

# Corporations, Populism and Responsibility

An analysis of the political self-perception of corporations  
and their strategies in coping with populism in Germany

Chair of Business Management, esp. Responsible Management

Benedikt D. S. Kapteina, Eckhard Burkatzki, Anna Schöndube, Maria A. Schwerdtner, Markus Scholz



## Summary

In an increasingly polarized world, corporations in Germany are faced with the challenge of how to respond to the growing influence of populist movements. This study analyses how listed companies perceive these developments and to what extent they react to them by taking on the role of a political actor. To answer this question, we conducted a representative online survey of 160 corporations from the leading indices of the German stock exchange *Deutsche Boerse* (DAX40, MDAX, SDAX). The results of the study are representative of large German stock-listed companies with an international ownership structure, global supply chains, transnational customer relationships, and an ethnically and culturally diverse workforce. The study delivered five central findings:

### **1. Corporations perceive themselves as politically responsible actors**

The study reveals that large listed companies in Germany are increasingly willing to engage as responsible stakeholders in society. 93 percent of the corporations surveyed recognize a societal responsibility on the part of corporations that extends beyond their core economic tasks. Only 36 percent of the corporations surveyed explicitly acknowledge a responsibility in political matters. DAX 40 corporations are much more vocal about corporate political responsibility than MDAX and SDAX corporations.

### **2. Populism is regarded as a disadvantage for business location Germany**

92.5 percent of the corporations surveyed regard political populism as a disadvantage for Germany as a business location. According to the corporations surveyed, corporations with culturally and ethnically diverse workforces are particularly exposed to considerable disadvantages due to the rise in populism. In this context, 80 percent of the corporations surveyed explicitly welcome it when corporations take a stand against political populism.

### **3. Corporations have a critically-distanced view on Alternative für Deutschland (AfD)**

More than 74 percent of the corporations surveyed see the AfD as a far-right party with anti-democratic and anti-constitutional policies. In addition, almost 76 percent see the increasing popularity of the AfD as an acute threat to Germany's competitive advantage as an export nation in the European Union. More than 84 percent see the party as a tangible threat to Germany's medium-sized enterprises. Despite this broad rejection of the AfD and its political agenda, there is a clear reluctance when it comes to the idea of banning the party under constitutional law. 53 percent of the corporations surveyed are skeptical of such a ban. Only 12.2 percent would explicitly agree to a ban of the AfD political party.

#### **4. A majority of corporations has already taken action against populist movements**

Around 70 percent of the corporations willing to provide information – more than half of those surveyed – have already taken action against populist movements or plan to do so in the near future. These measures range from internal training courses to raise employees' awareness of populism to codes of conduct for expressing personal or group opinions within the company. Moreover, many corporations have begun to take a stand against populist tendencies, such as through public statements or by supporting projects to counter populism. In this context corporations are making an effort to consider aspects of democratic integrity at the level of measures critical of populism. However, many corporations are unsure how their measures are perceived by various stakeholder groups and whether they are actually achieving their desired goal effectively.

#### **5. Corporations have mixed expectations regarding their stakeholders' reactions to corporate activities critical of populism**

The corporations surveyed expect mostly positive or supportive reactions from investors and employees in response to their measures against populism. Accordingly, many corporations assume that their stance in opposition of populism will be recognized by these stakeholder groups. At the same time, the results also show that the surveyed listed companies are most likely to expect mixed or negative reactions from customers and suppliers to activities critical of populism. 32 percent fear reputational damage, while 42 percent even expect the loss of business partners. This fear is more pronounced among DAX40 corporations than among MDAX or SDAX corporations. 51 percent fear of negative reactions in the form of hostility from populists. Despite these concerns, the corporations consider legal problems or political reprisals by political decision-makers to be unlikely under current political conditions.

#### **Conclusions and recommendations**

The outlined findings of this study suggest that large listed companies are increasingly speaking out in the political discourse, especially with regard to populist movements. At the same time, the fine-tuning of purely economic interests on the one hand with the need to assume societal responsibility on the other is perceived as a major challenge.

## Contents

Contents .....	III
1. Introduction .....	5
2. Methodology.....	7
2.1 Statistical population and sample .....	7
2.2 Survey design and data collection.....	8
2.3 Specific aspects of the study .....	9
3. Results .....	11
3.1 Corporations caught between politics and society.....	11
3.2 Corporations and political populism.....	13
3.3 Company action against populism.....	19
3.4 Opportunities and risks of engaging in activities critical of populism.....	21
4. Discussion .....	27
4.1 Economy and society – an inseparable braid .....	27
4.2 Populism and right-wing populism as risk factors.....	28
4.3 Corporations as stakeholders in democracy .....	30
4.4 Expected knock-on effects of activities critical of populism .....	30
5. Outlook.....	33
Reference List .....	36
Authors .....	38

## Note

The English version of this text uses gender-inclusive pronouns i.e. the “singular they” that includes all genders. All references to persons apply equally to all genders.

# INTRODUCTION

## 1. Introduction

Populist movements are gaining considerable influence worldwide, causing significant social upheaval and changing political majorities (Müller, 2016; Mudde et al., 2017; Galsten, 2018). Corporations increasingly feel the need to respond to these populist dynamics (Scholz & Beschorner, 2024; Bergmann et al., 2024a, Bergmann et al., 2024b; Brühl & Kapteina, 2022). The changes in attitudes and the insecurity of various stakeholders influenced by populist movements and parties pose a particular challenge for corporations.

German corporations have tended to watch these developments from the sidelines, remaining largely silent (Prange, 2023; Beschorner & Scholz, 2024; Scholz, 2024). However, as populist movements have gained influence in the political arena, corporations in Germany, too, have abandoned their previous restraint (Lewandowsky, 2024; Kleinfeld, 2023). A striking example of this are the public warnings issued by numerous corporate spokespersons about the consequences of the rise of the far-right populist AfD party, as expressed after the secret Potsdam far-right meeting, at which leading AfD members and right-wing figures exchanged views on political strategies and possible collaborations (Brandt, 2024; Astheimer & Finsterbusch, 2024). In this context, the political role of corporations is increasingly coming into focus.

The present study investigates how listed companies assess their public environment, which is increasingly politicized and polarized by populist movements. In addition, the study explores how they perceive and shape their role as active players at the interface between economy, politics, and society under the given conditions.

### Key research questions



- 1. How do corporations perceive their corporate responsibility amidst the conflicting priorities of economy, politics, and society?**
- 2. How do corporations evaluate phenomena of political populism in general and the far-right populist AfD party in particular?**
- 3. How often and in what ways do corporations invest in activities that are critical of populism in their interactions with their stakeholder groups?**
- 4. What potential opportunities and risks do corporations expect as a result of their activities critical of populism?**

# Methodology

## 2. Methodology

To answer the aforementioned questions, we conducted a survey among listed companies in Germany.

### 2.1 Statistical population and sample

The study focuses on companies listed on the German stock exchange as these corporations assume a particular responsibility for social and political commitment due to their market position and resources, and they often serve as role models for other corporations (Aguilera, Rupp, Williams, & Ganapathi, 2007).

The sample was created using cluster sampling (Cluster-Sampling; Schnell, Hill, & Esser, 2023; Clark, Bedeian, & McNatt, 2021). To this end, corporations from the DAX40 (n=40), MDAX (n=50), and SDAX (n=70) indices were selected as representative clusters (Lux, 2011). The target population of the survey comprised a total of 160 corporations.

The response rate was 43.1 percent (n=69; Table 1). The DAX 40 corporations had the highest response rate at 52.5 percent (n=21), while the SDAX corporations had the lowest response rate at 35.7 percent (n=25). Compared to the usual response rates of 10 to 30 percent for online company surveys, the response rates for this study are above average (Kelley & Edwards, 2018).

Table 1: Response rates for the company survey

	Original Size	Absolute Responses	Response Rate (%)
<b>DAX40</b>	40	21	52,5
<b>MDAX</b>	50	23	46,0
<b>SDAX</b>	70	25	35,7
<b>Total</b>	160	69	43,1

Source: TUD company survey 2024

Despite the comparatively high response rate, we must point out here that the representativeness of the survey sample for all listed companies on the German stock exchange is limited. The representativeness of a cluster sample always depends on how homogeneous or heterogeneous the clusters are compared to the underlying or selected population (Lohr, 2012). With regard to the clusters of DAX 40, MDAX and SDAX corporations selected by us, they only partially reflect the heterogeneity of the corporations listed on the German Stock Exchange. These clusters mainly include the largest stock corporations. Therefore, the study only includes a few medium-sized stock corporations among the corporations surveyed, meaning



that the results of this study are only representative of the large corporations listed on the German stock exchange. These corporations exhibit three key characteristics: They operate internationally and maintain global supply chains and customer relationships, albeit with differences between DAX40, MDAX and SDAX corporations. The shareholders are also international, with slight differences between the indices. In addition, the workforce of these corporations is more internationally diversified compared to medium-sized corporations.

The sample composition shows that 52.2 percent of the corporations surveyed operate in the manufacturing sector, while 47.8 percent operate in the service sector.

There is only a very small number of listed companies from East Germany in our sample. The reason for this is that these corporations are also only marginally represented in the leading indices of the German stock exchange (boersefluester.de, 2024). Therefore, valid East-West-German comparisons – interesting as they would have been given the subject matter – were not possible on the basis of the available sample.

## **2.2 Survey design and data collection**

The survey is based on a cross-sectional design (Bell et al., 2022). A standardized written survey was used to answer the research questions. The data was collected using an online questionnaire that made it possible to reach corporations from different regions. The introductory passages requested that the survey tool be forwarded to company representatives who are responsible for the strategic orientation and/or public positioning on social issues (e.g. management, communication, public relations or corporate responsibility).

The survey tool itself focused its questions on the perception and assessment of corporate responsibility and the risks of populism. A particular focus was on the reaction strategies that corporations develop to counter populist tendencies in their environment. In addition, the survey asked about corporations' attitudes towards political and societal issues, as well as their participation in public discourse and initiatives. The aim was to better understand the range of corporate reactions to societal and political challenges in the context of populism.

We used available techniques from attitude and opinion research in the survey to capture perceptions and attitudes regarding populism in corporations. The survey participants were presented with various statements on the topic, which they were asked to rate on a bipolar five-point Likert scale (Peabody, 1962) in terms of their respective agreement with the statement (Figures 1-12). In some cases, the bipolar Likert scale was also used to capture the respondents' assessments of effectiveness (Figure 14), to measure the expected approval of populism-critical corporate statements (Figure

15), and to capture the subjective probability of possible negative reactions of stakeholder groups to corporate political activities (Figures 16-20).

### **2.3 Specific aspects of the study**

During the study, a number of specific aspects became evident. Above all, when we communicated with the corporations directly, either in writing or orally, it became apparent that within the corporate context, “political populism” is considered to be a sensitive topic. This is also shown in the fact that not all of the corporations completed the questionnaire in full: 10 corporations stopped taking part in the survey, which accounts for 14.5 percent of the total number of participants. These circumstances are relevant for the methodological evaluation and subsequent interpretation of the results, since presumably those corporations that are already actively addressing the issue or have publicly commented on it are more likely to have taken part in the survey. It can therefore be assumed that corporations that are less politically active were more likely to refrain from participating. This indicates a self-selection that may lead to a distortion in the data collected.

It should also be noted that the results of the study – analogous to the cross-sectional design of the empirical survey – represent a snapshot from the period between July and August 2024. This aspect is particularly relevant since – as mentioned at the beginning – the willingness of corporations to engage with populist phenomena has changed in the run-up to three state elections in the eastern German states (Prange, 2023; Beschorner & Scholz, 2024; Scholz, 2024). It is therefore to be expected that the perceptions and attitudes of corporations will continue to change in the future, depending on the respective framework conditions.

It should also be noted that the survey substantiates aspects of the perception of populism at the political party level exclusively with regard to the AfD. Phenomena of left-wing populism, as they have been discussed in recent times, particularly with regard to the Sahra Wagenknecht Alliance (BSW) in fall 2023 (see Thomeczek, 2024a,b), were not addressed in the present study. One reason for this is that the BSW did not yet have a political mandate when the survey was developed in May 2024.

# RESULTS

### 3. Results

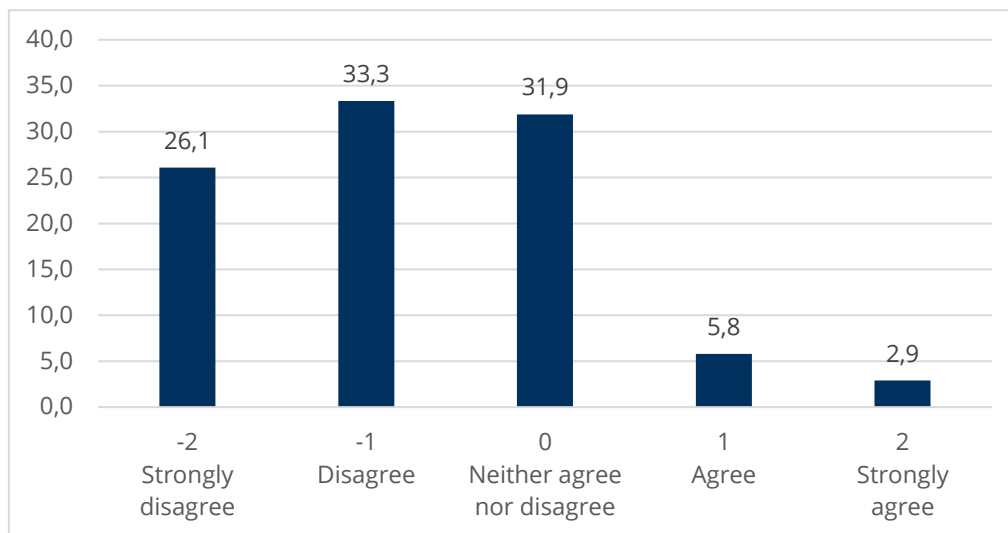
The results are divided into four sections, which present the results in relation to the research questions. Each section covers a specific topic and provides an analysis of the relevant findings.

#### 3.1 Corporations caught between politics and society

In this section, we explore how corporations perceive their (postulated) responsibility in the complex interplay between economy, politics and society, referring to the first research question. First, the focus will be on the general perception of the relationship between economy and politics. After that, we investigate the extent to which corporations recognize and assume societal and political responsibility in addition to their economic responsibility.

##### 3.1.1 How do corporations perceive the relationship between economy and politics?

Figure 1: Economy and politics as strictly separate spheres (figures in per cent)

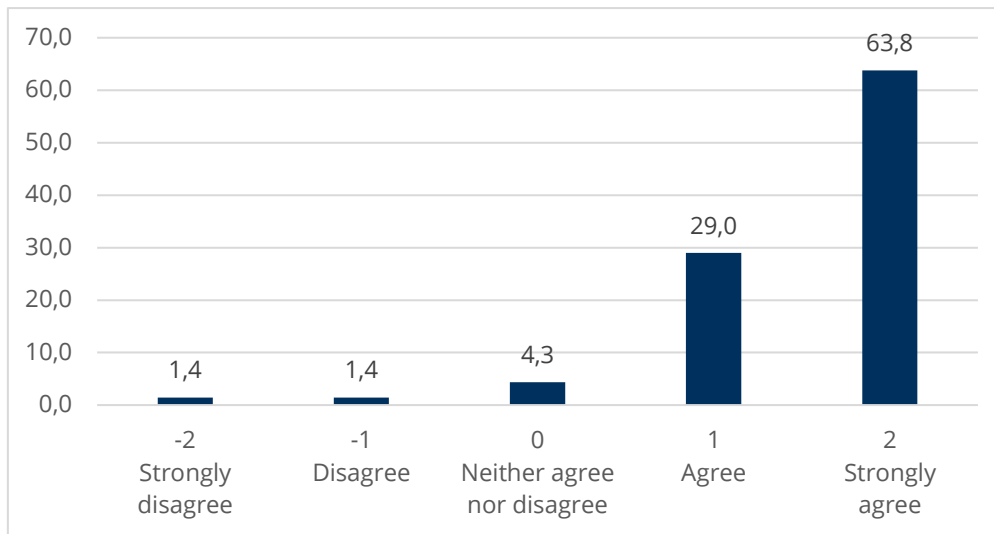


Source: TUD company survey 2024, valid answers: 69

Almost 9 percent of the corporations surveyed (5.8 percent “agree” and 2.9 percent “strongly agree”) agree with the statement that the economy and politics should be regarded as strictly separate spheres. By contrast, more than 59 percent (33.3 percent “disagree” and 26.1 percent “strongly disagree”) reject this statement. This indicates that a clear majority of corporations recognize that these two areas influence and permeate each other. Approximately 32 percent of corporations position themselves neutrally or partially agree and see the economy and politics as partially separate, but closely interrelated (Figure 1).

### 3.1.2 To what extent do corporations perceive a corporate societal responsibility?

Figure 2: Corporations also have societal responsibility (figures in per cent)

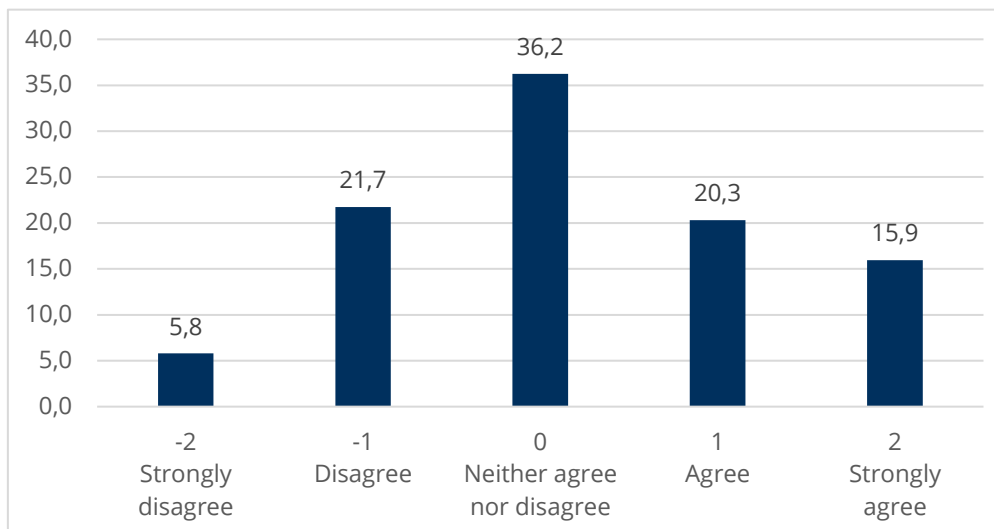


Source: TUD company survey 2024, valid answers: 69

Nearly 93 percent of the corporations surveyed (29.0 percent “agree” and 63.8 percent “strongly agree”) believe that corporations also bear societal responsibility in addition to their economic tasks (Figure 2). This highlights that there is a growing acceptance of the concept of corporate social responsibility (CSR), which encompasses the voluntary integration of ecological and societal aspects into business practices, especially among listed companies in the leading segments of the German stock exchange (Figure 2).

### 3.1.3 To what extent do corporations perceive a corporate political responsibility?

Figure 3: Corporations also have a political responsibility (figures in per cent)



Source: TUD company survey 2024, valid answers: 69

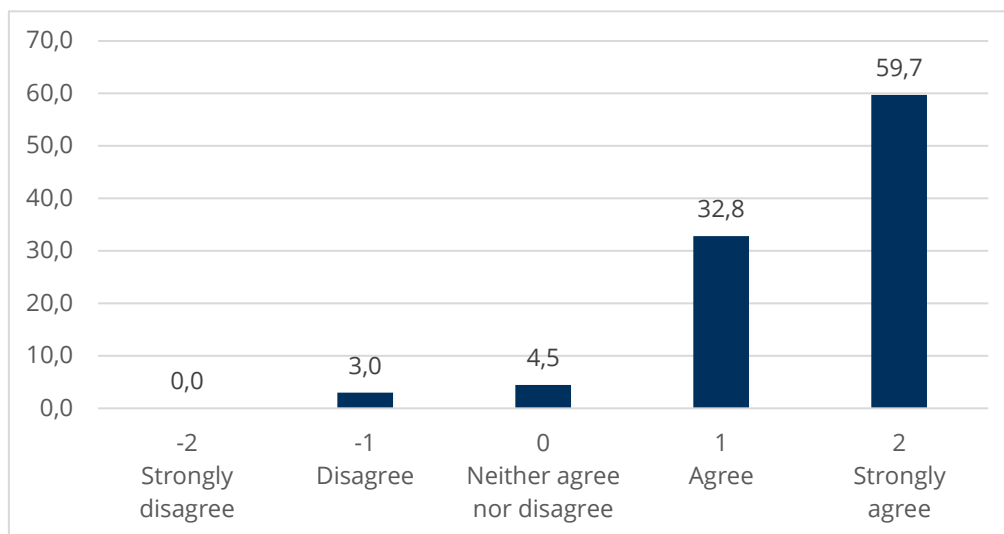
Listed companies in Germany only partially support the idea of corporate political responsibility, particularly with regard to the long-term preservation of a democratic order based on the rule of law. Around 36 percent of the corporations surveyed (20.3 percent “agree” and 15.9 percent “strongly agree”) are in favor of this idea, almost the same number take a neutral position, while more than 27 percent (21.7 percent “disagree” and 5.8 percent “strongly disagree”) tend towards a skeptical view (Figure 3). To add some more background: The concept of Corporate Political Responsibility (CPR) has been established since the 2010s. CPR enhances the CSR concept by not only focusing on societal and ecological issues, but by equally emphasizing the close interrelations between these aspects and politics, as well as the interdependence between corporations, society, and political framework conditions (e.g., Lyon 2023). Index comparisons of the corporations surveyed show that agreement with political responsibility is markedly higher among the DAX 40 corporations than among the MDAX and SDAX corporations.

### 3.2 Corporations and political populism

This section presents the study findings on how corporations perceive political populism in Germany, referring to research question 2. First, we discuss the perceptions of risks posed by the negative consequences of populist movements, such as economic instability and societal polarization (section 3.2.1). Subsequently, we explore how corporations view the AfD (section 3.2.2).

#### 3.2.1 How do corporations perceive the impacts of populism on the business location?

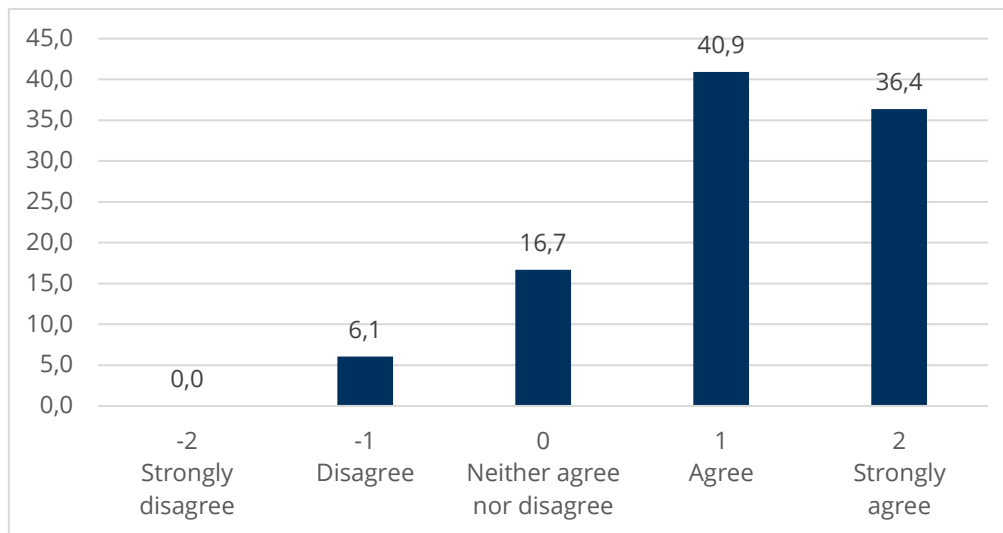
Figure 4: Political populism is a disadvantage for the business location of Germany as a whole (figures in per cent)



Source: TUD company survey 2024, valid answers: 67

92.5 percent of the corporations surveyed (32.8 percent “agree” and 59.7 percent “strongly agree”) consider populism to be a disadvantage for Germany as a business location (Figure 4).

Figure 5: Corporations with a nationally diverse workforce face massive disadvantages due to increasing political populism in Germany (figures in per cent)

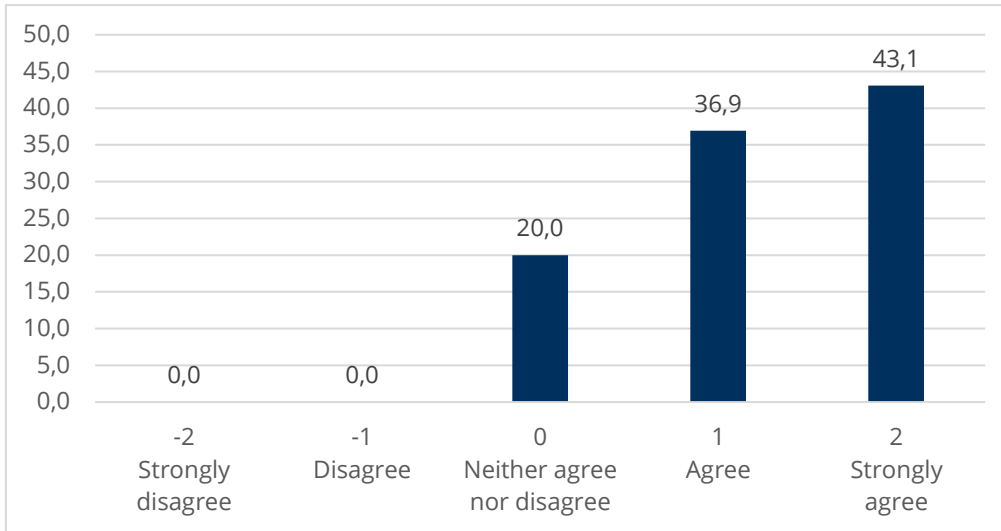


Source: TUD company survey 2024, valid answers: 66

Populism is perceived as particularly disadvantageous for corporations with a culturally and ethnically diverse workforce. As many as 77.3 percent of the corporations surveyed (40.9 percent “agree” and 36.4 percent “strongly agree”) agree with this statement (Figure 5). It should be noted that nearly 90 percent of the corporations surveyed employ more than a thousand people, suggesting a high probability of an ethnically and culturally diverse workforce. Therefore, it can be assumed that the respondents perceive the impacts of populism on the recruitment and retention of international talent not only from the perspective of external observers, but also from their own experience.

In this context, it is not surprising that 80 percent of the corporations surveyed (36.9 percent “agree” and 43.1 percent “strongly agree”) explicitly welcome it when corporations position themselves against populism (Figure 6). No company generally rejects statements critical of populism. However, 20 percent of corporations only partially support such statements, which indicates that not every form of populism-critical positioning in the economy meets with unreserved approval.

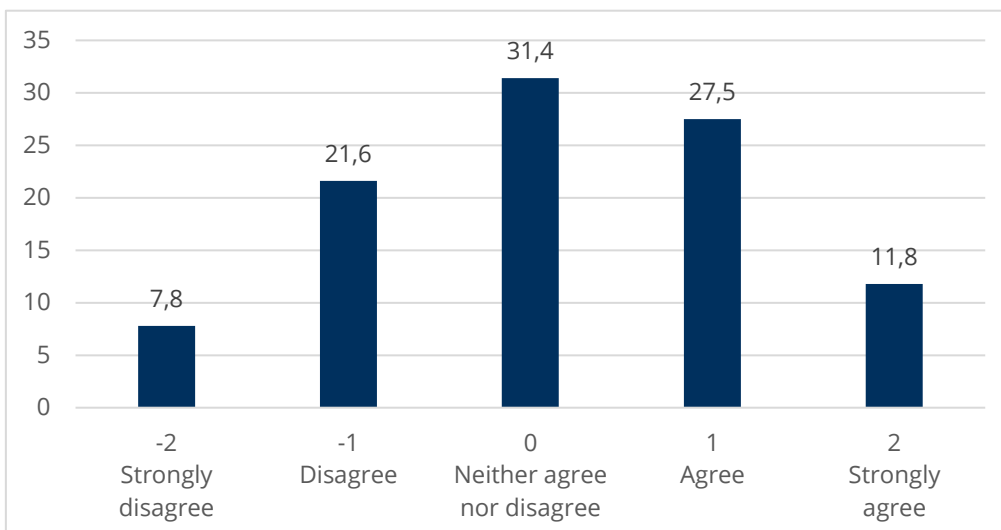
Figure 6: We appreciate that corporations take a stand against populism (figures in per cent)



Source: TUD company survey 2024, valid answers: 65

Almost 12 percent of the corporations surveyed (those who "strongly agree") consider it a violation of political freedom of expression if employers proactively encourage their employees with ties to the AfD to resign on the grounds that their views are incompatible with the company's guiding principles (Figure 7). This attitude reflects the concerns of many corporations to maintain political neutrality in the workplace and protect individual freedom.

Figure 7: It violates the right to freedom of political expression when corporations like Bertelsmann ask employees with ties to the AfD to proactively resign (figures in per cent)



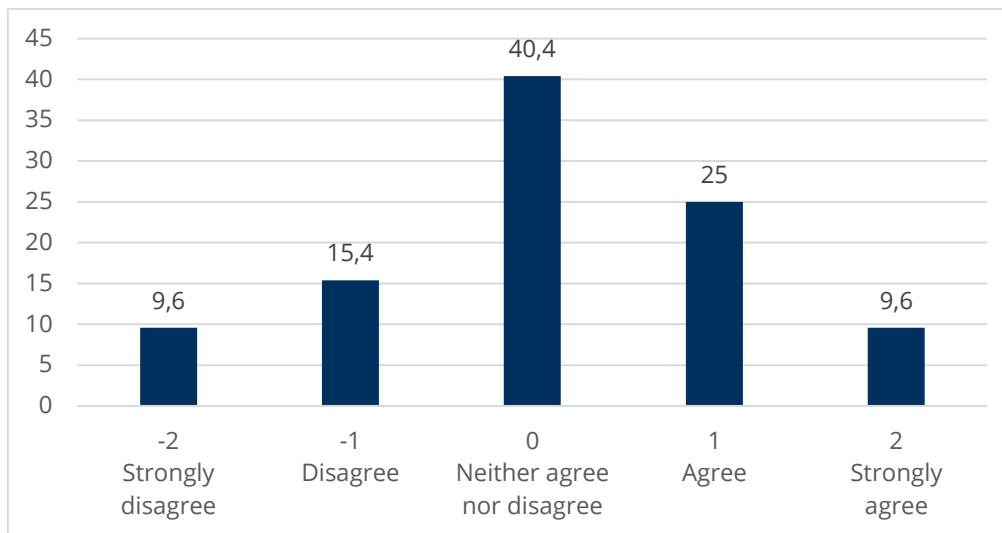
Source: TUD company survey 2024, valid answers: 58

Similarly, respondents are also critical of employers' insinuations that they might consider labor law measures against their employees due to their AfD involvement (Figure 8). Accordingly, 25 percent of respondents (15.4 percent "disagree" and



9.6 percent “strongly disagree”) consider such threats from corporations to be inappropriate. More than 40 percent express a divided opinion regarding the appropriate measures.

Figure 8: It is an unacceptable transgression when corporations consider taking disciplinary action against employees for their AfD involvement (figures in per cent)



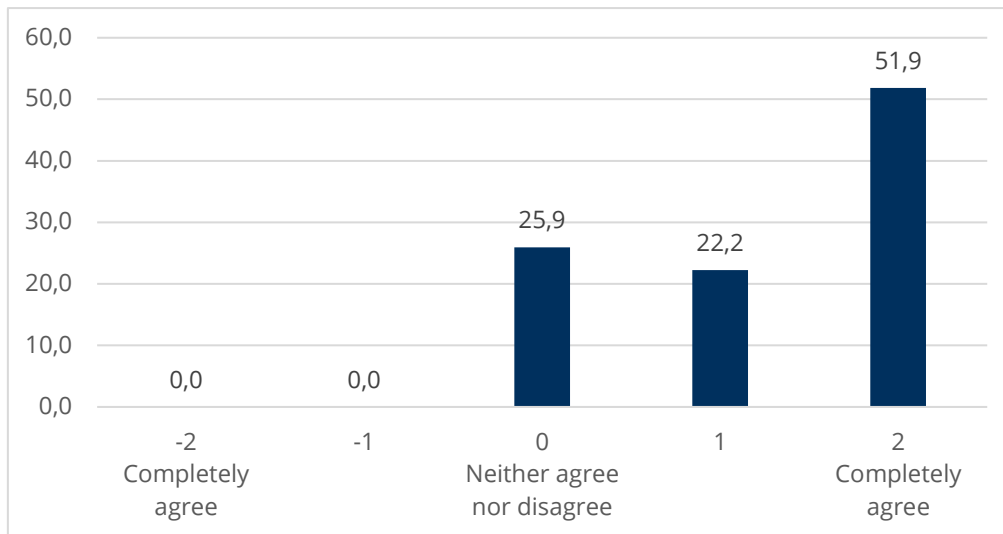
Source: TUD company survey 2024, valid answers: 52

### 3.2.2 Perception of the AfD as a right-wing populist party

The perception and assessment of the AfD as a right-wing populist party was a central component of our company survey. In order to systematically record differences in perception, a specific methodical procedure was employed, in which opposing political views on the AfD were placed opposite each other. Respondents were then asked to rate these statements according to a five-point scale.

The set of questions on the AfD included in our questionnaire addressed a range of topics, such as perceptions of the party’s political positions and attitudes toward the economic and social policies of the AfD. The statistics regarding non-responses to this set of questions show that between 23 percent and 30 percent of respondents omitted the questions on the AfD in the questionnaire or did not answer them (Figures 9-12). This is particularly relevant in the context of the statement pair concerning the AfD’s right to exist as a political party within Germany’s democratic party system (Figure 10). In view of this high rate of non-response, it must be assumed that the respondents’ assessments of the AfD as a right-wing populist party are prone to distortion. This distortion could be due to a certain degree of apprehension in dealing with the topic. In order to ensure a sound understanding of how the AfD is perceived by businesses, such factors must be taken into account when discussing and classifying the results (Section 4.2.2).

Figure 9: Perception of AfD as a conservative or right-wing extremist party (figures in per cent)



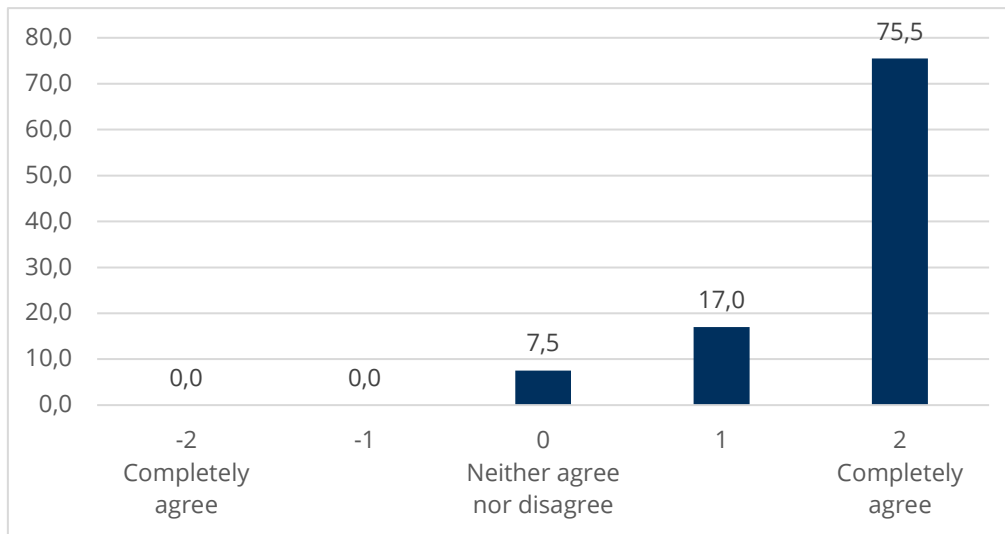
The AfD is a conservative party positioned to the right of the center of the political spectrum.

The AfD is a right-wing extremist party with anti-democratic and anti-constitutional policies.

Source: TUD company survey 2024, valid answers: 54

The survey results (Figures 9 and 10) show that the AfD is predominantly perceived not as a conservative party, but rather as a right-wing extremist party with anti-democratic and anti-constitutional policies. More than 74 percent of the corporations surveyed (22.2 percent “agree” and 51.9 percent “completely agree”) agree with this assessment, while just under 26 percent only partially agree (Figure 9). Surprisingly, none of the corporations surveyed view the AfD primarily as a conservative political force.

Figure 10: Impact of the rise of the AfD on the German economy (figures in per cent)



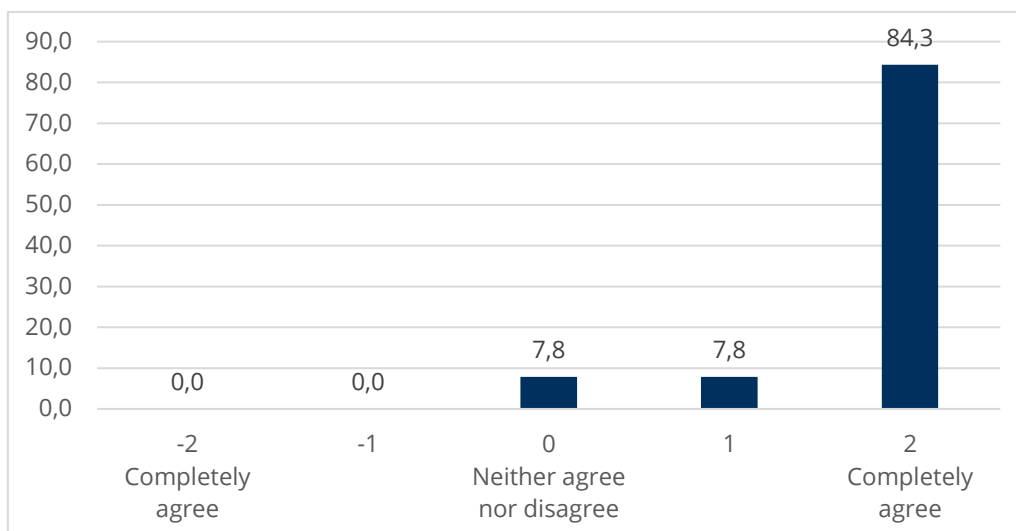
The rise of the AfD is an appropriate antidote to the excessive influence of the European Union (EU) on the German economy.

The increasing popularity of the AfD jeopardizes Germany's competitive advantage as the largest export nation in the European Union (EU).

Source: TUD company survey 2024, valid answers: 53

The corporations surveyed express clear disagreement with the economic policy of the AfD (Figure 10). More than 75 percent of respondents (“completely agree” answers) agree that the AfD jeopardizes Germany’s competitive advantage as the largest export nation in the European Union. An additional 17 percent (answer “1” between “Completely agree” [“2”] and “Neither agree nor disagree” [“0”]) partially support this assessment.

Figure 11: Assessment of the AfD as a supporter of German medium-sized enterprises (figures in per cent)



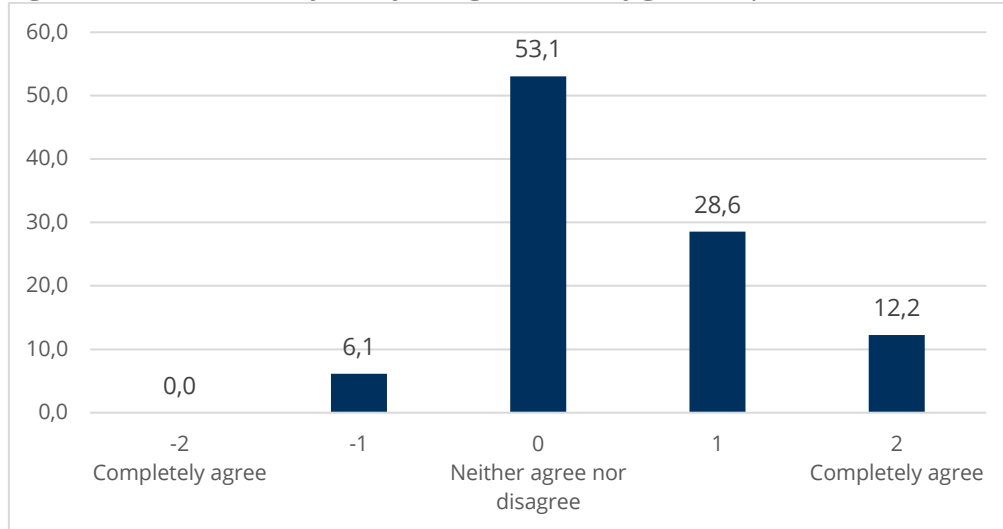
The AfD is a protecting force for German medium-sized enterprises against the dominance of multinational corporations.

The nationalist economic policy propagated by the AfD is at odds with the interests of Germany's medium-sized enterprises.

Source: TUD company survey 2024, valid answers: 51

Interestingly, the rejection of the statement that the AfD acts as a protecting force for German medium-sized corporations (Figure 11) is even more pronounced than the rejection of its EU policy program. More than 84 percent of the corporations surveyed see the party as a threat to the legitimate interests of medium-sized corporations, while just under 8 percent at least partially agree with this statement.

Figure 12: Assessment of the AfD's right to exist (figures in per cent)



The AfD has a right to exist as a political party as it addresses the right issues and problems, whether it is considered right-wing extremist or not.

The AfD should be prohibited as a political party due to its right-wing extremist policies.

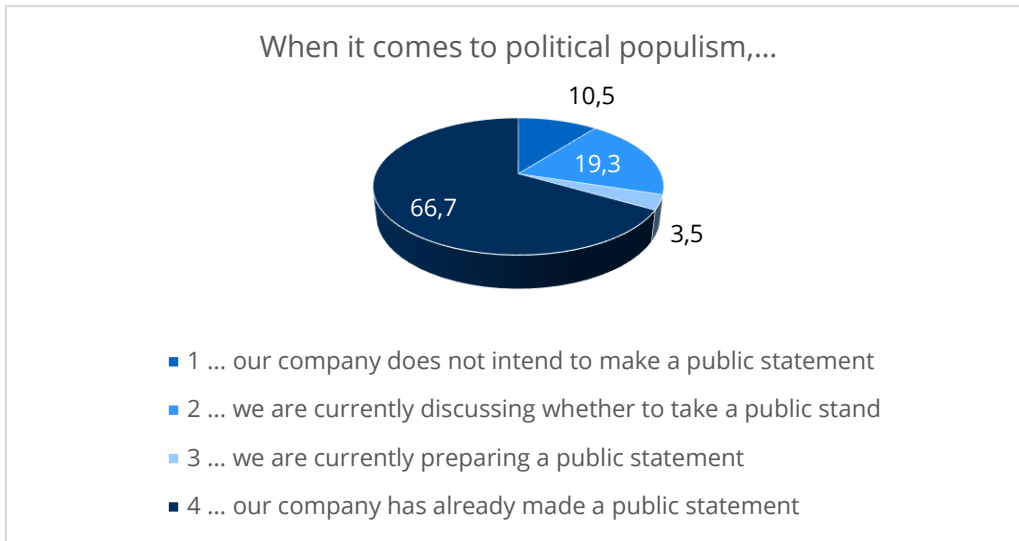
Source: TUD company survey 2024, valid answers: 49

Although the AfD is predominantly perceived as right-wing extremist, the corporations surveyed showed reluctance in supporting a constitutional ban of the party (Figure 12). About 41 percent of respondents support a prohibition of this kind (28.6 percent “agree” and 12.2 percent “completely agree”), whereas 53 percent (“Neither agree nor disagree”-answers) are only partially in favor. Only 6.1 percent are against a ban.

### 3.3 Company action against populism

This section presents the results of the corporations' activities criticizing populism with regard to the third research question.

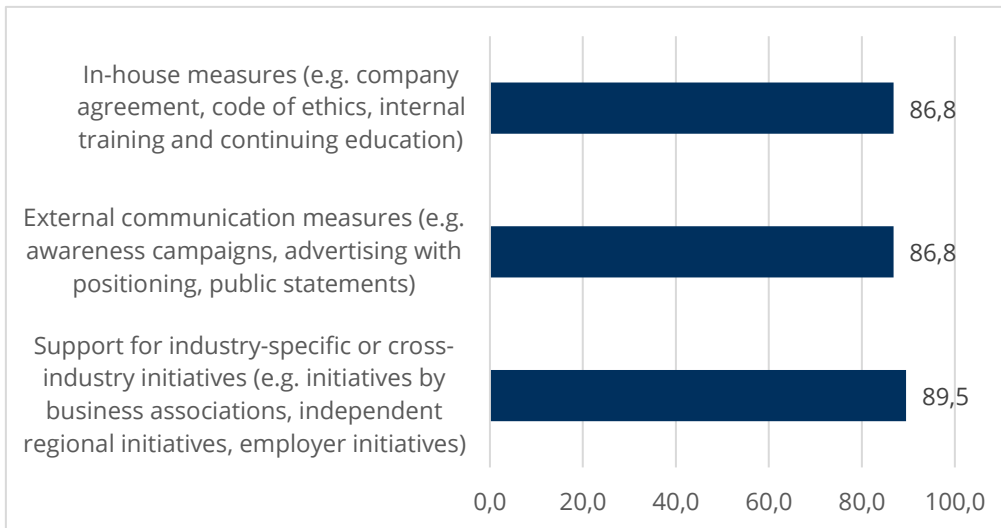
Figure 13: Practical action of listed companies against populism (figures in per cent)



Source: TUD company survey 2024, valid answers: 57

Of the 57 corporations that answered the questions on activities critical of populism (17.4 percent did not participate in this section), approximately 70 percent stated that they had already issued a clear statement (66.7 percent) or were preparing to do so (3.5 percent) (Figure 13). Only 10 percent of corporations plan to refrain from issuing a statement.

Figure 14: Ways in which corporations take a stand against populism (figures in per cent)



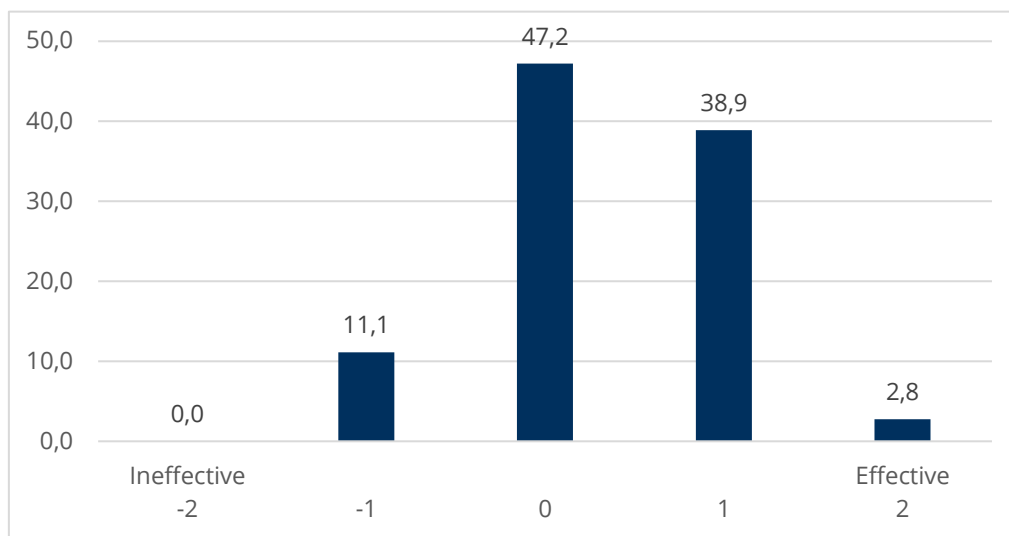
Source: TUD company survey 2024, valid answers = 34 of 51 corporations active in this way

Among the corporations critical of populism, almost 87 percent implement both internal measures and external communication strategies (Figure 14). Internal measures include training to raise awareness of the dangers of populism, promoting a culture of open discussion, and introducing codes of conduct. External measures comprise public statements, for example on social media networks (such as LinkedIn), as well as statements in advertising brochures. Corporations are particu-

larly likely to show commitment by supporting cross-industry initiatives (89.5 percent), including collaborations with pro-democracy business networks such as “Business for Democracy,” participation in public campaigns, and sponsoring events that promote democratic values (Figure 14). Furthermore, corporations mention the following activities critical of populism: the development of a corporate political responsibility mission statement, management statements at internal events and in social networks, democracy education for employees, and discussion rounds with politicians, youth organizations and trade unions.

Interestingly, the corporations show a certain reluctance when it comes to assessing the effectiveness of such measures. Only 36 of the 69 corporations surveyed provided an estimate of the effectiveness of their initiatives (Figure 15).

Figure 15: Assessment of the effectiveness of measures fighting populism (figures in percent)



Source: TUD company survey 2024, valid answers: 36

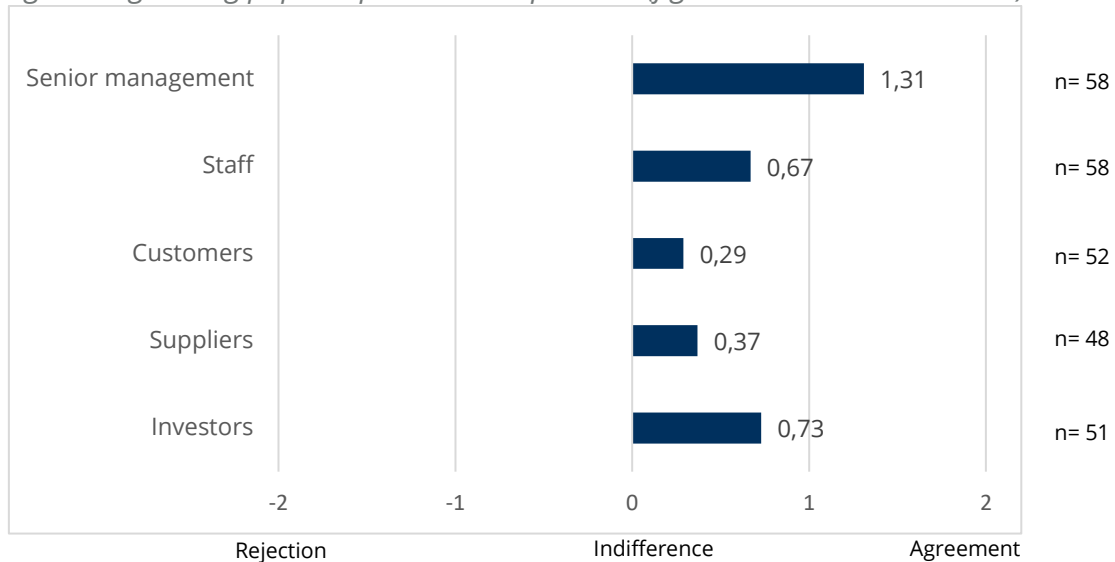
About 42 percent of the responding corporations (total number of responses to scale ranks “1” [38.9 percent] and “2” [2.8 percent]) are somewhat optimistic about the effectiveness of their measures to counter populism, while 11.1 percent are somewhat skeptical. However, the majority (47.2 percent) prefer not to comment unequivocally on the effectiveness of their measures.

### 3.4 Opportunities and risks of engaging in activities critical of populism

With regard to the fourth research question, this study investigates the potential implications and risks that corporations fear or expect in connection with their activities critical of populism.

The study shows that the corporations surveyed predominantly expect a positive response to statements critical of populism, particularly from senior management, investors and employees (Figure 16). By contrast, corporations do not expect unconditional agreement from customers and suppliers.

Figure 16: What would be the reaction if your company were to take a public stance against right-wing populist parties and opinions? (figures in scale-mean values)

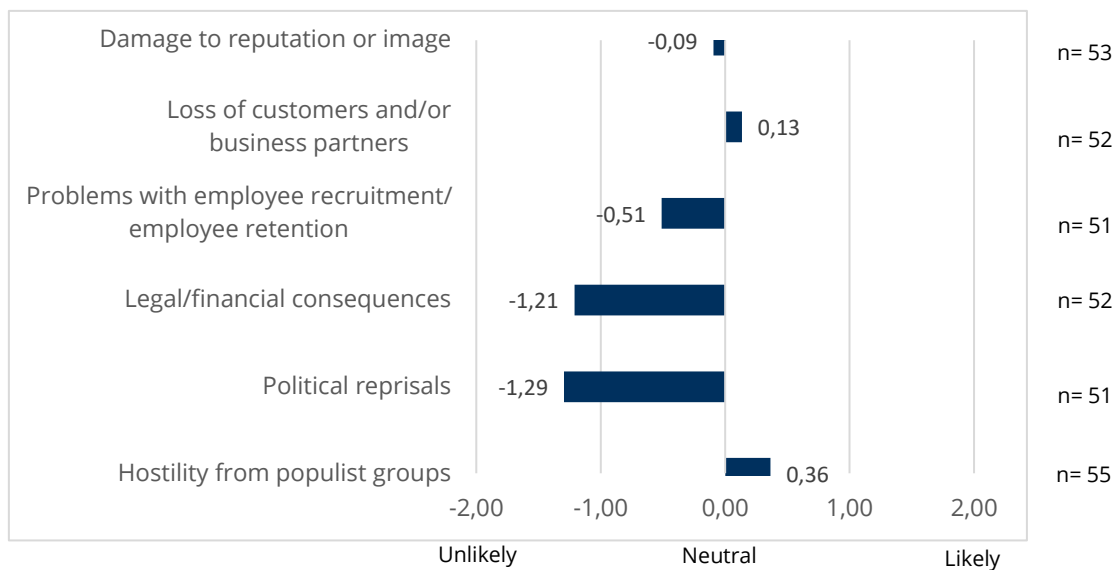


Source: TUD company survey 2024, valid answers: 48 to 59

It should be noted that corporations do not unanimously endorse all forms of statements critical of populism.

Our study also examined the (subjective) probability of corporations expecting negative reactions to their activities in criticizing populism, taking into account six possible consequences.

Figure 17: Average subjective probabilities of negative consequences in response to corporate activities critical of populism (figures in scale-mean values)

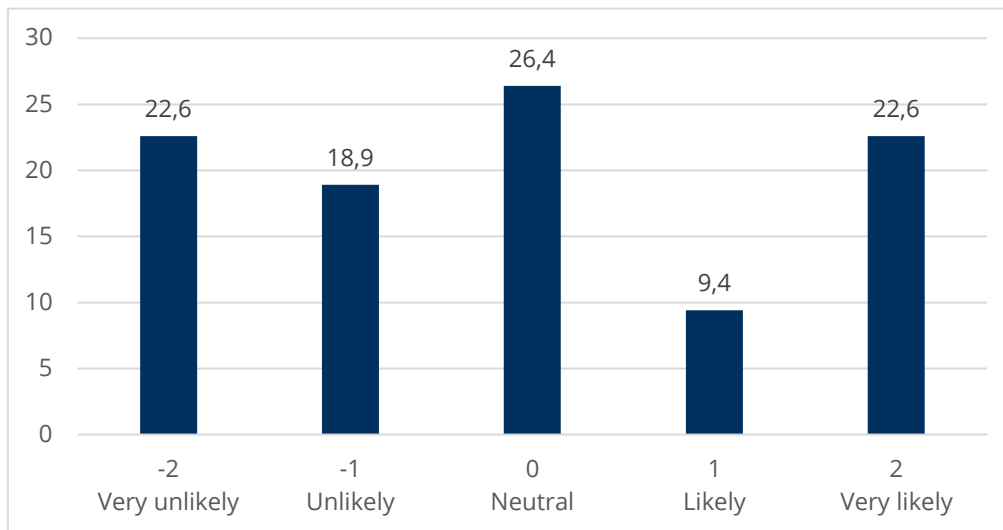


Source: TUD company survey 2024, valid answers: 51 to 55

Comparing the mean values of responses from the corporations (Figure 17) surveyed initially gives the impression that listed companies do not consider negative consequences from activities critical of populism to be particularly likely overall. The majority of corporations surveyed are optimistic about the reaction of their stakeholders and expect them to be either supportive or neutral to their statements criticizing populism.

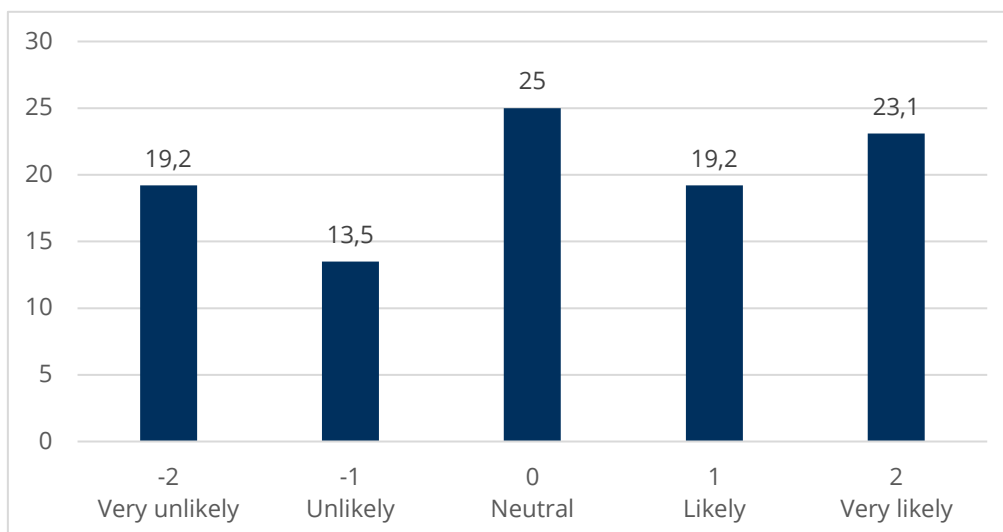
However, a closer look at the specific frequencies of the respondents' answers (Figure 18 ff.) shows that expectations vary greatly. For example, around 22.6 percent of corporations view damage to their reputation and image as highly likely consequences of corporate political activity, while the same percentage (22.6 percent) view this as highly unlikely (Figure 17).

Figure 18: Subjective likelihood of damage to reputation and image in reaction to corporate activity critical of populism (figures in per cent)



Source: TUD company survey 2024, valid answers: 53

Figure 19: Subjective likelihood of loss of customers and/or business partners in reaction to corporate activity critical of populism (figures in per cent)

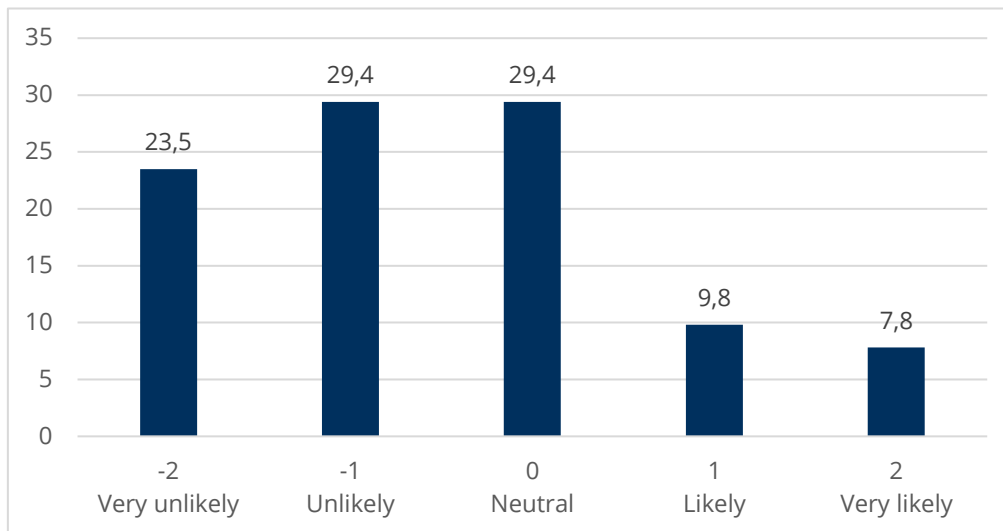




Source: TUD company survey 2024, valid answers: 52

Moreover, 42.3 percent of the corporations surveyed are worried that there is a high to medium probability (19.2 percent “likely” and 23.1 percent “very likely”) that their company will lose customers and/or business partners due to political activities (Figure 19).

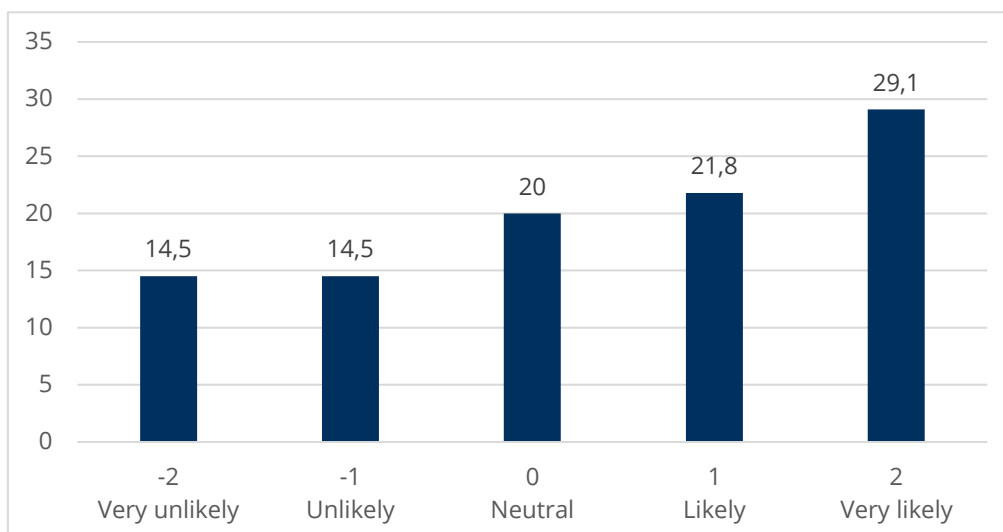
Figure 20: Subjective likelihood of problems in employee recruitment and/or employee retention in reaction to corporate activity critical of populism (figures in per cent)



Source: TUD Company survey 2024, case processing: valid answers = 51

Meanwhile, listed companies are less likely to see problems with recruiting and retaining employees resulting from activities critical of populism (Figures 17 and 19). Likewise, the probability of legal consequences or political reprisals in connection with such activities is assessed as low (Figure 16).

Figure 21: Subjective likelihood of hostility or threats from populist activists in reaction to corporate activity critical of populism (figures in per cent)



Source: TUD Company survey 2024, case processing: valid answers = 55

By comparison, corporations are somewhat more likely to expect hostility from populist activists and their supporters (Figure 21). More than 50 percent of the corporations surveyed, or more than every second corporation surveyed, consider such reactions to activities critical of populism to be somewhat or very likely under the current political conditions. This form of negative feedback is perceived as a possible challenge. Corporations seem to be aware of the risks associated with criticizing populism and assume that such reactions are increasingly likely in today's political landscape.

It is also noticeable that the subjective probabilities for potential consequences depend in part on the corporations' primary customer orientation. Corporations with a stronger focus on end consumers (business-to-consumer [B2C]) show greater sensitivity to negative customer reactions than business-to-business (B2B) corporations. B2C corporations in particular often express greater fears of losing customers or business partners as a result of activities critical of populism, as their proximity to the end consumer means they are more directly confronted with potential public reactions.

# DISCUSSION

## **4. Discussion**

The results of this study provide insights into the interrelationships between economic activities and political populism at large listed companies. The findings make it clear that these corporations not only see themselves as economic players, they are also taking on an increasingly relevant role in the social and political context. The study shows that large listed companies are conscious of their responsibility to an open society and increasingly want to participate in political discourse.

### **4.1 Economy and society – an inseparable braid**

The study provides evidence that corporations increasingly see their role as part of a larger social and political fabric, extending beyond the economic sphere. They recognize that their actions are closely linked to societal and political processes. Especially in times of political populism, many large listed companies recognize their responsibility not only in an economic context, but also in a societal one. A key finding is a growing awareness of the need to take responsibility beyond their core business activities. Many corporations recognize that their public stance and involvement in societal topics can have considerable repercussions for their reputation and their relationships with stakeholder groups. The survey shows that a majority of company representatives take societal responsibility seriously, although the way they implement this responsibility varies: Some corporations opt for a proactive approach to political responsibility, whereas others limit themselves to the minimum legal requirements.

The study also delivers insights into the various ways corporations perceive the risks associated with activities critical of populism. Corporations, especially those working in politically sensitive sectors or with a strong international orientation, may assess the risks as greater than corporations active in less polarized industries. These differences are reflected in the subjectively assessed likelihoods with which corporations expect negative consequences such as loss of customers or hostility from populist groups. Corporations catering directly to end consumers (B2C) exhibit a higher sensitivity to negative customer reactions. This direct customer orientation has a considerable influence on their perception and handling of political positioning. The results emphasize the need to consider the interactions between economic action and political engagement in the context of a polarized political environment. As such, the study not only delivers an analysis of entrepreneurial perceptions of political risk, it is also a reflection on the future role of corporations in societal and political debates.

## **4.2 Populism and right-wing populism as risk factors**

### **4.2.1 Populism as an economic risk factor**

One of the central findings of this study is that many corporations regard political populism as a significant economic risk.

The corporations surveyed have identified the populist rhetoric of the AfD in particular as a source of economic uncertainty, because it could jeopardize the stability and success of the German export economy. More than 75 percent of the corporations surveyed share the view that the AfD could create long-term competitive disadvantages for Germany as an exporting nation. This assessment shows how closely political rhetoric is linked to economic prognoses and strategic considerations. This assessment illustrates the widespread concern that populist movements could have a negative impact on the economic climate in Germany, competition for international skilled labor, and the willingness of potential investors to make investments.

An additional significant finding of this study is that corporations with ethnically and culturally diverse workforces are particularly vulnerable to the negative effects of populist movements. Corporations that promote diversity and inclusion often face populist forces that argue against these values. In addition to creating internal tensions, the resulting conflicts can also erode trust between employees and managers, which in turn can affect productivity and innovative strength. The study shows that, especially within such an environment, it is important to create a stable, inclusive work environment to foster collaboration and strengthen the resilience of the workforce to external political influences.

The results suggest that it is in corporations' own economic interest to proactively take a stand against populist tendencies. A hesitant or passive approach could prove disadvantageous in the long term, especially in the international competition for qualified specialists. Corporations that actively promote diversity and inclusion and take a clear stand against populist rhetoric not only underpin their ethical responsibility, they also strengthen their competitiveness. They position themselves as responsible social actors and safeguard their capacity for innovation by creating a working environment that emphasizes collaboration, openness and diversity.

In addition, corporations could further increase their resilience to external populist influences by promoting strong internal cohesion and an inclusive corporate culture. In an increasingly polarized political climate, it is crucial for corporations to play an active role in shaping the social and political contexts in which they operate, rather than being mere passive observers. In addition to strengthening the long-term stability of a company, taking an active role also contributes to social discourse.

#### 4.2.2 Differentiated view on AfD

The study shows that the corporations surveyed in Germany take a differentiated view of the AfD. On the one hand, many corporations view the AfD's economic policy positions as potentially damaging to Germany as a business location. In particular, its protectionist tendencies and demands for a radical migration policy are perceived as risks to the country's economic stability and competitiveness. These positions could have a particularly negative impact on the labor market and on international collaboration, which poses a significant threat to corporations operating in global markets.

On the other hand, the study shows that support for a constitutional ban on the AfD in the world of business is limited. Approximately 41 percent of the corporations surveyed are in favor of a prohibition of this type, whereas 53 percent either partially oppose or are skeptical of this position. This reluctance indicates that corporations are carefully considering the far-reaching social and political implications of prohibiting the AfD. A ban of this kind could lead to legal uncertainty, further polarize the social climate, and could potentially negatively impact economic stability. The reluctance of many corporations is indicative of the tension between an economic rejection of the AfD and a cautious approach to the possible consequences of political intervention.

Another point we can draw from the results is corporations' reluctance to adopt a clear and unequivocal political position, especially when it comes to openly supporting or distancing themselves from the AfD. This reluctance could stem from a perceived need to maintain political neutrality, as well as from a concern to avoid economic risks or conflicts with employees or customers. In a similar vein, corporations have emphasized the importance of respecting their employees' freedom of political expression and not taking employment action based on political beliefs. The corporations surveyed are skeptical of the idea that political beliefs outside of the company could serve as a basis for labor law consequences. The results also highlight the growing significance of protecting individual freedoms in the work environment, particularly with regard to corporate political and social responsibility. What becomes evident here is the tension between striving for political neutrality on the one hand and, on the other, the desire to take a stand against political extremism. It shows that listed companies are increasingly taking a stand against populist movements, but at the same time they are taking a cautious and democratically principled approach to avoid legal and ethical conflicts with regard to their staff.

The results show a clear trend: Corporations may indeed be increasingly willing to address political issues, but they are often hesitant and concerned about the consequences this could have for how they are perceived both within and outside their organizations.

### **4.3 Corporations as stakeholders in democracy**

The results of the study show that corporations that publicly position themselves against populist movements strive to maintain a fine balance between a clear political stance and corporate responsibility. On the one hand, there is a desire to take a clear stand against extremism and populism, including through public statements, support for social projects, or cooperation with organizations that promote tolerance and diversity. Such proactive measures can strengthen a company's image and increase the trust of customers and partners. Corporations acknowledge that their societal responsibility is not limited to economic aspects, but also includes social and political dimensions.

On the other hand, many corporations fear being perceived as authoritarian stakeholders that urge their employees to adopt certain political views. The study clearly shows that the majority of the corporations surveyed attach great importance to conducting a respectful and transparent dialogue with their internal stakeholders, in particular their staff. They want to promote an open exchange without exerting pressure on individual political opinions through labor law sanctions. This attitude is seen as counterproductive, as it could endanger the trust and motivation of their staff. A respectful dialogue that respects and discusses different perspectives not only promotes trust between management and employees, but also fosters a positive corporate culture.

Another key finding of the study shows that many corporations do not express their criticism of populist tendencies arbitrarily, but rather based on well-founded considerations. Several corporations surveyed emphasize the need for a clearly defined corporate mission statement on political responsibility. This mission statement should include specific recommendations on how to respond to socio-political issues and serve as a guide so that corporations can legitimately speak out against populist attitudes without jeopardizing the neutrality or democratic rights of their employees. Transparent positioning is crucial to avoid misunderstandings and promote acceptance among the workforce.

### **4.4 Expected knock-on effects of activities critical of populism**

The results of the study show that the corporations surveyed overwhelmingly view statements that are critical of populism as positive, particularly from their management and, to a certain extent, from investors and employees. According to the corporations surveyed, these groups tend to respond favorably to such public statements. The fact that respondents are at the same time critical of employers considering disciplinary action against employees for their AfD involvement suggests that corporations are making an effort to consider aspects of democratic integrity at the level of measures critical of populism as well. Therefore, top-down communication

does not seem to be the best approach, if companies want to take a stand against populism among their primary stakeholders.

Despite these differences in the reactions to activities critical of populism, the corporations surveyed estimate the probability of negative consequences as low overall. The most common reaction they expect is hostility from populists and their sympathizers. This assessment indicates that corporations do not expect their commitment to be associated with serious economic disadvantages, despite potential criticism and resistance from populist circles.

To counteract fears of possible negative consequences resulting from activities critical of populism, it would be advisable for corporations involved in this area to share experiences in cross-industry networks and initiatives. This dialogue could help to reduce the uncertainties regarding the impact of such statements and give corporations a stronger voice. Networks such as Businesses for a Cosmopolitan Saxony, Cosmopolitan Thuringia or Businesses for Democracy are already functioning models in this regard.



# OUTLOOK

## 5. Outlook

The present study provides insights into the reactions of listed companies to populist movements and their impact on corporate strategies. Nevertheless, there are several limitations that could serve as a starting point for additional research to develop further understanding of this complex phenomenon.

An important direction for future research involves expanding the analysis of populism beyond the AfD to include left-wing populist movements, such as the Sahra Wagenknecht Alliance (BSW). This is particularly important in light of the fact that the BSW had not yet secured a political mandate at the time the survey was developed in May 2024. Addressing left-wing populism in future studies would provide a more comprehensive understanding of populist dynamics across the political spectrum, thereby enriching the current discourse on populism and its implications for contemporary politics.

A key aspect of the present study is its focus on listed companies, which due to their resources and international ties are often more involved in political discourse. Usually, these corporations have the capacity to take strategic measures to counter populist movements. However, smaller and medium-sized enterprises (SMEs), which make up the majority of the German company landscape, were given less consideration. These corporations have fewer resources, which is why their reactions to populist movements could be different. Future studies should focus more on SMEs and investigate their perspectives on how to respond to populism. The question of how SMEs, which are strongly integrated in regional markets, react to populist movements in their local political contexts would be particularly interesting.

Furthermore, industry-specific differences should be examined more closely. While the study takes into account different sectors, a detailed analysis of specific industries that are particularly susceptible to populism, such as the automotive industry, the energy sector or agriculture, could provide additional insights. These sectors are often more integrated into local political and regional structures and might therefore react differently to populist movements than internationally operating corporations in the service sector.

Future research might also incorporate the perspective of a company's employees. How does the company's handling of populism affect employee retention or trust in corporate governance? Especially in times of societal uncertainty, employees themselves could become more politically active, which could have an impact on labor relations and internal communications.

Finally, the study begs questions regarding the long-term impact of how corporations respond to populist movements on corporate culture and strategic decisions. While the analysis in this study focused primarily on short-term reactions such

as public statements or political lobbying, it remains unknown how such challenges lead to long-term changes in corporations' fundamental values and structures. A more in-depth study could clarify whether corporations that actively position themselves against populist movements experience a long-term change in their corporate culture towards more political engagement and responsibility.

This study does not examine the effectiveness of the political engagement that many corporations have already shown in opposing populism and promoting liberal democracy. A systematic analysis of the effectiveness of such measures is still lacking and constitutes a major research gap. In particular, there is a lack of empirical studies that quantify or qualitatively evaluate the actual influence of corporate measures on public opinion, social discourse and political decision-making processes. Consequently, future research should specifically analyze the effectiveness of measures critical of populism and high-profile statements by corporations. In doing so, it is necessary to examine both the short-term effects and the long-term consequences of these measures. The focus should be on questions such as the extent to which such activities can contribute to strengthening democratic values and promoting social resilience, and which strategies prove to be particularly effective in this regard.

# REFERENCES

## Reference List

Astheimer, S., & Finsterbusch, S. (2024, February 3). Wirtschaft und AfD: Hauptsache, gegen rechts. Frankfurter Allgemeine Zeitung.

Bell, E., Bryman, A., & Harley, B. (2022). Business research methods (4th ed.). Oxford University Press.

Bergmann, K., Diermeier, M., Kinderman, D., & Schroeder, W. (2024a). Die deutsche Wirtschaft und die AfD: Erfahrungen, Befunde und erste Forschungsergebnisse. In Wissenschaftszentrum Berlin für Sozialforschung (ed.), Discussion Paper //2024-602. Berlin/Cologne.

Bergmann, K., Diermeier, M. D., & Schroeder, W. (2024b). Germany still divided? Die Sicht der Unternehmen auf die AfD im ost- und westdeutschen Vergleich. In Wissenschaftszentrum Berlin für Sozialforschung (ed.), Discussion Paper //2024-604. Berlin/Cologne.

Beschorner, T., & Scholz, M. (2024, January 31). Corporations as political stakeholders. Frankfurter Allgemeine Zeitung. <https://www.faz.net/aktuell/wirtschaft/unternehmen-als-politische-akteure-in-der-sozialen-makrtwirtschaft-19487571.html>

boersengefluester.de. (2024). Number of DAX, MDAX and SDAX corporations by federal state in 2024 (As of: February). Statista. Statista GmbH. Accessed on: November 25, 2024. <https://de.statista.com/statistik/daten/studie/1037866/umfrage/dax-mdax-und-sdax-unternehmen-nach-bundeslaendern-2019/>

Brandt, M. (2024). Wie viele Menschen haben an Demos gegen Rechts teilgenommen? Statista Daily Data. <https://de.statista.com/infografik/31613/geschaetzte-anzahl-der-teilnehmerinnen-bei-demonstrationen-gegen-rechtsextremismus/>

Brühl, R., & Kapteina, B. (2022). Fighting for democracy: The case for corporate political responsibility. LSE Business Review. <https://blogs.lse.ac.uk/businessreview/2022/05/06/fighting-for-democracy-the-case-for-corporate-political-responsibility/>

Freeman, R.E. (1984): Strategic Management: A Stakeholder Approach. Pitman

Freeman, R.E.; Harrison, J.S.; Wicks, A.C. (2007). Managing for Stakeholders: Survival, Reputation, and Success. Yale University Press.

Kleinfeld, R. (2023). How does business fare under populism? Carnegie Endowment for International Peace.

Lewandowsky, M. (2024). Was Populisten wollen: Wie sie die Gesellschaft herausfordern – und wie man ihnen begegnen sollte. Kiepenheuer & Witsch.

Lohr, S. L. (2021). Sampling design and analysis (3rd ed.). CRC Press.

Lyon, T. P. (2023). In Corporate Political Responsibility. Cambridge University Press.

- Mudde, C., & Rovira Kaltwasser, C. (2017). Populism: A very short introduction. Oxford University Press.
- Müller, J.-W. (2016). Was ist Populismus? ZPTh - Zeitschrift für Politische Theorie, 7(2), 187–201.
- Peabody, D. (1962). Two components in bipolar scales: Direction and extremeness. Psychological Review, 69(2), 65–73.
- Prange, S. (2023, March 12). Schluss mit politischer Abstinenz, liebe Manager! Handelsblatt. <https://www.handelsblatt.com/meinung/kommentare/kommentar-schluss-mit-politischer-abstinenz-liebe-manager/28888220.html>
- Schnell, R., Hill, P., & Esser, E. (2023). Methoden der empirischen Sozialforschung. De Gruyter Oldenbourg.
- Scholz, M. (2024, March 12). Wie viel politische Verantwortung hat die Wirtschaft? Die Presse. <https://www.diepresse.com/18140558/wie-viel-politische-verantwortung-hat-die-wirtschaft>
- Scholz, M., & Beschorner, T. (2024, March 12). Wie sich die Wirtschaft gegen Rechts außen stemmen kann. Handelsblatt. <https://www.handelsblatt.com/meinung/gast-beitraege/gastkommentar-wie-sich-die-wirtschaft-gegen-rechts-aussen-stemmen-kann/100012314.html>
- Thomeczek, J.P. (2024a). Bündnis Sahra Wagenknecht (BSW): Left-Wing Authoritarian—and Populist? An Empirical Analysis. Polit Vierteljahresschr 65, 535–552.
- Thomeczek, J.P. (2024b, 4. June) ‚Das Bündnis Sahra Wagenknecht (BSW) – eine populistische Partei?‘, DVPW-Blog. <https://www.dvpw.de/blog/das-buendnis-sahra-wagenknecht-bsw-eine-populistische-partei-ein-beitrag-von-jan-philipp-thomeczek> (Zugriff am 25.11.2024)

## Authors

**Dr. Benedikt D. S. Kapteina** has been working as a postdoctoral researcher at the Chair of Business Management, esp. Responsible Management, at IHI Zittau since April 2024. The IHI Zittau is a Central Academic Unit of TUD Dresden University of Technology. Dr. Kapteina is head of the present study.

**Dr. habil. Eckhard Burkatzki** is a senior lecturer (PD) at IHI Zittau and research associate at the same Chair of Business Management, esp. Responsible Management.

**Prof. Markus Scholz** is the Chair of Business Management, esp. Responsible Management, at IHI Zittau.

Other contributors:

Further contributors to the study are **Anna Schöndube** and **Maria Anett Schwerdtner**, who work as research assistants and Master's students at the Chair of Business Management, esp. Responsible Management, at IHI Zittau.

## Contact

TUD Dresden University of Technology

International Institute (IHI) Zittau

Chair of Business Management, esp. Responsible Management

Markt 23, 02763 Zittau, Germany

Email: [RM@tu-dresden.de](mailto:RM@tu-dresden.de)

Website: <https://tu-dresden.de/ihi-zittau/rm/die-professur>

## Transparency statement

The study was financed by TU Dresden's Chair of Responsible Management from its own funds and has not received any third-party funding.