



Global Compact
Network Germany

Background Paper: Is populism bad for business?

April 2025



GOVERNANCE

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Context

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A resilient economy benefits from stable institutions, a pluralistic society, peace, and the rule of law. It thrives by leveraging skilled workers, collaboration, and strong partnerships to safeguard jobs, drive innovation, and facilitate the transition to sustainable business models. As outlined in SDG 16 on peace, justice, and strong institutions are essential pillars of the 2030 Agenda.

However, populist movements are increasingly challenging this order. They frequently stand in radical opposition to the established political and social elites, claiming to represent the “true” will of the people.

Worldwide, populist-nationalistic forces are gaining influence and visibility. They tend to advocate for exclusion and marginalization, make unpredictable decisions, and challenge core democratic principles, such as human dignity. Furthermore, they pose a threat to constitutional institutions, which are the backbone of democracy.

As a principles-based initiative, the UN Global Compact is committed to fostering an inclusive, sustainable economy and promoting prosperity and peace in alignment with its Ten Principles and the SDGs. Consequently, the UN Global Compact Network Germany seeks to explore the risks of populism for the economy and to identify actions that companies can take to address these risks. At the core of this background paper, options for corporate action have been outlined to help companies navigate this complex issue. The examples provided primarily relate to the German context but can be applied to companies in other countries and may therefore also serve as inspiration for them.

The Economy and populism

The connection between the economy and populism—particularly the negative economic consequences of populism—is the focus of an increasing number of studies. In the following paragraphs, some of the key arguments are outlined, without claiming to offer a comprehensive or conclusive overview of the current debate:

- **Isolation and protectionism:** A comprehensive study by the Kiel Institute for the World Economy¹ found that countries governed by populist administrations—whether right-wing or left-wing—tend to experience a decline in real gross domestic product (GDP) within just a few years after taking over. This decline is often attributed to protectionist measures such as higher tariffs that foster economic isolation. For example, Germany's highly interconnected and export-driven economy could face serious consequences if it were to turn away from the EU market. Additionally, government intervention in market mechanisms and free trade can increase costs for both businesses and consumers.
- **Competition for skilled workers:** Many companies rely heavily on skilled foreign workers to remain competitive and meet their staffing needs. In 2021, for example, the Institute for Employment Research² determined that in Germany, an annual net immigration of 400,000 people will be necessary to stabilize the labour supply in the long term, particularly in view of demographic decline. However, populist forces often push for restrictive immigration policies, which can limit access to foreign workers and make a country a less attractive destination for qualified immigrants. In the global competition for talent and skilled workers, this can be a disadvantage for companies located in countries with populist governments.
- **Political unpredictability:** Companies benefit from stable framework conditions that enable long-term planning and investment. Populist forces can undermine this stability through short-term-oriented policies, unpredictable market interventions, and frequent shifts of direction. (Perceived) political instability reduces planning security and diminishes investment attractiveness for business.
- **Undermining of institutions:** Populist movements often challenge key state institutions—be it in the judiciary, executive, or legislative—undermining confidence and trust in these structures. This can weaken their financial and institutional sustainability. According to Transparency International's Corruption Perceptions Index³, countries with weak institutions and a fragile rule of law are more vulnerable to corruption. The resulting legal uncertainty, administrative inefficiencies, and market distortions can negatively impact local economic performance and business operations.
- **Stagnating transformation:** Populist parties are more likely than other political actors to disregard sustainability issues and to reject the scientific evidence underpinning them. They also tend to be critical of new technologies and sceptical of progress. This attitude can slow down essential transformation processes and put related funding programs at risk. For companies that have already made significant investments, such as in developing climate-friendly technologies or advancing towards a "just transition", this poses tangible risks.

¹ Populism and its economic consequences (*Die wirtschaftlichen Folgen des Populismus*) | Kiel Institute for the World Economy

² An annual net immigration of 400,000 people is required to stabilize the labor supply in the long term (*Nur mit einer jährlichen Nettozuwanderung von 400.000 Personen bleibt das Arbeitskräfteangebot langfristig konstant*) | IAB—Institute for Employment Research

³ CPI | Transparency International Deutschland e.V.

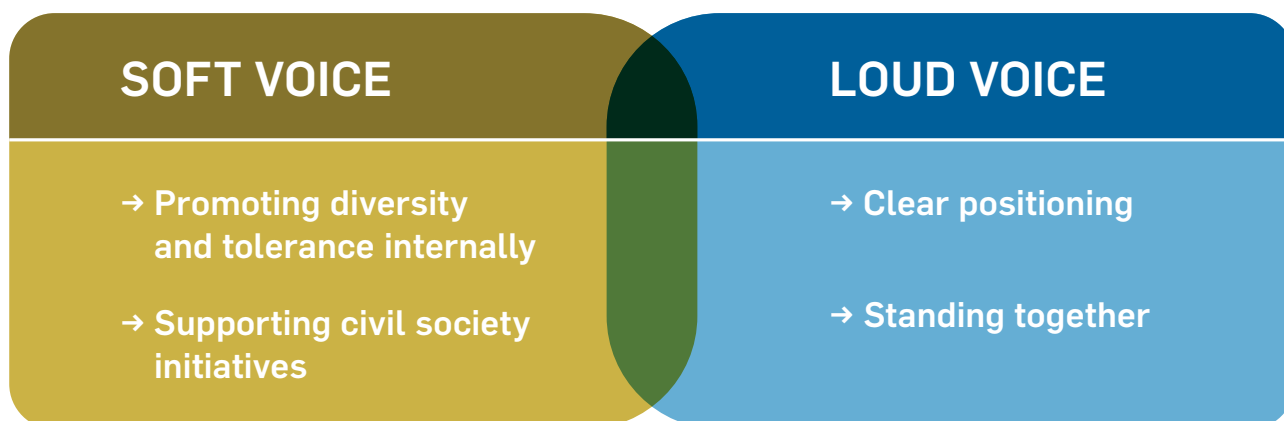
Options for corporate action

An increasing number of companies, including many UN Global Compact signatories, are taking a stand against populism and advocating for open, pluralistic societies. This commitment can take various forms: it can be internally or externally oriented, be explicit or implicit, involve individual initiatives or collective actions, and either be newly launched in response to current developments or integrated into existing programs.

The following examples illustrate approaches companies can take in these areas:

- **Clear positioning**
- **Standing together**
- **Promoting diversity and tolerance internally**
- **Supporting civil society initiatives**

A discussion paper by the Berlin Social Science Center (WZB)⁴ categorizes strategies for addressing far-right parties into two categories: **soft voice** (non-public opposition through implicit positioning) and **loud voice** (public opposition through explicit positioning). Based on this framework, the areas listed above can be classified according to their direction of impact.



The examples of corporate action presented here are illustrative and do not provide a comprehensive overview.

⁴Germany still divided? | WZB

3.1 “Loud voice” approaches

“Loud voice” approaches are characterized by their clearly recognizable intent. Companies that adopt this strategy explicitly articulate their objectives and positions—often through public statements—and communicate them both internally and externally.

3.1.1 Clear positioning

Despite a gradual decline, companies and their leaders still enjoy a relatively high level of trust, according to surveys⁵. This trust gives enables them to reach a wide audience and influence public discourse. At the same time, businesses are not just economic entities; they are also active participants in the political space. According to the Wittenberg Center for Global Ethics⁶, companies cannot simply opt out of taking a stance—silence can always be interpreted as implicit approval. At a minimum, companies should highlight the economic consequences of populist demands in alignment with their core values. This approach may also resonate with individuals who are less receptive to purely moral arguments.

In their internal communications, companies can directly engage employees through letters or internal platforms, emphasizing the importance of fundamental principles like freedom and democracy. A 2024 survey by the German Economic Institute⁷ found that more than half of the 900 companies surveyed had internally positioned themselves against a right-wing populist party in Germany. Several notable examples illustrate this approach:

- Reinhold Würth, Chairman of the Supervisory Board of the Würth Group’s Family Trust, expressed his concerns about the rise of the right-wing party in a letter to employees⁸. In an interview⁹, Würth emphasized that while the company generally avoids political involvement, the current situation warranted a departure from this principle: “In this case, we are making an exception because the German constitution is under attack.”

- Companies can also develop internal policies to provide employees with clear guidance on behaviour that aligns with corporate values and goals. For example, Christian Kullmann, CEO of Evonik, stated in an interview that representatives of the mentioned right-wing party would not be welcomed on plant visits.¹⁰ Compliance departments, which also address other value-related issues and ensure long-term policy consistency, can play a key role in supporting such guidelines. Additionally, for internal initiatives to be effective, it is crucial to identify key influencers at various company levels and involve them in a timely manner.

In recent external communications, several German companies, including Deutsche Bank¹¹, Siemens and Mercedes¹², publicly reaffirmed their commitment to democracy, the rule of law, and social cohesion. Through press statements or interviews, they have also drawn attention to the economic risks associated with populist policies. Specific examples include:

⁵2024 Edelman Trust Barometer | Edelman

⁶Democracy in Crisis – What Responsibility Does Business Bear? (Demokratie unter Druck – Wirtschaft in der Verantwortung?) | Wittenberg Zentrum für Globale Ethik

⁷AfD: Companies perceive significant risks associated with the AfD, and the party fails to present itself as a viable alternative (Unternehmen sehen hohes Risiko – Alternative fällt durch) | German Economic Institute (IW)

⁸Family business leader Würth advises employees against supporting the AfD (Familienunternehmer Würth rät Mitarbeitern von AfD ab) | tagesschau.de

⁹Family business leader Würth: AfD is attacking the constitution (Unternehmer Würth: AfD greift Grundgesetz an) | ZDFheute

¹⁰Evonik CEO Christian Kullmann says: “Voting for the AfD jeopardizes jobs” (Evonik-Chef Christian Kullmann: »Wer AfD wählt, gefährdet Jobs«) | DER SPIEGEL

¹¹Right-wing extremism: Deutsche Bank CEO Sewing: “No place for hate and racism in our organization” (Rechtsextremismus: Deutsche-Bank-Chef Sewing: Kein Platz für Hass und Rassismus) | Handelsblatt

¹²Siemens CEO Roland Busch and Mercedes CEO Ola Källenius in an interview (Siemens-Chef Roland Busch und Mercedes-Chef Ola Källenius im Interview) | Frankfurter Allgemeine

- Deutsche Bahn¹³ leveraged its reach on LinkedIn to condemn right-wing extremist hate speech and advocate for fundamental democratic values.
- When civil society alliances across multiple German cities organized demonstrations against the rise of right-wing extremism, Volkswagen joined the movement. CEO Oliver Blume¹⁴ and Group Works Council Chairwoman Daniela Cavallo¹⁵ spoke at rallies in several cities emphasizing the company's commitment to democratic values.
- The Confederation of German Employers' Associations (BDA) and the German Trade Union Confederation (DGB)¹⁶, have also taken a unified stand against right-wing extremism—particularly in response to the remigration plans that have come to light in 2024.

3.1.2 Standing together

Companies can publicly affirm their commitment to shared societal values, working alongside other businesses and civil society organizations to strengthen their impact. These initiatives can take various forms, from one-time appeals to long-term institutional partnerships aimed at fostering inclusion and social cohesion.

The following examples of **Germany-wide alliances** illustrate how businesses are actively engaging in these efforts:

- The **business alliance** "We stand for values" (*Wir stehen für Werte*)¹⁷ brings together many of Germany's largest companies, representing a total workforce of around 1.7 million employees. The alliance advocates for openness, tolerance, respect, and diversity, while

also highlighting the crucial role of skilled immigrants and of a strong, effective EU in maintaining Germany's competitiveness as a global business hub.

- The **"Business Plea"** (*Wirtschaftsappell*)¹⁸ of the German Sustainable Business Association has been signed by several hundred companies—both large and small. This initiative raises awareness about the dangers of right-wing populism and underscores the importance of democracy, diversity, and climate protection for the European economy.

For small and medium-sized enterprises (SMEs) in particular, networks serve as valuable platforms for sharing experiences, discussing challenges, and developing solutions. **Various initiatives have been established at the regional or industry level.** Notable examples include:

- **"Business for democracy"** (*Wirtschaft für Demokratie*): The initiative was established by an association of primarily mechanical engineering companies. It provides its members with a platform to reaffirm the values of the German constitution and set an example for tolerance and democracy.¹⁹
- **#Zusammenland**: Several publishing houses and media groups, along with other companies, foundations, universities, and NGOs, have joined forces to advocate for democracy and diversity while opposing the rise of right-wing populism. Under the hashtag #Zusammenland (roughly translated as "together as a country")²⁰ they leverage their collective reach to spread their message. When asked about the potential backlash, including the risk of subscription cancellations, the weekly journal *Die Zeit* firmly stated: "We cannot refrain from communicating our values out of fear that a few people might cancel their subscriptions."²¹

¹³ LinkedIn Post | Deutsche Bahn

¹⁴ VW and the AfD: Business must take a stand – Business section (*VW und die AfD: Die Wirtschaft muss Haltung zeigen – Wirtschaft*) | SZ.de

¹⁵ Blume, Schäfer, Cavallo: VW leaders take a stand against right-wing politics (*VW-Promis positionieren sich gegen rechte Politik*) | Wolfsburger Allgemeine

¹⁶ Joint declaration by the Confederation of German Employers' Associations (BDA) and the German Trade Union Confederation (DGB) against right-wing extremism | BDA

¹⁷ We stand for values (*Wir stehen für Werte*) | Wirtschaftsallianz

¹⁸ Corporate Declaration: For the Future of Europe | Economic Appeal (*Unternehmenserklärung: Für die Zukunft Europas | Wirtschaftsappell*)

¹⁹ Business for Democracy Initiative (*Wirtschaft für Demokratie Initiative*)

²⁰ #Zusammenland – Diversity makes us strong (*#Zusammenland – Vielfalt macht uns stark*) | Die Zeit

²¹ #Zusammenland: Media companies launch campaign against right-wing extremism (*#Zusammenland: Medienhäuser starten Kampagne gegen Rechtsextremismus*) | NDR

- **“Business for a cosmopolitan Saxony”** (Wirtschaft für ein weltoffenes Sachsen): This business initiative²² is not only actively shaping public discourse but also providing practical support to its members through awareness creation events, training sessions, and public forums on democracy and openness.

3.2 “Soft voice” approaches

“Soft voice” approaches aim to support initiatives that implicitly convey the company’s stance. These strategies foster a culture of tolerance and diversity, both within the company and in society at large.

3.2.1 Promoting diversity and tolerance internally

Respectful interaction, openness, inclusion, and tolerance are key countermeasures to populism and can be reinforced through everyday experiences—including at the workplace. The following examples illustrate how companies can integrate these principles into their corporate culture:

- **Facilitating constructive dialogue:** Companies can actively create spaces for discussions on socio-political issues, demonstrating that diverse opinions are welcome—as long as they align with democratic principles. In 2018, watch manufacturer Nomos Glashütte responded to right-wing extremist attacks in Chemnitz, near its headquarters, by organizing voluntary employee workshops. These sessions provided a platform for open dialogue on racism, radicalization, and (right-wing) extremism and were led by external experts.²³ While maintaining political neutrality, the company takes a firm stance against extremism and all forms of violence.

- **Addressing internal challenges:** Companies may also face challenges such as “intranet trolls” who post inappropriate content, hate speech, or misinformation on internal platforms—either anonymously or under their real name. Effectively managing these issues often requires a dedicated corporate communications professional to moderate content and uphold workplace standards.

- **Implementing training and awareness programs:** Structured training programs on issues like racism, hate speech, and populism can foster inclusive collaboration and strengthen a democratic workplace culture, especially in times of increasing division. For example, the Business Council for Democracy²⁴, whose members include Bayer and Robert Bosch, offers free employee training on topics such as hate speech, conspiracy theories, and disinformation.

- **Building inclusive employee networks:** Internal networks play a crucial role in fostering equal opportunities, diversity, and tolerance—particularly for individuals at a higher risk of discrimination. At Mercedes-Benz²⁵, employee networks have long been in place to showcase diversity and provide a platform for positive change in the workplace. These networks include the Turkish Employee Network as well as various women’s and LGBTQI+ networks, among others.

- **Empowering employees through workplace democracy:** Internal co-determination exemplifies workplace democracy by empowering employees to actively shape their work environment. Beyond formal bodies such as works councils and supervisory boards, a management culture that encourages participation can further strengthen employee engagement and enhance their sense of agency.

²² Welcome Saxony

²³ Open Letter | NOMOS Glashütte

²⁴ #BC4D – Business Council for Democracy

²⁵ Proactively Advancing Equal Opportunities (*Chancengleichheit aktiv gestalten*) | Mercedes-Benz Group

3.2.2 Supporting civil society initiatives

Across Germany and Europe, numerous organizations actively advocate for open societies and social cohesion while opposing populism and radicalization. These include NGOs focused on preserving historical legacy, associations and foundations that raise awareness about racism, and investigative journalism initiatives that combat misinformation and hate speech through fact-checking. Companies can support these institutions through **financial or technical assistance** or establish their own initiatives and priorities via **corporate foundations**. This corporate commitment is becoming increasingly relevant as public funding cuts impact many institutions:

- **#DABEI—Fighting hate online** (Gegen Hass im Netz)²⁶: As part of this campaign, Deutsche Telekom supported the investigative research centre Correctiv and 43 other organisations in a collective effort to combat the spread of misinformation and hate online. In 2022, the campaign reached more than 4 million people online.
- **demoSlam**²⁷—constructive dialogue on controversial issues: The Robert Bosch Foundation launched demoSlam to facilitate open discussions on conflicts. The aim is to bring together people with differing opinions to engage in constructive dialogue on potentially controversial topics such as climate change and migration, fostering tolerance for differences and ambiguities.
- **International weeks against racism**: Several German companies, including Siemens, E.ON, and the Dürr Group, sponsor this initiative, which is organized by the Foundation Against Racism (Stiftung gegen Rassismus)²⁸. For two weeks, events, campaigns, and discussions across Germany focus on open-mindedness, tolerance, and human dignity.
- **Democracy Promotion Fund** (Förderfonds Demokratie)²⁹: This fund supports projects, initiatives, and plans aimed at strengthening democracy. Established by eight foundations, including the corporate foundations of Deutsche Telekom and Robert Bosch, it was created in response to concerns on the state of democracy in Germany. The United for Democracy Association (Vereint für Demokratie³⁰) pursues a similar goal: With a total of €840,000, it supports civil society organizations selected by an independent jury. It is backed by numerous companies and foundations, including Hellmann Worldwide Logistics, Aareal Bank, and the Allianz Foundation.

²⁶ Reinforcing democracy through fact-checking (*Mit Faktenchecks die Demokratie stärken*) | Deutsche Telekom

²⁷ How to foster constructive debate and strengthen democracy (*So wird konstruktiv gestritten und Demokratie gefördert*) | Robert Bosch Stiftung

²⁸ Sponsors | Foundation Against Racism (*Stiftung gegen Rassismus*)

²⁹ Democracy Promotion Fund (*Förderfonds Demokratie*)

³⁰ United for Democracy Fund (*Vereint für Demokratie*)

Outlook

Populist policies do not only infringe against the UN Global Compact's Ten Principles and the SDGs—they are also bad for business. Companies can pursue various strategies to counter populism. In this background paper, the UN Global Compact Network Germany outlined some local approaches in that may serve as inspiration.

We also look forward to learning from the experiences of others in engaging business and welcome your feedback to info@globalcompact.de

Publication Details

The UN Global Compact and UN Global Compact Network Germany

The United Nations Global Compact is the world's largest and most important corporate social responsibility and sustainability initiative. Based on the Ten Principles and the 17 Sustainable Development Goals (SDGs), the UN Global Compact pursues the vision of an inclusive and sustainable global economy for the benefit of all. More than 24,000 companies and organisations are already signatories to the UN Global Compact and are contributing to this global vision.

The UN Global Compact Network Germany (UN GCD) is one of the largest local networks of the UN Global Compact. It currently comprises more than 1,200 participants – including more than 1,150 companies, ranging from DAX-listed companies to small and medium-sized enterprises (SMEs), along with roughly 60 representatives of civil society, academia and politics. Aiming to initiate change processes within companies and support the strategic mainstreaming of sustainability, the UN GCD focuses on the topics of human rights and labour standards, environment and climate, and anti-corruption.



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