structures and operational designs to ensure market access in line with nationalistic regulations. For instance, a health-technology firm transformed its Brazilian subsidiary into an authorised local distributor to address foreign ownership limitations (Interview 3 [Fitness Equipment Sector], Appendix B). This restructuring enabled them to continue participating in the market without violating national rules. In the event of trade interruptions, the firm rapidly enhanced its digital wellness platform to mitigate logistical constraints (Interview 3 [Fitness Equipment Sector], Appendix B). These instances exemplify a combination of tactical approaches, such as modifying corporate structure and strategic realignment, including expansion of digital services, to bolster resilience (Interview 3 [Fitness Equipment Sector], Appendix B).

Most organisations included a hybrid model with physical and virtual components (Hoskisson, Eden, Lau, & Wright, 2000; Appendix B). Some companies reinforced their online presence to reduce the vulnerability of traditional physical operations. For example, a fashion retailer substantially invested more in e-commerce to counterbalance physical retail disruption due to populist policy shifts (Interview 2 [Fashion Sector], Appendix B). Executives at companies stressed that having a strong digital infrastructure allowed for a dependable source of revenue even if borders were closed or stores were boycotted (Appendix B). This hybrid approach - between physical and digital channels - became a strategic hedge against geopolitical uncertainty (Jensen, 2008; Appendix B).

Notably, these responses were not just crisis-reactive steps; rather, they were proactive. For instance, one executive recalled how their firm proactively

decentralised its supply chain when it began to track increased nationalist rhetoric in a target market (Appendix B). Another firm also initiated "populism drills," which are official scenario-planning sessions aimed at readying the firm for the prospect of a populist government's ascent and the introduction of precise disruptive policies (Appendix B; Hoskisson, Eden, Lau, & Wright, 2000). These instances reflect a profound change in cultural attitudes: political crises are increasingly not seen as unusual aberrations but as endemic risks to be incorporated into normal strategic planning (Jensen, 2008; Hillman, Keim, & Schuler, 2004).

In summary, the findings herein validate the theoretical model expressed in Chapter 4.3: organisations do not simply fall prey to political conditions; instead, they leverage their agency to reimagine their businesses (Hoskisson et al., 2000; Jensen, 2008). Being able to evolve geographically and organisationally has proven to be a key competitive edge under populist administrations. While such changes involve some trade-offs, such as costs related to restructuring and tough branding choices, executives tend to view them as essential investments in long-term resilience and strategic sustainability (Appendix B; Hillman et al., 2004).

5.4 Political Neutrality and Reputational Management

A general strategy seen throughout companies is the active preservation of political neutrality in order to protect reputation. Instead of participating in partisanship, executives indicated their companies make a point of not taking a side on controversial topics (Hillman, Keim, & Schuler, 2004; Jensen, 2008). Neutrality in this case involves carefully articulating all communications in terms of universal, non-political values (innovation, health, quality of life). For example, the Global Director, B2C Division (Fitness Equipment Sector) commented: "Our communications speak of universal well-being; we just promote trade and regulation, never ideology" (Interview 3 [Fitness Equipment Sector], Appendix B). By emphasising broadly positive themes, they aim not to alienate any group or give populist politicians reasons to criticise them (Hillman et al., 2004).

In particular, organisations employ non-political communication and branding strategies. Their marketing focuses on community well-being, health, or moral values, instead of nationalist or ideological messages (Hoskisson, Eden, Lau, & Wright, 2000). Corporations also adopt internal policies that favor the avoidance of public political stances. A manager in the fashion industry explained that they never comment on government policies unless an issue directly threatens their core values (e.g., a human rights violation in the supply chain) (Interview 2 [Fashion Sector], Appendix B). The company adheres to a policy of never referencing specific administrations in public statements, ensuring that its corporate identity remains independent of any particular regime (Appendix B).

A second dimension is discursive insulation. Firms actively insulate themselves from populist discourse by encouraging neutrality and local engagement, often channeling any lobby effort through industry associations to mask company positions (Hillman, Keim, & Schuler, 2004; Hoskisson, Eden, Lau, & Wright, 2000). One executive, for instance, described advocacy on technical issues (trade, regulations) being conducted by their trade association, so the company itself avoids contentious debate (Interview 2 [Fashion Sector], Appendix B). An apparel executive offered a communications rule of thumb: “Never mention specific administrations. “Acting only on cross-cutting issues keeps the company’s name from being associated with political controversies and thus minimises the possibility of populist backlash” (Interview 2 [Fashion Sector], Appendix B). Firms also differentiate between proactive versus reactive neutrality. Some remain silent on politics by default, commenting only when they must. For example, a food & beverage firm kept a no-comment stance on government actions, but when food safety became politicised, they issued a measured statement about compliance (not politics) to assure consumers. This indicates that neutrality is a fluid stance: comment on non-political terms if obliged to do so, otherwise remain silent (Hillman, Keim, & Schuler, 2004; Interview 4 [Food & Beverage Sector], Appendix B; Appendix B).

The reasoning is straightforward since managers consistently reiterated that “even silence is sometimes political. Not saying anything is less risky than being outspoken” (Interview 3 [Fitness Equipment Sector], Appendix B). Where there are polarised environments, even the perception of bias can undermine brand

credibility among certain stakeholders (Hillman, Keim, & Schuler, 2004). As one manager encapsulated: “By not making unpopular public positions, companies avoid consumers’ anger as well as clampdowns from populist governments” (Interview 2 [Fashion Sector], Appendix B). None of the five firms said they had been directly attacked by a populist leader; they credit their low-key and neutral stances for flying below the radar (Appendix B).

But neutrality is neither free nor forever. Managers have learned that it takes ongoing attention - companies are forced to constantly monitor and adapt to political shifts (Interview 2 [Fashion Sector], Appendix B) - and can involve internal debate. Western employees or activists periodically pressure organisations to take a stand on social issues; management often clarifies that silence is ‘for the greater long-term good of the company and all stakeholders’ (Interview 2 [Fashion Sector], Appendix B). The task of reconciling external neutrality and internal pressures has become an implicit challenge. The implication of Theme 5.3 is that maintaining apolitical branding and communications is now a key non-market strategy under populism. By communicating only on non-ideological issues (e.g., an industry regulation) and promoting values that everyone embraces, firms aim to insulate their reputation from partisan attacks. This proactive neutrality (or "discursive insulation") is motivated by a straightforward rationale: avoid being a target. It is common knowledge from populist episodes in the past – companies that spoke out were typically punished for doing so. So neutrality here is an active choice to preserve trust in a polarised public. The findings suggest corporate reputation management in the populist era extends beyond typical PR, and strategic silence and image adjustment are key defense mechanisms.

5.5 International Diversification & Corporate Political Agency

International diversification has been identified as one of the primary risk management approaches by all five executives in the event of populist pressure (Appendix B). Companies perceive extensive global coverage—geographical and channel aspects—as a form of "insurance policy" for balancing market disruption within any one country (Hoskisson, Eden, Lau, & Wright, 2000;

Jensen, 2008). Practically, this approach entails diversification of activities into various markets and achieving portfolio effect equilibrium. For example, a prominent fashion entrepreneur indicated that they operate in "over 130 markets," which they explained is the mere number of markets that enables them to "reallocate resources to more stable jurisdictions when regulatory risk rises" (Interview 2 [Apparel and Fashion Sector], Appendix B). Likewise, an industrial manufacturing entrepreneur commented, "Instability in one nation may be compensated for by stability in another" (Interview 5 [Industrial Manufacturing Sector], Appendix B). Where a populist policy, such as surprise tariffs or local boycotts, impacts business activities within a given area, firms can divert their investments, production activities, or sales strategies to other areas in the interim. This adaptability allows overall performance to be sustained: losses generated within a single market are offset by gains or stability witnessed within another (Jensen, 2008).

Diversification also has a structural connotation. One fashion company identified decentralized supply chains engaging artisan cooperatives in India, Bali, and Peru on the premise that these locations seldom experience political crises at the same time (Interview 2 [Fashion Sector], Appendix B).

An additional illustration is a company operating in the wellness technology sector: through a blend of equipment manufacturing and online services across more than 80 nations, it leveraged its digital coaching platform to maintain customer engagement despite the interruption of physical deliveries due to populist trade barriers (Interview 3 [Fitness Equipment Sector], Appendix B). Accordingly, organizations not only diversify geographically but also in terms of alternate modalities—i.e., physical and digital—to establish various sources of income (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008). Managers also argue that diversification creates reputation gains. If a populist government publicly denounces a multinational firm, the firm's large footprint in other nations that embrace its brand tells a different story. For instance, the words of a fashion executive were, "Highly internationalized firms are better able to absorb the shocks of populist governance" (Carballo Pérez & Corina, 2024; Interview 2 [Fashion Sector], Appendix B). This validates the argument that globalization ironically provides multinationals with immunity from hardship

not enjoyed by domestically focused companies (Jensen, 2008; Hoskisson, Eden, Lau, & Wright, 2000). Furthermore, the presence of alternative markets limits the bargaining power of populists: various managers described host governments moderating radical demands after realizing that the company could simply shift focus elsewhere (Appendix B).

Yet, diversification involves trade-offs. Operations around the world involve great resources and good coordination; operations in a single market ought not to unknowingly jeopardize operations elsewhere (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008). For example, an ostentatious withdrawal from a given nation can instigate populist sentiment in other markets (Interview 2 [Fashion Sector], Appendix B; Interview 5 [Industrial Manufacturing Sector], Appendix B). Additionally, only large firms have the scale to diversify across many countries; smaller firms typically cannot hedge risk as effectively (Hillman, Keim, & Schuler, 2004). Interviews indicated a mismatch: big multinationals are comparatively well-insulated from populism (Appendix B).

By strengthening their multinational nature, firms are led to become indirect political players. Diversification of activities and distribution channels globally allows these companies to mitigate local disruptions (Henisz, 2000; Jensen, 2008; Interview 2 [Apparel and Fashion Industry], Appendix B; Interview 5 [Industrial Manufacturing Industry], Appendix B). This fundamental principle of risk reduction—arguing against the concentration of resources in a single place—echoes theoretical arguments that increased geographic scope lowers exposure (Henisz, 2000; Carballo Pérez & Corina, 2024). In times marked by the rise of populism, managers indicated dependence on steady markets and digital platforms for safeguarding cash flow streams against potential interruptions in any particular country (Interview 2 [Apparel and Fashion Industry], Appendix B; Interview 3 [Fitness Equipment Industry], Appendix B). International diversification is a well-established antidote to uncertainty and highlights a key competence of successful multinational companies: the capacity to utilize their transnational characteristics to render no single regime capable of fully shutting them down (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008; Henisz, 2000; Carballo Pérez & Corina, 2024; Appendix B). By doing this, these companies wield a form of indirect political influence; their

ability to redirect resources at their discretion limits the populist governments' ability to demand extreme specifications, thereby influencing the political landscape without the need for explicit lobbying. To this end, international diversification is not just a risk-mitigating strategy but also a demonstration of corporate political influence, building strategic resilience while casting an indirect effect on populist regulatory agendas.

Chapter 6: Discussion

6.1 Interpreting the Findings with the Conceptual Framework

The empirical results confirm and extend the theoretical framework in Chapter 4. For one, they provide strong confirmation of the fundamental proposition that regime uncertainty impacts businesses. As described by several executives, populist regimes powerfully undermine institutional 'rules of the game.' Executives employed terms such as 'arbitrary trade ban' and 'politically driven regulatory intervention' in describing their business, thereby resonating with the institutional account. For example, one industrial manufacturing executive observed that 'you can run a business in both single-party systems and open democracies if the rules are clear; if they change, we change the strategy' (Interview 5 [Industrial Manufacturing Sector], Appendix B).

Furthermore, another interviewee - head of operations at a food & beverage company - remarked, 'you can't even issue refunds in some places…it's a reputational issue' (Interview 4 [Food & Beverage Sector], Appendix B), demonstrating that even straightforward transactions become complicated within weak regulatory environments. These examples reinforce the differentiation between legal-regulatory volatility, characterised by unpredictable policies, and symbolic-expressive challenges, which pertain to issues of legitimacy. Populism thus creates both tangible and intangible types of uncertainty, as expected.

Second, the data substantiates the contribution of firm agency (Chapter 4.3) in empirical application. The dramatic instances of strategic adjustment align closely with the revised theoretical framework. An executive said, "We redirected our Brazilian operation as a distributor and ramped up our online coaching when shipments stopped" (Interview 3 [Fitness Equipment Sector], Appendix B). This single quotation links concept and evidence: it illustrates a firm taking agency to reorganise structure (B2B to B2C) and change strategy (digital expansion) to remain sustainable. It is classic resource-dependence behavior: reduce reliance on an adversarial government by altering the firm's footprint (Jensen, 2008).

Similarly, the complex schemes of relocating plants or creating digital sales channels (Chapter 5.2) illustrate the "active agents." Instead of seeing organisations as mere passive reactors, this understanding qualifies them as active agents in the face of adversity (Henry, 2004).

The results also further qualify the otherwise slippery phenomenon of discursive agency. Corporations now understand their involvement in shaping discourse. The political neutrality theme revealed that companies embrace a policy of "discursive insulation." One executive's proclamation, "Our communications talk about universal wellness…never ideology" (Interview 3 [Fitness Equipment Sector], Appendix B), is a case of a conscious narrative decision. Effectively, corporations are exercising a form of implicit Corporate Social Responsibility (CSR) through their silence on matters, extending the concept proposed by Scherer and Palazzo (2011).

Ideological diversity, as discussed in Chapter 4.2, evidently influenced the results. The interviews confirmed Bennett et al.'s (2023a) suggestion that left, right, and centrist populisms pose different risks. A quote from one manager - "It's hard to make a 10-year U.S. plant case against a 4-year political cycle" (Interview 3 [Fitness Equipment Sector], Appendix B) —succinctly links short political cycles with investment time frames, a subtlety of bounded rationality predicted in the present research. Another said they invest more in "reputational defense" under left-populists and more in "domestic production" under right-populists, which is clearly strategic differentiation by ideology (Interview 4 [Food & Beverage Sector], Appendix B). Ideology thus matters: the model anticipates this relationship, and the proof substantiates that companies pick various "palette knives" (in the words of one executive) based on the type of populism.

One of the main findings is the role of firm heterogeneity (Chapter 6.2 below). The simplest model applied across the board, but sector and structure brought nuance. Consumer businesses centered on discursive strategies and CSR, an "acquiescence" response in Oliver's terms, while industrial businesses centered on operational hedging and diversification, an "avoidance" strategy (Oliver, 1991; Hillman, Keim, & Schuler, 2004; Jensen, 2008). Joint ventures and

franchise arrangements were more resilient (risk-decentralised) than outright ownership branches (Hoskisson, Eden, Lau, & Wright, 2000; Appendix B). This implies that the framework can be tightened with contingency factors: visibility, industry sensitivity, and ownership structure moderate how firms exercise agency (Oliver, 1991; Hoskisson et al., 2000).

Lastly, the concept of corporate political agency (Chapter 5.5) nicely demonstrates bidirectionality (Chapter 4.4) in action. The research provides examples where corporate activities reciprocally influence political environments and thus validates the two-way interaction (Hillman et al., 2004; Scherer & Palazzo, 2011). Notably, this influence is usually indirect or incremental: corporations do not necessarily aim to dismantle populist discourses, yet each investment decision or communication strategy has profound consequences (Appendix B). Thus, the two-way hypothesis obtains: populism influences corporate action, and corporations, in turn, influence the rise of populism, albeit most typically as an indirect byproduct (Hillman et al., 2004; Scherer & Palazzo, 2011). This precision adds depth, not that companies merely function as political lobbies, but that their routine daily operating choices merge into the political landscape (Appendix B).

Overall, Chapter 6.1 shows that the empirical findings by and large confirm the theoretical expectations and even supplement them. Regime uncertainty and institutional constraints of populism (Ch. 4.1) are categorically confirmed (Bylund & McCaffrey, 2017; Mudde, 2004; Appendix B). Firm agency (Ch. 4.3) is vividly demonstrated by adaptive behavior observed (Jensen, 2008; Hoskisson et al., 2000; Appendix B). Bidirectional influence (Ch. 4.4) is testified to by feedback loops (Hillman et al., 2004; Scherer & Palazzo, 2011; Appendix B). At the same time, the results expand theoretical reach by elucidating particular mechanisms (e.g., discursive insulation) and by bringing attention to contingent variables like industry and ideology (Oliver, 1991; Bennett, Morales, & Singh, 2023a; Appendix B). Thus, this yields a more nuanced, empirically informed framework for explaining the intersection of populism and firms.

6.2 Firm Heterogeneity and Sectoral Variation

Consumer-facing businesses, especially those in the fashion and food and beverage industries, prioritised brand reputation as their foremost defense mechanism (Hillman, Keim, & Schuler, 2004; Jensen, 2008). These businesses, being highly visible and directly exposed to the public, were extremely sensitive to changes in public perception. As one fashion executive commented, “We avoid markets where politics contaminates perception of brand values” (Interview 2 [Fashion Sector], Appendix B), speaking to the utmost importance of preserving brand integrity. In an attempt to attain this objective, these companies employed proactive discursive actions, modifying marketing narratives, focusing on local procurement, and enhancing corporate social responsibility (CSR) to strengthen stakeholder trust (Oliver, 1991; Hillman et al., 2004; Appendix B). Their actions were in alignment with Oliver’s (1991) definition of acquiescence, entailing compliance with social expectations along with greater investment in CSR for local legitimacy and goodwill.

On the other hand, B2B and industrial firms, such as components and manufacturing, preferred operational resilience over public opinion. These companies, operating mostly out of the public sphere, cared more about continuity of logistics and regulatory stability (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008). As a factory chief executive explained, “Their strategies are all about arbitrage of jurisdictions, modular networks, and continuity” (Interview 5 [Industrial Manufacturing Sector], Appendix B). Rather than participate in public debate, these companies concentrated on identifying ways of circumventing or coping with political risk through relocating plants, diversifying suppliers, and constructing flexible, multi-jurisdictional supply chains (Interview 5 [Industrial Manufacturing Sector], Appendix B). Their reaction was consonant with a policy of avoidance, preferring to stay away from or bypass politically sensitive situations rather than confront reputational issues.

These sectoral variances align with classical strategic contingency theory. Firms with higher consumer exposure and strong brand equity face elevated reputational risk and thus compensate through legitimacy maintenance and public positioning on social values (Hillman, Keim, & Schuler, 2004; Oliver,

1991). In contrast, B2B firms - characterised by lower public visibility but higher operating switching costs - employ structural hedging (relocating plants, diversifying suppliers) to manage political risk (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008).

Vulnerability also varied by ownership structure. Companies making franchise or joint-venture investments, as illustrated by an apparel licensing firm in the Fashion Sector, successfully mitigated political risk by partnering with local stakeholders (Interview 2 [Fashion Sector], Appendix B). Conversely, wholly owned subsidiaries remained exposed to both regulatory and reputational challenges (Appendix B).

Finally, strategic capacity was influenced by firm size: larger multinationals with greater resources were able to diversify overseas and absorb adaptation costs more effectively, whereas smaller firms (not covered in this study) would likely face greater obstacles in implementing such responses (Hillman et al., 2004; Hoskisson et al., 2000).

The theoretical consequences are that the basic framework needs to be enhanced by incorporating contingency factors. While the inherent two-way relationship between populism and corporate strategy remains relevant, its manifestations are greatly affected by context (Oliver, 1991; Hoskisson, Eden, Lau, & Wright, 2000). Contingency factors like industry sector, ownership structure, and firm size appear to moderate how organisations interpret and react to political issues (Appendix B). Their inclusion in the framework would enhance the analysis's consistency with contingency theory, which states that organisational reactions are determined by internal structural and contextual variables (Oliver, 1991).

The practical implications emphasise that standardised approaches are inadequate when applied to various sectors. For instance, a fashion brand ought to measure its performance against other consumer-goods enterprises and place greater emphasis on branding and corporate social responsibility initiatives (Interview 2 [Fashion Sector], Appendix B), whereas an industrial manufacturer would derive greater advantages by concentrating on enhancing supply-chain resilience and diversifying its jurisdictional presence (Interview 5 [Industrial Manufacturing Sector], Appendix B). Consequently, managers must exercise

caution when extrapolating insights from one industry to another without considering the fundamental disparities in exposure, capabilities, and strategic priorities (Hoskisson et al., 2000; Oliver, 1991).

In summary, Discussion 6.2 emphasises the value of firm heterogeneity in shaping strategic responses to populism. Although the general observation - that populism presents legal as well as reputational difficulties - is widely relevant (Bylund & McCaffrey, 2017; Mudde, 2004), how firms encounter and deal with these challenges is importantly influenced by their sectoral and structural features (Hoskisson, Eden, Lau, & Wright, 2000; Oliver, 1991). Consumer-facing firms tended to adopt legitimacy-enhancing and discursive strategies, while B2B and industrial companies prioritised operational hedging and structural adjustments (Appendix B). Similarly, ownership structure (e.g., joint ventures vs. wholly owned subsidiaries) and firm size moderated resource availability and risk-management options (Hillman, Keim, & Schuler, 2004; Jensen, 2008; Appendix B). Acknowledging and incorporating this heterogeneity not only improves analytical accuracy but also enables more specific and effective strategic guidance for managers facing diverse populist-driven uncertainties (Hoskisson et al., 2000; Oliver, 1991).

6.3 Strategic Trade-Offs: Market Potential vs. Political Risk

Another observation is that companies consistently balance the risks and opportunities of populist environments. Populist nations frequently are large markets or unexploited customer bases (Jensen, 2008). Those advantages, though, are accompanied by elevated political risk. Executives depicted a balancing act: they wish to access growth opportunities but have to weigh them against institutional instability (Henisz, 2000; Appendix B). For instance, one executive in the apparel sector remarked, “Companies regularly balance the appeal of big markets against the dangers of political instability” (Interview 2 [Apparel and Fashion Sector], Appendix B). In practical terms, that involved playing safe by expanding into a rapidly developing nation gradually or shelving plans until the political situation appeared stable (Appendix B; Jensen, 2008). The data show firms dealing with this conflict through dynamic resource

allocation. They might start in a risky market but keep other ventures on hold elsewhere, ready to shift gears. Others pushed into an emerging market earlier than anticipated as a hedge since their home market's politics became problematic (Interview 3 [Fitness Equipment Sector], Appendix B). Strategic calculation is essentially a risk–reward analysis, akin to portfolio management under uncertainty (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008).

Theoretically, this highlights principles of bounded rationality (Simon, 1947) and scenario planning (Schoemaker, 1995); companies recognise their inability to precisely predict populist shifts, leading them to employ methods like contingency planning and real options (Trigeorgis, 1996; McGrath, 1997). Also connected here is structural adaptation: by diversifying - both geographically and operationally - they reap benefits in certain areas while simultaneously taking shelter in others (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008).

6.4 Rethinking the Bidirectional Hypothesis

Finally, the bidirectionality concept, with its attendant nuance, is revisited. The evidence confirms that the two-way influence between populism and firms exists; however, it often takes the form of an indirect and conditional relationship. On one hand, populist policies drive firm behavior (the 'populism → firms' arrow in Figure 1) (Hillman, Keim, & Schuler, 2004; Jensen, 2008; Appendix B).

On the other hand, firms do influence populist politics, but typically in unintended ways. Firm decisions affect politics more through public opinion ('the people') or through general economic consequences, rather than through formal lobbying (Scherer & Palazzo, 2011; Appendix B). The impact of firms on politics also appears to be context-specific: where populist governments are firmly in place, firm communications will likely have no impact; under more fluid conditions, collective corporate opposition (e.g., investment freeses) can affect outcomes (Hoskisson, Eden, Lau, & Wright, 2000; Appendix B).

This means that the reciprocal relationship does exist, but is frequently characterised by asymmetry along the dimensions of timing and intentionality.

Organisations may not always strive to alter political environments directly; however, their collective actions influence the political process (Hillman et al., 2004; Scherer & Palazzo, 2011). As expressed by one manager, “Strategic silence, apolitical branding, and operational decisions in politically charged contexts carry symbolic meaning…firms become engaged in the social construction of legitimacy” (Interview 3 [Fitness Equipment Sector], Appendix B). That is, companies unintentionally counteract populist discourses by merely carrying out their regular business activities. This is a more critical observation on bidirectionality: it exists but is conditioned by economic facts and interpretive symbolism (Scherer & Palazzo, 2011; Jensen, 2008; Appendix B).

Theoretical implications are that the basic structure must be complemented by the introduction of contingency factors. Although the underlying bidirectional relationship between populism and corporate strategy continues to be the reference point, its expressions are largely shaped by the situational context (Oliver, 1991; Hoskisson, Eden, Lau, & Wright, 2000). Contingency factors such as industry group, ownership structure, and firm size seem to act as moderators in shaping how actors perceive and respond to political problems (Appendix B). Their inclusion in the model would render the analysis more consistent with contingency theory, in which organisational reactions are rendered contingent upon internal structural and contextual conditions (Oliver, 1991).

The practical implications highlight that standard approaches are not sufficient when used across various industries. For example, a fashion company needs to benchmark itself against other consumer products companies with a strong focus on branding and corporate social responsibility (CSR) activities (Interview 2 [Fashion Sector], Appendix B). An industrial producer would benefit more by focusing on building supply chain resilience and increasing geographic scope (Interview 5 [Industrial Manufacturing Sector], Appendix B). Thus, managers must be cautious in drawing inferences from one industry to another without considering the inherent differences in exposure, capabilities, and strategic agendas (Hoskisson et al., 2000; Oliver, 1991).

Chapter 7: Conclusion

7.1 Summary of Key Findings

This research aimed to explore the interconnected association between multinational corporations and populist political movements, elucidating a dynamic and reciprocal interplay between these entities (Hillman, Keim, & Schuler, 2004; Scherer & Palazzo, 2011). Utilising qualitative case analysis, the study revealed substantial evidence of a mutually reinforcing cycle: populist governance adversely affects corporations, while concurrently, the strategic responses of these corporations shape the surrounding political landscape (Bylund & McCaffrey, 2017; Appendix B). Five principal findings encapsulate the characteristics of this relationship.

Regime uncertainty relating to both legal and reputational domains became a prominent issue (Mudde, 2004; Jensen, 2008). Populist governments tend to follow a disorderly combination of sudden policy shifts, e.g., tariff hikes and regulatory reversals, and inciting rhetoric that portrays firms as agents aggravating social ills (Interview 2 [Apparel and Fashion Sector], Appendix B; Interview 4 [Food & Beverage Sector], Appendix B). All five firm leaders observed that such dual uncertainty severely impedes long-term planning and strategic decision-making processes (Appendix B). The resulting instability erodes institutional predictability for fostering confident investment and ensuring operational continuity (Bylund & McCaffrey, 2017; Jensen, 2008).

In response, firms undertook strategic changes that reflect their agency and capacity to redefine themselves in the face of external disruptions (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008; Appendix B). These changes included geographic relocation or diversification of manufacturing activities, creation of contingency plans, and greater organisational flexibility (Jensen, 2008; Hrebiniak & Joyce, 1984; Appendix B). For instance, one firm restructured a subsidiary as a regional distributor to comply with national ownership laws (Interview 5 [Industrial Manufacturing Sector], Appendix B), while another developed its digital infrastructure in response to disruptions in physical supply chains (Interview 3 [Fitness Equipment Sector], Appendix B). These pre-emptive strategies - from physical reconfiguration to technological innovation -

underline the ability of companies to not just withstand populist pressures but also adapt and grow in response to them (Hoskisson et al., 2000; Jensen, 2008).

The other frequent approach was the maintenance of political neutrality in corporate communications. All companies indicated attempts at refraining from taking part in partisan or ideological controversies, instead opting to frame their messages on values that are universally shared - for example, health, quality, and community welfare (Hillman, Keim, & Schuler, 2004; Appendix B). Advocacy in the public sector was on technical and regulatory issues and not on politics, reflecting what Hillman et al. (2004) describe as a strategy of discursive insulation. This "stay out of the fray" approach helped to protect the firms' legitimacy within multiple stakeholder groups and minimised the danger of being drawn in as targets of populist backlash (Hillman et al., 2004; Jensen, 2008; Appendix B).

The global diversification trend has become the ultimate political risk–protection metric. Those companies with extensive geographic scope can divert attention away from risky markets to those characterised by greater stability. As one fashion executive outlined, supply disruption in one nation could be balanced by uninterrupted activities in more than 100 other nations (Interview 2 [Fashion Sector], Appendix B). Such diversification across geographies not only mitigates legal and business risks but also ensures brand consistency across various markets (Hoskisson, Eden, Lau, & Wright, 2000; Jensen, 2008). Effectively, a global footprint acts as an insurance against the localised effects of populist policies.

Most importantly, the research confirmed the premise that organisations exercise corporate political agency and thereby influence environments that typify their operations. Although not normally explicitly political, their strategic choices—on investment, employment, automation, and communication—tend to have political consequences (Hillman, Keim, & Schuler, 2004; Scherer & Palazzo, 2011; Appendix B). Executives commented that collective business actions, such as investment withdrawal against adversarial policies, occasionally compelled governments to moderate their positions. Conversely, the same actions might be interpreted by populists as proof of elite indifference

(Appendix B). Corporate social initiatives, however, helped to de-legitimise populist discourse by demonstrating alignment with local concerns (Hillman et al., 2004; Appendix B). These findings confirm a bidirectional impact: firms do not simply react to populism—they also help construct the environment in which populism arises (Hillman et al., 2004; Scherer & Palazzo, 2011; Jensen, 2008; Appendix B).

In summation, the research validates its starting hypothesis: relations between populist governments and multinational corporations are reciprocal and dynamic (Hillman, Keim, & Schuler, 2004; Scherer & Palazzo, 2011). Populist political movements create novel forms of uncertainty that have to be reacted to by corporations (Mudde, 2004; Jensen, 2008), and these corporations, by their response and adaptation, reciprocally influence political and social processes (Bylund & McCaffrey, 2017; Appendix B). Multinational corporations must be considered not only as passive actors on the receiving end of political risk, but rather more dynamically as players in the broader political economy—groups that make, influence, and, in most instances, co-constitute the populist landscapes where they do business (Scherer & Palazzo, 2011; Hillman et al., 2004; Jensen, 2008).

7.2 Theoretical and Managerial Contributions

This thesis offers numerous significant contributions to both managerial approaches and theoretical models, expanding our knowledge about the multifaceted interactions between populist political movements and multinational enterprises. It first characterises the relationship between business and populism as a bidirectional process, contrary to the conventional one-way framework of political risk (Hillman, Keim, & Schuler, 2004; Scherer & Palazzo, 2011). Instead of viewing business as only restricted by political forces, this research demonstrates that corporate behavior can subsequently shape political forces as well. By combining institutional theory—highlighting environmental constraints (North, 1990; Williamson, 2000)—with resource-dependence (Pfeffer & Salancik, 1978) and corporate political activity (CPA) perspectives—which highlight strategic agency (Hillman et al., 2004)—this

thesis portrays firms as both “subjects” and “actors” within populist contexts. This approach enhances the political economy literature by framing corporations not only as passive reactors to globalisation but as active institutional actors that significantly influence the debate and direction of populist political movements (Scherer & Palazzo, 2011).

Second, the dissertation develops the regime uncertainty concept by delineating clearly its two principal dimensions: reputational and institutional (Mudde, 2004; Jensen, 2008). Although prior research has typically examined policy risk and reputational issues in isolation, this research demonstrates that populism weakens legal institutions and societal legitimacy concurrently (Bylund & McCaffrey, 2017). Therefore, firms must resolve both problems simultaneously. This draws upon the foundational work of North (1990) on institutional risk and relates it to modern notions of corporate social responsibility (CSR) as a form of protective measure, emphasising the dual nature of risk within politically unstable contexts (Carroll, 1991; Matten & Moon, 2008).

One more conceptual novelty is the conceptualisation of discursive strategy as a risk management tool. The dissertation develops a concept of discursive insulation, or a firm-level strategic decision to stay politically neutral in highly polarised settings. By not taking overtly political stances and grounding their messages in universal principles, businesses effectively mitigate reputation risks without getting involved in ideological confrontations (Hillman, Keim, & Schuler, 2004; Scherer & Palazzo, 2011). This builds on existing CSR and political communication theory by showing that, in populism, silence or neutrality can be just as powerful and strategic a narrative stance (Maignan & Ferrell, 2004; Oliver, 1991).

The research additionally enhances the comprehension of firm heterogeneity concerning political strategy. Through an analysis of responses across various industries and organisational frameworks, it illustrates that strategic decisions are mediated by contexts unique to each firm. Elements including consumer visibility, ownership structures, and global presence substantially affect how companies react to populist pressures (Oliver, 1991; Hoskisson, Eden, Lau, & Wright, 2000). This conclusion corroborates and broadens the scope of

contingency theory in the realm of international strategy, indicating that any comprehensive model addressing political risk must incorporate these moderating factors (Bennett, Morales, & Singh, 2023a; Pfeffer & Salancik, 1978).

From a managerial perspective, the dissertation makes several pragmatic contributions. It outlines a risk-assessment model that highlights the need to manage both legal and reputational dimensions of political regime risk (Mudde, 2004; Jensen, 2008). Managers are encouraged to develop organisational flexibility (Hoskisson, Eden, Lau, & Wright, 2000), institute considered communication strategies (Hillman, Keim, & Schuler, 2004), and exploit international diversification to reduce the effects of populist tumult (Henisz, 2000; Jensen, 2008). Political issues, like economic ones, should be formally included in corporate strategic planning processes (Oliver, 1991).

From a communications-policy perspective, the evidence indicates that companies benefit from clearly articulated internal guidelines that govern political involvement (Hillman et al., 2004; Scherer & Palazzo, 2011). This involves articulating what issues to address and what issues not to address, educating corporate officers to be objective, and using trade associations for lobbying efforts (Hillman et al., 2004). These steps allow for consistency, minimise reputational risk, and safeguard brand reputation in polarised contexts (Maignan & Ferrell, 2004; Oliver, 1991).

Ultimately, the dissertation emphasises the value of engaging in policy discussion. Acknowledging their oblique impact on political discourse, corporate executives can discover advantages in engaging discreetly with populist regimes (Scherer & Palazzo, 2011; Hillman, Keim, & Schuler, 2004). By communicating their investment choices, employment contributions, or intentions for participatory involvement, corporations can align their activities with political discourse in ways that could circumvent hostility and establish more cooperative relations (Jensen, 2008; Hoskisson, Eden, Lau, & Wright, 2000).

In conclusion, this study contributes to scholarly knowledge about interactive dynamics between populist politics and multinational corporations while also

providing practitioner guidance for professionals in the field. By positioning such corporations as reacting and strategic actors within the political economy, it repositions the engagement between populism and corporate strategy in the contemporary world (Mudde, 2004; Scherer & Palazzo, 2011; Hillman et al., 2004).

7.3 Future Research and Conclusions

Follow-on research could test and extrapolate these findings. A larger-N study could quantify the relationships, for example, by correlating populist-index measures with FDI flows and firm-level strategic choices (Jensen, 2008; Quinn & Toyoda, 2008), or survey a broader sample of executives to capture heterogeneity across regions (Henisz, 2000). Panel-data analyses could examine how these processes evolve as populist movements wax and wane (Büthe & Milner, 2014). Additionally, investigating the role of civil society and consumer activism, which was beyond the scope of this dissertation, would add depth to the feedback process, since consumer boycotts and NGO campaigns often shape corporate reputational risk (Maignan & Ferrell, 2004; Scherer & Palazzo, 2011).

In brief, this dissertation elucidates the intricate dynamic between multinational corporations and populist political movements. It demonstrates that, during a time of political turbulence, companies are compelled to operate in a multidimensional world characterised by institutional uncertainty and multifarious popular sentiment (Mudde, 2004; North, 1990; Bylund & McCaffrey, 2017). Meanwhile, their collective agency—articulated through investment, employment, and communication decisions—shapes the constitution of that environment in an inconspicuous yet perceptible way (Hillman, Keim, & Schuler, 2004; Scherer & Palazzo, 2011). The interdependent relationship developed here necessitates adaptive and context-sensitive approaches. Organisations that anticipate and acknowledge this bidirectional interaction can enhance risk management and design more sustainable business contexts, while theorists gain a richer understanding of the political character of globalisation (Hoskisson, Eden, Lau, & Wright, 2000; Oliver, 1991).

Appendices Summary

A: Interview Guide

B: Full interview transcripts (Anonymised)

C: Summary Coding Matrix

Appendices

Appendix A: Interview Guide

This appendix provides the semi-structured interview guide employed to understand the connection between populism and multinational company strategic behavior. Questions were framed in such a way as to solicit opinions on how these firms detect, react to, and perhaps shape populist political contexts. Additional probing questions were inserted where required, based on the direction of each discussion and the particular expertise of the interviewee.

Interview Questions:

1. Position and Role

What position do you hold within the company?

2. Populism and Corporate Awareness

Are companies aware of the presence of populist leaders in their own country and/or in foreign countries?

3. Influence on Distribution Networks

Does populism influence your distribution network or business model?

4. Government Agenda and Decision-Making

Does your company consider the political agenda of the host country when making strategic decisions?

5. Populist Leaders and Business Impact

Are companies influenced—directly or indirectly—by populist leaders and their policies?

6. Investment Decisions in Populist Contexts

Do companies prefer to invest in countries without populist governments?

7. Perception of Political Targeting

Have you ever felt that your company was targeted or affected by populist rhetoric or policies?

8. Corporate Role in Political Change

Do you believe that your company, through its operations or values, contributes to political or social change?

9. Support or Resistance in International Expansion

Have you experienced support or resistance from local governments or communities during international expansion?

10. Internationalisation as a Risk Management Tool

How does internationalisation affect your ability to manage or mitigate risks associated with populist regimes?

11. Strategic Adaptation under Regime Uncertainty

How does your firm adapt its strategy in response to regime uncertainty linked to populist rhetoric, particularly in countries with weaker institutional frameworks?

12. Overall Assessment

Would you consider populism as one of the business risks your company actively evaluates and manages?

Appendix B: Full interview transcripts

General Assumption:

The purpose of these interviews is to investigate the impact that populism may have on international firms. Populism is defined by the Oxford Dictionary as “a political approach that strives to appeal to ordinary people who feel their concerns are disregarded by established elite groups.”

Interview 1:

Interview Transcript: Fitness Equipment Sector (Italy)

• Interviewee: Global Director, B2C Division

• Date: 10/01/2025

• Interview Type: Semi-structured, online

• Location of Headquarters: Northern Italy

• Industry: Fitness Equipment and Wellness Services

• International Activities: Commercialisation of products and services through direct subsidiaries and distributors in over 80 countries

Transcript:

Question 1: Position and role within the company

Interviewer: "What position do you hold within the company?"

Interviewee: "I am the Global Director for the B2C division."

Question 2: Populism and corporate awareness

Interviewer: "Are companies aware of the presence of populist leaders in other countries and their own country?"

Interviewee: "Yes, we are aware. Populism manifests differently depending on the country. In Italy, for instance, it led to a period of political immobilism. In contrast, American populism may push toward isolationist policies. Our main concern is the potential for tariff increases under certain administrations. Since we don’t have manufacturing facilities in some countries, that can hurt our price

competitiveness. Investing in a long-term production plant to mitigate a short-term political term is a tough decision to justify."

Question 3: Influence of populism on the distribution network

Interviewer: "Does populism influence your distribution network?"

Interviewee: "Potentially, yes. In our sector, populist governments may invest in public wellness initiatives to maintain popular support. That could involve our firm in projects such as installing equipment in schools, parks, or community centers—so yes, populist governance can shape our distribution."

Question 4: Influence of the political agenda on business decisions

Interviewer: "Does the company take the government agenda into account during decision-making?"

Interviewee: "Ideally, yes—particularly in high-potential markets. However, it’s not feasible to monitor every policy landscape. We generally focus on trade and regulatory issues in key regions. Our sector is not heavily regulated, so we don’t engage in constant monitoring or lobbying."

Question 5: Influence of populist leaders on business

Interviewer: "Are companies influenced by populist leaders?"

Interviewee: "Indirectly, yes. Populist economic policies—like tariffs and protectionism—can complicate pricing and operations. In Brazil, for example, we had to switch from a subsidiary model to a distributor model due to bureaucratic constraints."

Question 6: Investments in countries with populist leaders

Interviewer: "Do companies prefer to invest in countries without populist leaders?"

Interviewee: "Not necessarily. Aside from tariff risks, populism does not significantly impact our investment decisions. Market potential remains the main driver."

Question 7: Feeling targeted by populist leaders

Interviewer: "Do companies feel targeted by populist leaders or their policies?"

Interviewee: "No, we've never felt directly targeted. Our goal is to remain profitable while aligning with our values. Companies naturally adapt to political and economic changes, especially if the sector is not a political focal point."

Question 8: Role of companies in political change

Interviewer: "Do you believe your company contributes to political change?"

Interviewee: "Indirectly, yes. Our mission is to improve the quality of life through exercise, nutrition, and mindset. We engage with public institutions, and we have implemented a social innovation initiative in one Italian region that has since been replicated elsewhere."

Question 9: Political support in international expansion

Interviewer: "Have you experienced support or resistance from local people or politicians during international expansion?"

Interviewee: "Generally, we've been well received due to our sustainable mission. In some regions, such as the Middle East or China, we've adapted to ownership restrictions by partnering with local entities."

Question 10: Internationalisation and populist risks

Interviewer: "How does internationalisation affect the ability to mitigate risks associated with populist policies?"

Interviewee: "The more international a company is, the better it can distribute and dilute political risk. We've developed internal processes to adapt and even transform these threats into opportunities."

Question 11: Adapting strategies to populist risks

Interviewer: "How does your firm adapt to regime uncertainty linked to populist rhetoric, particularly in weaker institutional frameworks?"

Interviewee: "We assess the regulatory and bureaucratic changes. In complex contexts, like Brazil, we restructured our presence to minimise administrative exposure."

Conclusion

Interviewer: "Ultimately, is populism another business risk?"

Interviewee: "Yes, populism is a business risk like any other. It must be assessed alongside market and economic dynamics. Our approach is to stay agile, diversify, and adapt as needed."

Interview 2:

Interview Transcript: Fashion Sector (France)

• Interviewee: CEO, Fashion Industry

• Date: 20/12/2024

• Interview Type: Semi-structured, online

• Location of Headquarters: Paris, France

• Industry: Retail apparel and fashion, specialising in women's clothing and accessories

• International Activities: Partnership with artisans in India, Bali, and Peru to produce handcrafted goods; global distribution via retail and online channels

Transcript:

Question 1: Position and role within the company

Interviewer: "What position do you hold within the company?"

Interviewee: "My official title is CEO. I oversee all aspects of our operations, from product design and artisan collaboration to international distribution and strategic decision-making. A firm is not just an entity, it is composed of people, and as people we are aware of our politics as well as the world’s."

Question 2: Populism and corporate awareness

Interviewer: "Are companies aware of the presence of populist leaders in other countries and their own country?"

Interviewee: "Yes, companies are aware, but try not to become overly involved politically. However, populist decisions like tariffs significantly impact our operations. For example, we are currently monitoring decisions by populist leaders in countries such as the United States, as new import taxes could be highly problematic. A sudden increase in import duties could pose serious challenges for our logistics and pricing."

Question 3: Influence of populism on the distribution network

Interviewer: "Does populism influence the distribution network?"

Interviewee: "Definitely. Firms must adapt to conditions set by populist leaders. Protectionist policies, such as imposing taxes to protect domestic businesses, significantly affect our distribution channels and profitability. Consumer behavior is also influenced by populist rhetoric, and firms must consider these aspects when planning international strategies."

Question 4: Influence of the political agenda on business decisions

Interviewer: "Does your company take the government agenda into account during decision-making?"

Interviewee: "Yes, we do. We operate across various countries with diverse political and religious contexts, so we aim to avoid strong political involvements. Nonetheless, taxation, import regulations, and economic stability are crucial factors in our strategic decisions. Personally, I try not to get involved too much in politics because having a firm opinion in such a diverse international landscape can complicate things. However, if human rights are not respected, we do take a stand."

Question 5: Influence of populist leaders on business

Interviewer: "Are companies influenced by populist leaders?"

Interviewee: "Absolutely. Populist policies affect consumer purchasing power and market conditions, forcing companies to constantly monitor and adapt. For instance, tariff decisions are closely watched because they significantly influence our operations. Also, when a populist government creates economic instability, customers lose purchasing power, which directly impacts sales."

Question 6: Investments in countries with populist leaders

Interviewer: "Do companies prefer to invest in countries without populist leaders?"

Interviewee: "It depends on economic stability and market demand rather than political ideology. If the business environment remains stable and profitable, companies will invest regardless of the presence of populist leaders. When

politics do not interfere with importation or trade, we can move forward freely. But if the leader creates complications, that changes the picture."

Question 7: Feeling targeted by populist leaders

Interviewer: "Do companies feel targeted by populist leaders?"

Interviewee: "In our experience, not significantly. Any influence tends to be marginal. We haven't felt directly targeted and try to focus on making our products available to everyone, regardless of political circumstances."

Question 8: Role of companies in political change

Interviewer: "Do you believe your company contributes to political change?"

Interviewee: "Yes, although modestly. While we're a small company, we believe in our impact through our work with artisans, especially in countries like India. We help improve both the economic and personal conditions of the people we work with, most of whom are craftsmen rather than industrial laborers. This may seem like a small contribution, but for us it's meaningful."

Question 9: Political support in international expansion

Interviewer: "Have you experienced support or resistance from local people or politicians during international expansion?"

Interviewee: "Yes and no. Sincerity and respect for local communities make a big difference. We have always tried to improve the lives of the artisans we work with and to ensure optimal working conditions. Our clear focus on local know-how and cultural respect has been positively received."

Question 10: Internationalisation and populist risks

Interviewer: "How does internationalisation affect the ability to mitigate risks associated with populist policies?"

Interviewee: "Greater internationalisation provides flexibility. By operating across many markets, we do not depend solely on any single country. If populist policies adversely affect us in one region, we shift our focus to more stable markets. However, this isn't always easy—many people focus solely on profit

and fail to understand the broader impact. We work with small artisan groups and have tried to teach partners that happy people make better work."

Question 11: Adapting strategies to populist risks

Interviewer: "How does your firm adapt strategies in response to regime uncertainty from populist rhetoric, especially in weaker institutional frameworks?"

Interviewee: "Unlike many companies prioritising short-term profits, we build long-term relationships. We have worked with the same artisans for over fifteen years. Big firms often change suppliers to push prices down, disregarding the workers' conditions. We don't do that. We act only when we are certain of the situation and always speak with local contacts to understand their perspective. This long-term and ethical approach enables us to better manage risks."

Conclusion

Interviewer: "Ultimately, is populism another business risk?"

Interviewee: "Indeed. It is a factor to be assessed alongside other business risks, economic stability, and market conditions. Maintaining strong ethical relationships and diversified international operations helps us navigate these challenges effectively. Creating a stable and happy team over time is our greatest asset and the key to resilience in uncertain environments."

Interview 3:

Interview Transcript: Apparel and Fashion Sector (Italy)

• Interviewee: Founder & President, Apparel Group

• Date: 15/01/2025

• Interview Type: Semi-structured, online

• Location of Headquarters: Turin, Italy

• Industry: Apparel and fashion, focusing on branded leisurewear, sportswear, footwear, and accessories

• International Activities: Global licensing and distribution via subsidiaries and digital infrastructure across 130+ markets

Transcript:

Question 1: Position and role within the company

Interviewer: "What position do you hold within the company?"

Interviewee: "I am the Founder and President of the group."

Question 2: Populism and corporate awareness

Interviewer: "Are companies aware of the presence of populist leaders in other countries and their own country?"

Interviewee: "Yes, companies are aware, but it’s important to make a distinction. There are populist politicians who are not appreciated by businesses, especially when they override legal frameworks in the name of the 'people.' That’s problematic. On the other hand, some governments are popular because they act in the public’s interest, and those aren’t necessarily a threat to companies unless specific conditions make them unstable."

Question 3: Influence of populism on the distribution network

Interviewer: "Does populism influence your distribution network?"

Interviewee: "Yes, inevitably. Businesses must operate under the political and legal conditions of each country. A populist context can impact fairness, legal clarity, and overall market stability. So yes, it has an influence."

Question 4: Influence of the political agenda on business decisions

Interviewer: "Does your company take the government agenda into account during decision-making?"

Interviewee: "Absolutely. When we assess entry into a new market, we consider the political environment—its stability, its fairness, its ideological orientation. It’s a crucial part of our strategic analysis."

Question 5: Influence of populist leaders on business

Interviewer: "Are companies influenced by populist leaders?"

Interviewee: "All companies are influenced by politics in general. Populism is just one political form we must confront. The word 'populism' can sometimes be exaggerated—'people' is a good concept, but '-ism' tends to complicate things. Businesses thrive on rule of law and predictability, and when those break down, alignment becomes difficult."

Question 6: Investments in countries with populist leaders

Interviewer: "Do companies prefer to invest in countries without populist leaders?"

Interviewee: "Firms look at economic potential and stability. If a populist government creates unfair or erratic conditions, it becomes a deterrent. Otherwise, investment decisions are pragmatic—based on feasibility and return."

Question 7: Feeling targeted by populist leaders

Interviewer: "Do companies feel targeted by populist leaders or their policies?"

Interviewee: "Not directly. We can be affected indirectly, but I’ve never experienced direct interference. Most businesses just want fair rules and consistency."

Question 8: Role of companies in political change

Interviewer: "Do you believe your company contributes to political change?"

Interviewee: "It depends on the company's scale. We adapt—we don't shape governments. Larger firms might have influence, but we operate where allowed. Still, all companies bring something to the local environment—jobs, structure, capital. That's already a kind of influence, especially in places with different political systems."

Question 9: Political support in international expansion

Interviewer: "Have you experienced support or resistance from local people or politicians during international expansion?"

Interviewee: "In my experience, total neutrality. Governments tend to support companies that pay taxes, employ locals, and elevate their reputation abroad. I've never experienced political friction."

Question 10: Internationalisation and populist risks

Interviewer: "How does internationalisation affect the ability to mitigate risks associated with populist policies?"

Interviewee: "For companies our size, it doesn't have much effect. We enter markets based on opportunity and access—not political leverage. That kind of strategy is reserved for major players in sectors like oil or energy."

Question 11: Adapting strategies to populist risks

Interviewer: "How does your firm adapt strategies in response to regime uncertainty from populist rhetoric, especially in weaker institutional frameworks?"

Interviewee: "We are pragmatic. Our actions are based on real-time market conditions, not political influence. We don't have the size or structure to do otherwise. Quick adaptation and strategic realism are key."

Conclusion

Interviewer: "Ultimately, is populism another business risk?"

Interviewee: "Yes, it is a risk like any other. We evaluate it alongside financial, operational, and strategic factors. The solution is adaptability—knowing how to navigate unpredictability with calm and reason."

Interview 4:

Transcript: Food & Beverage Sector (Italy)

• Interviewee: Head of Operations and Strategic Development (Acting General Manager)

• Date: 10/12/2024

• Interview Type: Semi-structured, online

• Location of Headquarters: Tuscany, Italy

• Industry: Food & Beverage production, packaging, and international distribution

• International Activities: Product commercialisation, distributor management, participation in international trade fairs, and strategic positioning under a multinational umbrella group

Transcript:

Question 1: Position and role within the company

Interviewer: "What is your role within the company?"

Interviewee: "My official title is Head of Operations and Strategic Development, but in practice, I act as the General Manager. I oversee the entire business cycle - from procurement to transformation, packaging, and international sales. This role requires strategic oversight and coordination across departments."

Question 2: Populism and corporate awareness

Interviewer: "Are companies aware of the presence of populist leaders, both locally and internationally?"

Interviewee: "Yes, and I'd say they are increasingly aware. Two perspectives matter here: one concerns brand positioning and reputational impact, and the other is ethical. Operating in countries led by populist regimes can raise issues if the legal systems or market rules are misaligned with our values. We've seen

cases where basic consumer protections are lacking—like bans on refunds or recalls—which present serious problems for companies with high standards."

Question 3: Influence of populism on the distribution network

Interviewer: "Does populism influence your distribution network?"

Interviewee: "Absolutely. The political and reputational context of a country strongly influences our decisions. Being part of a large multinational group, we sometimes receive instructions not to operate in specific countries, even when the commercial potential is high. The reputational risk for the wider group outweighs local opportunities. It's not about avoiding minor issues—it's about protecting the group from broader fallout."

Question 4: Influence of the political agenda on business decisions

Interviewer: "Do you consider the political agenda of governments during international expansion?"

Interviewee: "Not during the initial decision-making—we don't let politics dictate where we go. But once we've entered a market, we monitor political and populist developments closely. If instability arises, we adjust accordingly. It's like driving: you don't change course because of a weather forecast, but if a storm hits, you respond in real time."

Question 5: Influence of populist leaders on business

Interviewer: "Would you say populist leaders impact business operations?"

Interviewee: "Yes, including the so-called 'soft populists' who use protectionist rhetoric. For example, recent U.S. policy shifts have increased tariffs and restricted food imports. These moves create uncertainty, especially for export-driven firms. Even if the impact varies across sectors, the consequences can be significant."

Question 6: Investments in countries with populist leaders

Interviewer: "Do companies prefer investing in countries without populist leaders?"

Interviewee: "Generally yes. Countries seen as politically stable and predictable are preferred. For example, in one case, a highly successful Italian industry suffered massive losses after populist policies and geopolitical tensions disrupted its main export market. This is why diversification—both geographical and political—is crucial for risk mitigation."

Question 7: Feeling targeted by populist leaders

Interviewer: "Do companies feel personally targeted by populist policies?"

Interviewee: "Not usually. Populist policies are rarely aimed directly at companies. Their intent is to consolidate internal support. Businesses might be caught in the crossfire, but it's not personal—it's strategic. In fact, foreign investors often bring jobs and value, which populist leaders do appreciate."

Question 8: Role of companies in political change

Interviewer: "Do you believe companies contribute to political change?"

Interviewee: "No, and I believe strongly in staying in our lane. Businesses should focus on generating value and innovation, not trying to shape political systems. When companies try to play a political role, they often cause more harm than good. We're not state institutions—we're economic actors."

Question 9: Political support in international expansion

Interviewer: "Did you encounter support or resistance during international expansion?"

Interviewee: "We've received strong support at both national and EU levels. There are public grants and incentives that encourage globalisation and digitalisation. There's a clear understanding that internationalisation supports long-term economic health."

Question 10: Internationalisation and populist risks

Interviewer: "How much does internationalisation help mitigate the risks linked to populist policies?"

Interviewee: "A lot. Operating in just one market puts a firm at serious risk—just one political shift can wipe everything out. Diversification across markets,

cultures, and channels is the only way to be resilient to shocks triggered by populist policies."

Question 11: Adapting strategies to populist risks

Interviewer: "How do companies adapt their strategies to regime uncertainty caused by populism, especially in countries with weak institutional frameworks?"

Interviewee: "It’s all part of entrepreneurial risk. Every business decision carries uncertainty, and populism is just one of many variables. We assess the risk, define our tolerance, and make calculated decisions. It’s not about eliminating uncertainty—it’s about managing it."

Conclusion

Interviewer: "So, populist risk must be evaluated along with all other business factors?"

Interviewee: "Exactly. Populism is a tangible risk—no different from price pressure or regulatory complexity. You evaluate it in context, and the businesses that succeed are those that stay calm and adapt intelligently."

Interview 5:

Transcript: Industrial Manufacturing Sector (Italy)

• Interviewee: General Manager & Chief Financial Officer

• Date: 15/02/2025

• Interview Type: Semi-structured, online

• Location of Headquarters: Northern Italy

• Industry: Manufacturing and commercialisation of fasteners, automotive components, and metal products

• International Activities: Production and distribution across Europe, North and South America, and Asia through subsidiaries, joint ventures, and distributors, serving both B2B and B2C markets

Transcript:

Question 1: Position and role within the company

Interviewer: "What position do you hold within the company?"

Interviewee: "I am the General Manager and Chief Financial Officer of the group."

Question 2: Corporate awareness of populism

Interviewer: "Are companies aware of the presence of populist leaders in their own country and abroad?"

Interviewee: "Yes, we are aware, but I treat it like a weather report - I observe it only if it’s going to influence our operations. I don’t judge ideologies; I focus on whether political decisions have economic impact."

Question 3: Government agendas and business decisions

Interviewer: "Do companies consider the government’s agenda when making decisions?"

Interviewee: "Absolutely. Policy decisions on tariffs, incentives, or investment promotion directly shape our strategic planning. Political frameworks matter."

Question 4: Populism’s influence on the distribution network

Interviewer: "Does populism affect your distribution network?"

Interviewee: "Yes, when it results in economically relevant policies like tariffs or investment incentives. For example, incentives during one U.S. administration encouraged us to invest there, while tariff policies during another shifted our decisions in favor of domestic production. These are real variables we factor in."

Question 5: Influence of populist leaders on business

Interviewer: "Are companies influenced by populist leaders?"

Interviewee: "Yes, but only in practical terms - tariffs, subsidies, or regulations. It’s not about political values; it’s about the operational impact of those policies."

Question 6: Investment preferences regarding populist leadership

Interviewer: "Do companies prefer investing in countries without populist leaders?"

Interviewee: "Not necessarily. What we evaluate is the actual operating environment: legal reliability, institutional stability, enforceability of rules, workforce quality. Ideology doesn’t matter - execution does. You can run a business in both single-party systems and open democracies if the rules are clear."

Question 7: Feeling targeted by populist leaders

Interviewer: "Do companies feel targeted by populist leaders or their policies?"

Interviewee: "No, quite the opposite. In our sector, populist leaders usually support business because we create jobs. I’ve never experienced hostility."

Question 8: Corporate role in political change

Interviewer: "Do you think companies contribute to political change in the environments where they operate?"

Interviewee: "We aim for balance. We uphold minimum operational standards - not just ethically, but for efficiency and reputation. At the same time, we adapt to local laws and contexts. You can't impose a rigid model everywhere. Local adaptation is essential to function properly."

Question 9: Political support or resistance during international expansion

Interviewer: "During international expansion, has the company experienced support or resistance from local people or politicians?"

Interviewee: "In my direct experience, politics has never interfered - positively or negatively - in any of our expansion efforts."

Question 10: Impact of internationalisation on populist risks

Interviewer: "How does internationalisation influence a company's ability to mitigate the risks associated with populist policies?"

Interviewee: "Populist governments often favor domestic players. So if we want equal footing, we need to localise - open offices, hire locally, invest. That way we're seen as a domestic entity, not a foreign one."

Question 11: Strategic adaptation to populist regimes and institutional weaknesses

Interviewer: "How does your company adapt its strategy in the face of regime uncertainty, particularly when populist rhetoric is paired with weaker institutional frameworks?"

Interviewee: "We never compromise our core standards. But we do adapt. We balance global policy with local flexibility. If we tried to rigidly replicate our headquarters model everywhere, we'd fail. Adaptation is necessary - so long as it doesn't undermine our principles."

Conclusion

Interviewer: "Ultimately, is populism another business risk to consider?"

Interviewee: "Absolutely. Like any macroeconomic or geopolitical variable, populism must be managed. You can't ignore it - but with localisation and flexible strategy, you can handle it."

Appendix C: Summary Coding Matrix

Theme	Representative Interview Quote	Example Industry
Regime Uncertainty	"Populist policies significantly impact brand reputation and ethics."	Food & Beverage; Fashion
Strategic Adaptation	"Switched our Brazilian subsidiary to a distributor when tariffs hit."	Fitness Equipment
Political Neutrality	"We avoid public political stances… we only lobby trade/regulation, never ideology."	Fashion
International Diversification	"Diversification across markets is crucial to resilience."	Apparel; Food & Beverage
Corporate Political Agency	"Indirectly, through local jobs and community work, we counter populist narratives."	Industrial Manufacturing

Note: This coding summary illustrates how each theme emerged across the firms interviewed. For example, Food & Beverage and Fashion brands highlighted reputational risks under populism, while Fitness and Apparel firms showed structural strategic responses. This matrix provides transparency into how themes were derived and supports the analytical findings in Chapters 5 and 6.

AI Disclosure Statement

This paper has solely utilised GPT-4 for polishing the language, grammar checks, and overall clarity improvement purposes. The AI machine was solely employed to bring the stylistic and linguistic aspects to a level higher in accordance with set standards of academic writing. All intellectual contributions—conceptualisation, data analysis, and presentation of results—are solely attributed to the author. The utilisation of artificial intelligence did not influence the analysis of results, the formation of theoretical conclusions, or the framing of the main arguments within this paper.

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