



Global populism and Australian business

Shifts and implications

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Executive summary

The recent rise in populism around the world is reshaping the global business environment and demands strategic attention from Australian companies.

This paper explores what populism actually is, why it's increasing, and the 'so what' for Australian businesses.

What is populism?

Populism is an approach to politics where someone gains influence and power by presenting themselves as anti-establishment, the alternative to the status quo elite. Populist leaders represent themselves as one of 'the people' and the protector of 'us' from threats from an or many 'other/s'.

Because populism is not left or right but ideologically flexible, populist leaders don't share a particular set of policies. Rather, they tend to follow a similar approach to how they gain and maintain power, which has implications for society, the economy, and business. These approaches are usually based on a view that the national interest needs 'us' to protect 'our' sovereignty and cultural identity from 'other' outside influences.

On the international stage, populist governments may pursue protectionist policies, challenge international norms, and disengage from cooperative frameworks, affecting trade flows, investment confidence, and cross-border operations. Domestically, populism can exacerbate social polarisation and challenge the legitimacy of democratic institutions like the media, the judiciary, and independent bodies like central banks, creating instability and uncertainty.

Why now?

The global rise of populism over the past two decades has been driven by a convergence of economic, cultural, and technological forces. Economic discontent, exacerbated by globalisation's uneven benefits, the lingering effects of the 2008 financial crisis, and the unequal recovery from COVID-19, have left many people around the world feeling marginalised and insecure. Cultural anxieties linked to rapid social change and shifting norms have deepened feelings of alienation, and at the same time, the rise of digital social media has amplified polarising narratives.

Together, these conditions have created fertile ground for populist movements to gain traction across diverse political contexts, with few signs of a return to centrist politics.

So what for Australian businesses?

This paper identifies 10 key implications of rising populism for Australian business:



1. **Increased trade volatility**



6. **Disruption to migration and talent flows**



2. **Erosion of multilateral institutions**



7. **Political risk in strategic markets**



3. **Reduced investment confidence**



8. **Challenges to corporate social responsibility (CSR)**



4. **Pressure on global climate and tech standards**



9. **Fragmentation of global development policy**



5. **Social polarisation and workforce cohesion risks**



10. **Resilience of Australian institutions as a competitive advantage**

To respond effectively, Australian businesses will need to adopt a three-tiered strategy:

- **Domestically**, reinforce institutional trust, invest in inclusive workforce practices, and leverage Australia’s governance strengths as a source of stability and competitive advantage.
- **In countries experiencing populist political shifts**, enhance political risk assessment, build operational flexibility, and remain closely attuned to local social and political dynamics.
- **At the international level**, engage in multilateral forums, contribute to global standard-setting, and foster partnerships that support open and predictable economic systems.

The paper also provides suggestions for actions Australian companies can take at home and internationally to prepare for and manage the implications of rising populism around the world – these will vary by industry and by size of company.

Implication	Local/domestic (Australia)	In countries with growing populist politics	In the international system
Increased trade volatility	<ul style="list-style-type: none"> – Diversify export markets and supply chains – Strengthen domestic sourcing capabilities 	<ul style="list-style-type: none"> – Monitor trade policy shifts – Build flexibility into contracts and logistics 	<ul style="list-style-type: none"> – Advocate for stable trade frameworks via industry bodies and multilateral forums
Erosion of multilateral institutions	<ul style="list-style-type: none"> – Support domestic engagement with multilateral institutions – Educate stakeholders on their value 	<ul style="list-style-type: none"> – Adjust risk models to account for weakened dispute resolution mechanisms 	<ul style="list-style-type: none"> – Collaborate with global partners to reinforce rules-based systems
Reduced investment confidence	<ul style="list-style-type: none"> – Promote Australia’s regulatory stability to attract foreign investment 	<ul style="list-style-type: none"> – Conduct enhanced due diligence – Consider political risk insurance 	<ul style="list-style-type: none"> – Engage in international investment forums to shape standards and transparency
Pressure on global climate and tech standards	<ul style="list-style-type: none"> – Align with domestic climate and tech standards – Prepare for regulatory change and divergence – Ensure tech competition is factored in to strategic planning, including supply chains, interoperability, etc. 	<ul style="list-style-type: none"> – Adapt operations while maintaining core sustainability commitments – Build resilience for the mid and longer-term disruptions and challenges that will arise from climate change 	<ul style="list-style-type: none"> – Participate in global standard-setting initiatives to influence standards
Social polarisation and workforce cohesion risks	<ul style="list-style-type: none"> – Foster inclusive workplace cultures – Invest in diversity and anti-discrimination training – Work with public institutions where appropriate to build and maintain trust – Demonstrate trustworthiness 	<ul style="list-style-type: none"> – Closely monitor local social and political dynamics – Support employee wellbeing and cohesion – Ensure that staff safety and security processes are sufficient – Be mindful of positioning on social issues 	<ul style="list-style-type: none"> – Promote global connectivity through partnerships and advocacy
Disruption to migration and talent flows	<ul style="list-style-type: none"> – Invest in domestic talent development – Support skilled migration pathways 	<ul style="list-style-type: none"> – Reassess talent pipelines – Explore remote work and cross-border teams 	<ul style="list-style-type: none"> – Advocate for mobility-friendly policies in international forums
Political risk in strategic markets	<ul style="list-style-type: none"> – Build internal capacity for geopolitical risk analysis 	<ul style="list-style-type: none"> – Develop contingency plans – Diversify market exposure ensuring that geopolitical risk is central to market entry analysis 	<ul style="list-style-type: none"> – Engage in regional diplomacy and business coalitions to mitigate risk
Challenges to CSR	<ul style="list-style-type: none"> – Strengthen CSR commitments domestically – Communicate their business value 	<ul style="list-style-type: none"> – Tailor CSR strategies to local sensitivities while upholding core values 	<ul style="list-style-type: none"> – Collaborate with international NGOs and CSR networks to maintain standards
Fragmentation of global development policy	<ul style="list-style-type: none"> – Support Australian aid and development initiatives that align with business goals 	<ul style="list-style-type: none"> – Partner with local development actors to maintain impact – Explore opportunities to work with governments to deliver programs 	<ul style="list-style-type: none"> – Engage in global development dialogues to shape inclusive growth agendas
Resilience of Australian institutions	<ul style="list-style-type: none"> – Leverage institutional strength as a brand and investment advantage 	<ul style="list-style-type: none"> – Promote Australian governance models in international partnerships 	<ul style="list-style-type: none"> – Position Australia as a stable hub in global business networks

'By treating growing populism as an important strategic issue, Australian businesses can better navigate uncertainty, maintain resilience, and contribute meaningfully to the evolving global order.'

MERRIDEN VARRALL

Geopolitics Lead Partner, KPMG Australia

1. What is populism?

Populism is an approach to politics where someone gains influence and power by presenting themselves as the anti-establishment alternative to the status quo elite. Populist leaders are, by definition, not from the centre ground of politics, as that is precisely what they position themselves against. Populist leaders represent themselves as one of 'the people' and the protector of 'us' from threats from an or many 'other/s'. In its most democratic form, populism's goal is to maximise the power of ordinary citizens and defend their interests, via reform rather than revolution.¹

Some academics argue that rather than having any specific policy toolkit, populism is more of a political approach or orientation.² At the core, what populists have in common is how their politics revolves around a central divide between 'us' and 'them' (which they define), both at home and abroad.

Because populism can be understood more as an orientation than a set of tactics, populist leaders can come from either the political left or right, be militarists, or libertarians, or other. Before the 1990s, populist leaders tended to be from the left wing of politics, with policies that, in the name of 'the people', emphasised wealth redistribution, nationalising key industries, and expansive social welfare programs – often, perhaps ironically, strengthening the role of the state.³

However, in the early 2000s, populist leaders began to emerge from the right. Their approaches tended to favour less state intervention, lower taxes, deregulation, and other policies often seen as pro-business.⁴

Regardless of which side of politics they hail from, populists tend to share nationalist rhetoric and anti-immigration policies as part of their 'us versus them' approach, and a strong scepticism of the institutions that act as checks and balances on executive power.

The 'us versus them' narrative is a key pillar of populism from any side of politics. To demonstrate their fundamental difference from the establishment they define themselves against, populist leaders position themselves as being one of 'the people', as opposed to the ruling class 'other'.⁵ This is despite the fact that populist leaders do also emerge from among the elites.

Regardless of background, the populist leader presents as someone who believes in what you believe in, will stand strong and fight with you, and who will be able to break through corruption, incompetence, and unfair privilege so that the common person can see a future where their life and livelihood improves. Drawing on their self-identification as one of 'the people', populist leaders portray themselves as the only leader who can truly understand and resolve the complex social and economic challenges facing society.⁶

In addition to contemporary populism's defining features of rejecting the establishment and its central divide between 'the people' and 'the other', it also often manifests as a personalised form of politics, led by charismatic figures who overshadow traditional party norms through their use of executive power. This approach to power and leadership has been referred to as 'populism' since at least the late 19th century.⁷

1a. What do populists do?

Because populism is ideologically flexible, populist leaders don't share a particular set of policies but rather a set of tactics around how they gain and maintain power, which then has implications for society, the economy, and business.⁸ Commonalities can be found in how policies, both domestic and foreign, are based on a particular understanding of the national interest, as well as in how policies are formulated.

Populist movements and leaders often define the national interest as being about protecting 'our' sovereignty and cultural identity from outside influences. This can include prioritising domestic industries over global competitiveness, framing immigration as a threat to cultural cohesion or social and economic stability, or viewing international institutions as constraints on national autonomy and control.⁹

In terms of policy formulation, populist leaders can frequently emphasise how they are directly responsive to 'the people' rather than governing via technocratic expertise or institutional consensus. When combined with their mistrust of bureaucratic elites and institutions, the result can be rapid, top-down decision-making, often bypassing traditional checks and balances.

Policies may be announced via social media or mass rallies rather than through formal legislative processes, and are often framed in emotive terms, such as protecting 'us' from 'them'.¹⁰

In sum, populist leaders tend to favour approaches that play to the preferences of 'the people', seek maximised self-sufficiency and independence from international linkages, and safeguard and increase the executive power of the leader often at the expense of state institutions designed to limit that power.¹¹ These tendencies play out in both domestic and international approaches.

Domestic approach

Because populism can be understood as more of an approach than a set of tactics, what populist leaders choose to do in the domestic realm depends on where they sit on the left–right political spectrum, and the local context. However, there are two implications of a populist orientation that have particular relevance for business.

Firstly, populism tends to tap into and increase social and political polarisation. Because populist leaders' appeal and power reside in their representation of themselves as part of the 'in group' versus the constructed external threat of the 'other' – the make-up of which can vary – they tend to favour policies that strengthen this sense of 'us' versus 'them'. Those among the population who feel disenfranchised and left behind believe that the leader understands their troubles, is on their side, and is the only one who can take effective action against that 'other' who they see as being to blame.

The perceived 'other/s' can include anyone who is deemed as being different, including: elites, seen as out of touch or self-serving and responsible for the current state of affairs; foreigners and immigrants, often portrayed as economic burdens, cultural threats, or security risks; or cultural and religious minorities, sometimes scapegoated as undermining national unity or traditional values.¹² The environment of polarisation is further exacerbated by the way populist leaders frequently invoke crises, real or imagined, for which the 'other' is to blame, to heighten the sense of urgency, build legitimacy, and mobilise support.¹³ Populist leaders increasingly use social media platforms rather than traditional media to communicate, which, because of the way social media algorithms target audiences, also amplifies social and political polarisation and the sense of 'us' versus 'other'.¹⁴

Another element of populist leaders' domestic approach that is particularly relevant for business is how the 'us and them' mentality can challenge the institutions that exist to constrain executive individual power.¹⁵ Institutions like the media, the judiciary, independent statutory authorities, and oversight bodies are framed as tools of the corrupt elite: the 'them' trying to keep the 'us' down. Attempts to sidestep the parliament through the use of emergency powers and executive orders can be seen as part of the challenge to institutions in favour of a more direct exercise of power.¹⁶ So the narrative goes, these institutions work against the will of 'the people' and are the cause for many of the challenges the society and economy are facing. Rather than safeguards of democratic governance, they are cast as obstacles to popular sovereignty and impediments to the will of the people being actioned.¹⁷

'The rise of populism is part of a broader set of geopolitical forces that are reshaping the way that countries relate to each other, and how the international system functions. Populist leaders understand international trade, investment, and immigration as zero-sum competitions between countries, rather than as a positive-sum means of mutual benefit. As a result, populism is associated with increasing nationalism and protectionism.'

JON BERRY

Director, KPMG Australia Geopolitics Hub

International approach

Populist leaders and governments reshape and redefine foreign policy agendas, national security narratives and approaches, and international engagement strategies.¹⁸ This is because how populists understand society, politics, and economics affects how the states they govern engage with the international system. Just as populist leaders apply an 'us versus them' mentality to the domestic realm, so they apply a similar perspective to the global domain.¹⁹

Populist leaders' instincts tend to be sceptical of international institutions, openness, multilateralism, and cooperation.²⁰ The 'us versus them' mentality means populist leaders tend to see international cooperation as a vulnerability rather than a potential opportunity, and of little benefit to the national interest. Foreign policy decisions are based on their perceived impact on domestic issues like national security, including economic security, or cultural identity. The strength and greatness of 'our' nation-state comes first and must be protected at all costs.

Rather than national interests being pursued by means of international cooperation – a kind of ‘rising tide lifts all boats’ approach – national strength and security are often seen as a zero-sum game, in competition with the interests of other countries and the international system as a whole.²¹ Populist leaders tend to question the value of alliances and treaties, as these are seen to commit the country to suffering losses for someone else’s gain.²² As a result, populist leaders can be unwilling to support the international organisations that make up the global rules-based order.²³ From an economic perspective, this can lead to the use of tariffs, immigration controls and domestic industry subsidies, as leaders seek to increase domestic self-sufficiency and reduce dependence on other countries.²⁴

1b: What drives populism and why is it rising now?

The past two decades have seen an increase in populism around the world, with a marked surge in the last decade.²⁵ This global spread of populism is both a response to as well as a driver of changes in the international order that matter to Australian business.²⁶

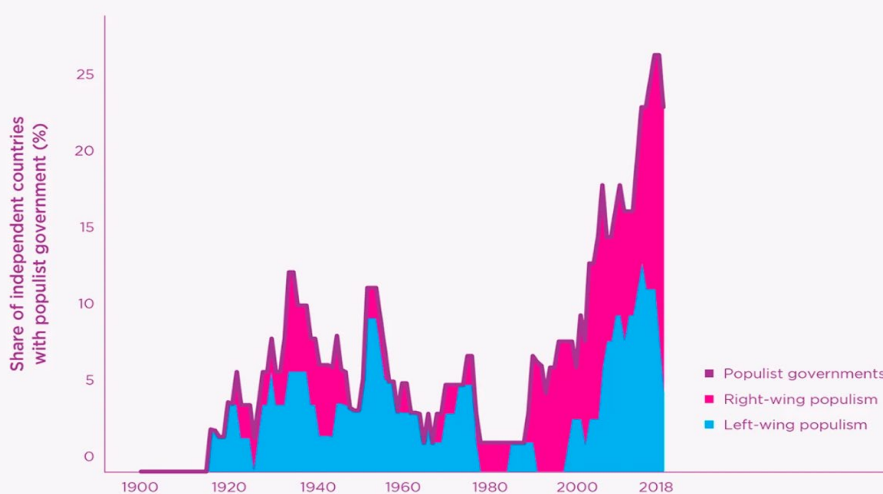
Over the past 10 years, a combination of economic discontent, cultural anxieties, and technological shifts, particularly the rise of digital social media, have intensified feelings of being left behind, creating fertile ground for the recent rise of populism.²⁷ As the chart below shows, since the early 2000s, this rise has predominantly taken the form of right-wing populism, often marked by nationalist and anti-immigration rhetoric.²⁸ However, some analysts suggest that future populist movements may shift toward the political left as educated, urban, wealthy, progressive white-collar workers react to the current political trend to the right.²⁹

What we can be fairly confident of is that whatever its political shape, the structural conditions enabling populism mean populism is here to stay for the next several decades, with few signals to suggest a return to centrist politics.³⁰

Economic discontent

It is over two decades since Nobel laureate and former World Bank Chief Economist, Joseph E. Stiglitz, published *Globalization and its Discontents*, arguing that globalisation had failed to deliver broad prosperity, and rather, had exacerbated inequality and hurt ordinary workers. That discontent with the globalisation project has only intensified since the book was published and is a key driver of the global rise in populism. Harvard economist Dani Rodrik explicitly connects these dots between globalisation, its discontents, and the growth in populist movements. In 2021, Rodrik argued that globalisation shocks, particularly those related to trade, financial flows, and immigration, have deepened the divide between winners and losers of global competition and fuelled support for populist movements, especially on the right, by amplifying cultural and identity divisions alongside economic dislocation.³¹

Figure 7.1: The rise in anti-system votes
Funke et al. (2023)



Source: World Happiness Report 2025

Source: World Happiness Report 2025, [Trusting others: How unhappiness and social distrust explain populism](#) | [The World Happiness Report](#)

Globalisation has fundamentally changed industries and communities around the world. These changes include greater outsourcing of manufacturing industries to lower cost countries, and growing economic inequality in developed countries.³² Many working-class people in wealthier countries have been negatively affected by these changes.³³ They have felt left behind, and perceive that others – wealthy elites, conventional political leaders, and foreigners – have unfairly benefited. Their anger prompts them to look for scapegoats, including foreign workers and immigrants who have taken on the work from the outsourcing trend.³⁴ They also increasingly seek an alternative to the conventional political leadership that they blame for the mismanagement of globalisation.

Both the scapegoating and the search for an alternative to politics-as-usual represent an opportunity for populist leaders. Populist leaders cast themselves as against ‘others’, including the old political guard held to be responsible for the mismanagement of the globalisation project.

As Dani Rodrik argues, this divide between winners and losers in global competition has fuelled cultural and identity-based anxieties that populist movements often very successfully tap into.³⁵

In addition to the response to globalisation’s unequal benefits and disadvantages, the lingering effects of the 2008 financial crisis – followed by uneven recovery and austerity policies around the world – deepened economic insecurity, particularly among working-class and rural populations. This has driven what some academics describe as ‘a populist backlash’.³⁶ The uneven impacts of and recovery from the COVID-19 pandemic have likewise intensified inequalities, exacerbated existing grievances and created new ones, and widened the gap between economically secure and insecure groups, threatening long-term social mobility and deepening distrust in institutions.³⁷ Like the

challenges arising from globalisation, these two major world events have added to people’s sense of insecurity and mistrust, facilitating the rise of populist sentiment.

Cultural anxieties

Over the past decade, cultural anxiety has intensified globally, driven by rapid social transformations, shifting norms, and heightened identity-based tensions.³⁸ Populist movements thrive in this environment by offering emotionally resonant narratives that promise stability and belonging.³⁹

Threats to a sense of strong social identity are significant predictors of populist attitudes, particularly when individuals are also feeling left behind by globalisation.⁴⁰ At the same time as people around the world have been experiencing increasing economic pressure leading to increased dissatisfaction and mistrust, cultural disruption has also led many to feel alienated from mainstream politics, heightening the appeal of populist leaders playing on the ‘us’ and ‘them’ narrative.

In one example of the causal link between discontent and populism, a 2024 survey across 28 countries asked respondents whether they felt that their country’s society was broken, and whether wealthy elites and immigrants were to blame. The study found that countries that have elected populist leaders had the highest rates of agreement with these statements.⁴¹ Scholars have described this phenomenon as part of a broader ‘anxiety culture’, shaped by uncertainty and perceived threats to traditional norms and values.⁴²

Rapid social transformations which disrupt societies and build feelings of resentment towards ‘others’ can be sparked by an unexpected event that has dramatic social impact. For example, during what became known as the European migration crisis, over one million refugees and migrants arrived in Europe between 2015 and 2016. This was perceived by many

European citizens as threatening national identity and social cohesion. Anti-immigration sentiment grew, along with a sense of social distrust and resentment of mainstream political institutions, boosting support for populist orientations and approaches.⁴³

COVID-19 not only disrupted economies but also intensified cultural and political divisions. Lockdowns, vaccine mandates, and shifting public health narratives have led people in many countries to feel alienated and suspicious of government authority, creating public anxiety and contributing to the rise of anti-establishment and anti-‘other’ sentiment – in particular, anti-migrant feelings.⁴⁴ Migration became securitised, framed as a public health and national security threat, deepening public suspicion towards migrants and justifying restrictive policies.⁴⁵ At the same time, the pandemic disproportionately affected certain vulnerable populations, which exacerbated existing racial and ethnic inequalities, building broader social tensions and perceptions of institutional failure.⁴⁶

In these cases and many others, the rapid pace of change, perceived loss of control, and apparent inability of institutions and establishment politics to manage, created fertile conditions for populist leaders. They were able to frame themselves as protectors of the ‘the people’ from threats, and an alternative to the distant elites and institutions portrayed as unresponsive, incompetent, or intrusive.

Rapidly shifting norms have also driven a rise in cultural anxiety over the past 10 years, leaving people feeling marginalised, allowing populist leaders to position themselves as champions of traditional morals and values. For example, debates around changes in certain norms like gender or race have been framed by populist leaders in some countries as evidence of a disruptive cultural agenda imposed by liberal elites or international influences, heightening public concern over the erosion of moral standards and

traditional values.⁴⁷ Research shows that these emotional responses, particularly fear, anger, and resentment, are strongly predictive of populist attitudes and voting behaviour across diverse contexts.⁴⁸ As shifting norms challenge longstanding identities and social roles, populist movements can offer a sense of clarity and belonging by appealing to a simplified, morally familiar vision of society.

A third way that cultural anxiety has intensified in many parts of the world over the past decade is via growing

tensions around identity, particularly religion, ethnicity, and culture. As is the case with rapidly shifting norms, populist leaders have capitalised on these anxieties by positioning themselves as defenders of 'tradition', which they argue is under threat.⁴⁹ Increasingly polarised debates around national identity, often amplified by social media, have deepened feelings of cultural disruption within the population.⁵⁰ For many, this disruption is experienced as a loss of status, recognition, or belonging, especially among groups who perceive themselves as culturally displaced or marginalised by rapid social change.⁵¹ By framing these shifts as existential threats, populist rhetoric taps into fear and resentment, offering a sense of protection and restoration that resonates deeply with those who feel left behind.⁵²

Digital social media

Over the past decade, the rise of social media on digital platforms has fundamentally reshaped political discourse and played a pivotal role in driving the growth of populism. Digital social media platforms enable populist leaders to bypass traditional media gatekeepers, directly mobilise support, and disseminate emotionally charged narratives that resonate with feelings associated with cultural anxiety, like fear, resentment, and cultural displacement.⁵³ Social media's algorithmic design rewards sensational and polarising content, fostering echo chambers and intensifying divisions within society.⁵⁴

This rapidly changing media environment has allowed populist figures to amplify messages that frame politics as a struggle between 'the people' and 'others', often portraying themselves as defenders against cultural threats and elite betrayal.⁵⁵ The spread of misinformation and emotionally evocative content on certain platforms has further deepened cultural polarisation, reinforcing antagonism toward perceived outsiders.⁵⁶ As a result, social media has not only facilitated the spread of populist messaging but also cultivated a political climate in which identity-based grievances, anti-other and anti-establishment sentiments thrive.

Together, these social, political, and economic changes have not only intensified public dissatisfaction but also undermined trust in established institutions, creating a powerful feedback loop that populist movements around the world have used to gain momentum and reshape political landscapes. The erosion of trust has driven resentment towards elites, institutions, and whoever is constructed as 'the other'. It has also fuelled scepticism towards mainstream media, the judiciary, and other institutions.⁵⁷ The convergence of economic discontent, cultural anxieties, and social media is reshaping the political landscape in many countries around the world, posing significant challenges to democratic stability and cohesion. As trust declines, people are more likely to find solace in an anti-establishment alternative, in a populist leader.

The [World Happiness Report](#) identifies four groups who have experienced the most significant declines in life satisfaction and social trust – making them the most likely to shift toward anti-system politics like populism:



Young people: those under 30 have seen the sharpest drop in life satisfaction. Economic insecurity, social isolation, and uncertainty about the future are major factors.



Less educated: those with lower levels of education have faced greater economic instability.



Rural voters: those who have experienced economic decline, reduced public services, and cultural displacement.



Financially insecure individuals: those struggling to make ends meet report the largest drops in life satisfaction and trust.

2. Populism, the changing business environment, and so what for Australian companies

Populism is a global geopolitical phenomenon that matters to business. It influences geopolitical uncertainty and reshapes how nation-states understand and pursue their national interests and security, both domestically and internationally. This influences how leaders see the role of business, and drives approaches to trade, investment, and the movement of people.

2a. Populism and the business environment

Populism and the reshaping of the global business environment

The rise of populism is contributing to a reconfiguration of the geopolitical context and reshaping the global business environment in a number of ways. Populist leaders often view international relations through a zero-sum lens, where international trade and cooperation is seen as compromising national strength rather than enhancing it.⁵⁸ As such, populist leaders often prioritise national sovereignty and self-sufficiency, viewing global interdependence as a potential threat to domestic sovereignty and decision-making.⁵⁹

Foreign policy can become more centralised and personalised, often bypassing international institutions, norms, and multilateral engagement.⁶⁰ These shifts reinforce a trend toward fragmented global governance, where states pursue narrowly defined interests and are less inclined to support collective solutions to transnational challenges.⁶¹ This outlook undermines longstanding alliances and traditional diplomatic relationships and weakens the structural foundations of the international system. It drives scepticism toward international institutions, including the World Trade Organisation (WTO), United Nations (UN) agencies, and multilateral finance bodies, and leads to more transactional, bilateral approaches to diplomacy, trade, and security.⁶² As traditional alliances and institutional relationships come

under pressure, the international system becomes more contested and less predictable.

For Australian businesses, this evolving landscape increases strategic risk and operational complexity, requiring greater agility in managing trade and investment links, cross-border relationships, regulatory environments, and stakeholder expectations.

As populist governments tend to redefine national interests around cultural identity, economic independence, and domestic control, they influence how states engage with global challenges such as migration, climate change, and technological governance.⁶³ These shifts and the weakening of multilateral agreements and standards can complicate the regulatory landscape for businesses operating across borders, particularly in sectors like energy, digital services, and finance.⁶⁴ Protectionist policies such as tariffs, subsidies, and restrictions on foreign investment are frequently used to defend domestic industries, but they also disrupt global supply chains, increase transaction costs, and contribute to trade fragmentation.⁶⁵

'Populism matters to supply chains because it introduces uncertainty into the global frameworks businesses rely on. When governments focus on protecting sovereignty – through tariffs, trade renegotiations, or domestic-first policies – it can disrupt sourcing strategies, increase costs, and challenge the resilience of supply networks. For supply chain leaders, this means planning for volatility and embedding flexibility across operations.'

SARI MACKAY

Lead Partner, Supply Chain and Procurement, KPMG Australia

Populism and domestic unpredictability

At the domestic level, populism can impact business environments in several ways, but particularly in the challenges it can pose to democratic institutions and social cohesion.

In countries with populist leaders, democratic institutions such as independent justice systems, media, and central banks can be seen as an unnecessary constraint on the leader's – and therefore the people's – will.⁶⁶ As a result, there can be challenges to the legitimacy of these institutions that are responsible for maintaining transparency, accountability, and legal certainty.

Institutional erosion raises a range of challenges for businesses, including inconsistent enforcement of laws and delays in the issuing of permits and licences. It can also mean a lack of reliable information, like inflation figures and other economic data released by central banks and official statistics organisations. The erosion of institutional integrity can have the effect of deterring investment, particularly in sectors that depend on long-term policy stability and regulatory clarity.⁶⁷ For Australian businesses operating in or trading with countries with populist governance, institutional erosion raises the risk of abrupt policy shifts, politicised regulation, and reduced legal recourse.

In addition to institutional erosion, countries with populist leaders can also become increasingly socially and politically polarised, creating complexities for business. Because of the way populist 'othering' narratives often target minorities, migrants, and other marginalised groups, populism can deeply affect social stability, creating social tensions and even violence.⁶⁸

The social polarisation that is both harnessed and exacerbated by populist leaders can create instability and unpredictability, impacting business relationships, inflation, and GDP growth.⁶⁹ Social polarisation can also

disrupt consumer behaviour, corporate reputation, and workforce cohesion. It can affect labour markets, creating workforce instability through strikes, protests, or reduced productivity, reduced mobility of workers across borders, changes in employment patterns, and overall uncertainty for employers and investors. Intensified social divisions can also create challenges for consumer trust and brand perception, particularly for companies seen as global, elite, socially progressive, or not socially progressive enough. Australian firms with international operations or diverse workforces may need to navigate these tensions carefully, balancing local sensitivities with global values.

'Populism can influence how governments approach migration and labour mobility, often leading to shifts in policy that affect access to international talent. For businesses, this means navigating more complex regulatory environments and reassessing workforce strategies in sectors that rely on global skills. Understanding these dynamics is essential for maintaining talent pipelines and operational continuity.'

URSULA LEPPOROLI

Partner, Global Mobility Advisory,
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In Australia itself, strong institutions have so far mitigated the direct impact of the growing global populist trend.⁷⁰ For example, Australia's electoral system, particularly compulsory and preferential voting and accessible elections, has contributed to the country's political stability, centrist policy orientation, and resistance to populist extremes. These institutional features, among others, foster broad participation and reduce the influence of polarising movements, helping to maintain democratic legitimacy and moderate political discourse.⁷¹

However, the global diffusion of populist ideas is influencing Australia's domestic political environment, regulatory approaches, and public expectations of business conduct.⁷² In Australia's 2025 federal election, although the centre-left Australian Labor Party (ALP) secured government, the election marked a historic shift in voter behaviour away from the centre of politics, with minor parties and independents collectively receiving more primary votes than the Liberal–National Coalition for the first time since the formation of the Liberal Party in 1944.⁷³ Despite strong democratic institutions, Australia too sees a growing disengagement with the two-party establishment system, and an increasing appetite for alternative political voices.

2b. Implications for Australian businesses

Australian businesses cannot afford to be complacent. Australians, like people in other parts of the world, are exhibiting rising rates of anger and polarisation, creating challenges for companies in their home market as well.⁷⁴ Companies may face growing pressure to align with nationalist narratives or demonstrate loyalty to domestic interests, complicating their global positioning. Stakeholders expect companies to take the 'right' position, but because of increasing social division, there is unlikely to be a position that will satisfy all of a company's employees, customers, communities and shareholders. Deciding how – and if – to respond to controversial issues is an increasingly difficult strategic challenge for companies.

‘Populism can influence the regulatory and geopolitical landscape in ways that drive uncertainty for businesses. Shifts in trade policy, institutional engagement, and governance approaches in reaction to populist messaging may affect cross-border operations and investment environments. For risk leaders, understanding these dynamics is important for anticipating change and supporting resilient decision-making.’

KATE SHAW

Partner, Governance, Risk and Compliance, KPMG Australia

Overall, populism can have significant implications for Australian businesses’ global and domestic strategies and operations.

Top 10 implications of rising populism for Australian businesses



1 Increased trade volatility

Populist governments often adopt protectionist trade policies such as tariffs and renegotiated trade deals that disrupt global supply chains.⁷⁵ This creates uncertainty for Australian exporters and importers reliant on stable international trade frameworks.



2 Erosion of multilateral institutions

Populist leaders frequently undermine institutions like the WTO and the UN, weakening the rules-based global order. This affects dispute resolution, trade norms, and international cooperation, all of which Australian businesses depend on.



3 Reduced investment confidence

Populist regimes often weaken judicial independence and regulatory oversight, increasing political and legal risk. This may deter Australian, and other, investment in affected countries, especially in sectors like infrastructure, energy, and finance.



4 Pressure on global climate and tech standards

Populist scepticism toward multilateral climate agreements and international tech governance can fragment global standards. Australian firms operating across borders may face inconsistent regulations and compliance challenges. The longer-term result of moves away from climate action and tech governance has broader implications for geopolitical uncertainty and fragmentation which will also matter to Australian businesses.



5 Social polarisation and workforce cohesion risks

Populist ‘othering’ narratives targeting minorities and migrants can fuel social tensions and affect workforce cohesion, especially for Australian companies with diverse teams and/or global operations.



6 Disruption to migration and talent flows

Populist policies often restrict immigration and labour mobility, limiting access to skilled workers. This can impact sectors in Australia that rely on international talent, such as healthcare, education, and tech.



7 Political risk in strategic markets

Populist leaders can abruptly shift policy, including sudden nationalisation, in turn creating diplomatic tensions.

Challenges to corporate social responsibility (CSR)



8

Populist regimes may oppose progressive CSR agendas, such as diversity, sustainability, or human rights, due to their alignment to ‘traditional values’. Australian firms may face reputational or regulatory backlash when promoting these values.

Fragmentation of global development policy



9

Populism can undermine international development efforts, affecting aid, infrastructure, and investment flows. Uneven development progress or regression has profound geopolitical implications which will impact Australian business.



10

Resilience of Australian institutions as a competitive advantage

Australia’s strong institutions – such as compulsory voting, independent media, and robust electoral systems – have helped mitigate negative domestic impacts of populism. This stability enhances Australia’s attractiveness for investment and business operations compared to more volatile regions; however, it cannot be taken for granted.

What should Australian businesses do?

Australian companies need to prepare to manage the implications of rising populism around the world. The following table lays out suggestions for actions Australian businesses can take at home and abroad to manage the 10 implications outlined above. Of course, a complex issue will not have the same impact on all companies and cannot have a one-size-fits-all approach to management – there will be differences across industries and among businesses of different sizes.

Implication	Local/domestic (Australia)	In countries with growing populist politics	In the international system
Increased trade volatility	<ul style="list-style-type: none"> – Diversify export markets and supply chains – Strengthen domestic sourcing capabilities 	<ul style="list-style-type: none"> – Monitor trade policy shifts – Build flexibility into contracts and logistics 	<ul style="list-style-type: none"> – Advocate for stable trade frameworks via industry bodies and multilateral forums
Erosion of multilateral institutions	<ul style="list-style-type: none"> – Support domestic engagement with multilateral institutions – Educate stakeholders on their value 	<ul style="list-style-type: none"> – Adjust risk models to account for weakened dispute resolution mechanisms 	<ul style="list-style-type: none"> – Collaborate with global partners to reinforce rules-based systems
Reduced investment confidence	<ul style="list-style-type: none"> – Promote Australia’s regulatory stability to attract foreign investment 	<ul style="list-style-type: none"> – Conduct enhanced due diligence – Consider political risk insurance 	<ul style="list-style-type: none"> – Engage in international investment forums to shape standards and transparency
Pressure on global climate and tech standards	<ul style="list-style-type: none"> – Align with domestic climate and tech standards – Prepare for regulatory change and divergence – Ensure tech competition is factored into strategic planning, including supply chains, interoperability, etc. 	<ul style="list-style-type: none"> – Adapt operations while maintaining core sustainability commitments – Build resilience for the mid and longer-term disruptions and challenges that will arise from climate change 	<ul style="list-style-type: none"> – Participate in global standard-setting initiatives to influence standards
Social polarisation and workforce cohesion risks	<ul style="list-style-type: none"> – Foster inclusive workplace cultures – Invest in diversity and anti-discrimination training – Work with public institutions where appropriate to build and maintain trust – Demonstrate trustworthiness 	<ul style="list-style-type: none"> – Closely monitor local social and political dynamics – Support employee wellbeing and cohesion – Ensure that staff safety and security processes are sufficient – Be mindful of positioning on social issues 	<ul style="list-style-type: none"> – Promote global connectivity through partnerships and advocacy
Disruption to migration and talent flows	<ul style="list-style-type: none"> – Invest in domestic talent development – Support skilled migration pathways 	<ul style="list-style-type: none"> – Reassess talent pipelines – Explore remote work and cross-border teams 	<ul style="list-style-type: none"> – Advocate for mobility-friendly policies in international forums
Political risk in strategic markets	<ul style="list-style-type: none"> – Build internal capacity for geopolitical risk analysis 	<ul style="list-style-type: none"> – Develop contingency plans – Diversify market exposure ensuring that geopolitical risk is central to market entry analysis 	<ul style="list-style-type: none"> – Engage in regional diplomacy and business coalitions to mitigate risk
Challenges to CSR	<ul style="list-style-type: none"> – Strengthen CSR commitments domestically – Communicate their business value 	<ul style="list-style-type: none"> – Tailor CSR strategies to local sensitivities while upholding core values 	<ul style="list-style-type: none"> – Collaborate with international NGOs and CSR networks to maintain standards
Fragmentation of global development policy	<ul style="list-style-type: none"> – Support Australian aid and development initiatives that align with business goals 	<ul style="list-style-type: none"> – Partner with local development actors to maintain impact – Explore opportunities to work with governments to deliver programs 	<ul style="list-style-type: none"> – Engage in global development dialogues to shape inclusive growth agendas
Resilience of Australian institutions	<ul style="list-style-type: none"> – Leverage institutional strength as a brand and investment advantage 	<ul style="list-style-type: none"> – Promote Australian governance models in international partnerships 	<ul style="list-style-type: none"> – Position Australia as a stable hub in global business networks

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