



# Varieties of populism

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## Abstract

**Research Summary:** The recent electoral popularity of populism suggests our understanding of global and domestic institutions and their impact and relevance to international business may require adjustment. In particular, the literature may be omitting key variables as to what the political environment entails. We propose a framework for understanding the differing varieties of populism. We examine what channels populist thought operates through and how various strains of populism concentrate on different facets of society. We articulate an operational definition for international strategy based upon prior research in economics, political science, and history. This framework is incorporated into current research on institutional theory as applied in international business, with the goal of proposing a more nuanced and foundational view of institutional environments and how they impact global strategy.

**Managerial Summary:** The surge of populism globally—but especially in developed economies—has highlighted new perils for business strategy. Our current models of strategic thinking have not yet caught up to the reality of populism's moment, nor have they accurately captured what are increasingly important facets of a political system, such as traits of specific leaders. This paper examines the need to incorporate new perspectives on institutions into global strategy. In particular, we highlight the various varieties of populism—whether it focuses on economic, social, or political ends—and how

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each approach can impact a business in a different manner. In doing so, we provide some clarity and guidance for managers faced with political turbulence.

#### KEYWORDS

environmental uncertainty, political institutions, political risk, populism

## 1 | INTRODUCTION

Although populism is a phenomenon stretching back to the 19th century, the last half-decade has seen the uniquely rapid ascent of a variety of populist leaders into positions of significant power around the world, most prominently represented in Donald J. Trump's victory in the U.S. presidential election in 2016 and the vote of the British public to exit the EU (Brexit). The populist wave had been building well before Trump's surprising victory and Brexit, as populists first moved into power in large developing countries, typified by Vladimir Putin in Russia (in power since 2000), Xi Jinping in China (in office since 2012), and Recep Erdoğan in Turkey (since 2014). What is occurring today has parallels in the past and fits with scholarly political logics applied in various fields (see, e.g., Bonikowski [2017] and Hawkins, Read, and Pauwels [2018] as examples of the expanding literature speculating on the "whys" of the recent rise of populism). But unlike previous episodes of populist success, the current wave has not been discriminatory and has encompassed developed as well as additional developing economies; moreover, populist approaches have been widely variegated and encompass several different varieties of populism, with different leaders focusing more on economic, social, or political aims. This rise in populist electoral success more broadly has led to considerable speculation as to why populism has gathered momentum at this point in time and in a manner that appears to span continents and different forms of government.

The upsurge in populist political parties, to the point of their achieving power (either individually or in coalitions with other parties), is a key feature of the current political environment and appears to be so for the foreseeable future, and as such will have important ramifications for country institutional structures. And this wave, variegated in its aims and purpose, has direct and important consequences for global strategy. Indeed, given the fact that the latest wave of populism has stretched over so many diverse countries, multinationals and domestic firms appear to be equally at risk. However, it is this very diversity that bedevils our analysis of populism's effects on strategy, as there is a highly contextual and country-specific context in addition to the global wave. Previous episodes of policy and institutional shifts can provide guidance as to: (a) how we might theoretically and practically understand implications for business, and (b) if, and what, we might need to do to adjust our current global strategy and international business theories to incorporate the reality of the form of populism we are seeing today. But these lessons can only apply if we diagnose the challenges which business face correctly.

In this paper, we argue that there are varieties of populism, with populist parties and ideas across the globe which may be pro- or anti-globalization, pro- or anti-immigrant, and pro- or anti-market (or even hold some halfway and mutually contradictory combinations of both or any of these). To hold to a singular view of populism would thus be misguided and potentially dangerous, in that it could lead incorrect strategic decisions by managers and policy makers, with strategy based on a lack of understanding of the individual political actors and how they

are operating in, and making use of, the institutions with which they interact. For example, the common refrain seen in the popular press points to disaffected groups left behind by the march of globalization as driving the current wave of populism; for example, the left-behind towns of the Northern UK and the mid-western United States. In addition, the rise of social media, “fake news” and informational echo chambers have reinforced unsubstantiated and biased viewpoints (as well as the role of Russia and other states in attempting to assert or re-assert their authority by undermining the democratic process of other states, as shown in, e.g., Bunde, 2017; Economist, 2017a; Elliott, 2017; and Swanson, 2017). Each of these different possible drivers may lead to very different populist policy prescriptions.

The broader point we wish to make in this paper is not necessarily about populism in and of itself. In fact, by contrast with others in this special issue, this paper thus takes the existence of populism as a given; we specifically do not seek explain the *why* of this surge, leaving it to others to explore the forces of globalization and marginalization that drove it forward. Instead, we delve into the varieties of populism and its academic study over time in order to explore its relevance for global strategy and argue for a deeper, more microfoundational, and theoretical approach toward institutions and institutional environments. Importantly, from the standpoint of the global strategy and international business community, we argue that the rise of populism in all of its varieties points to a weakness in our understanding of global and domestic institutions and their impact and relevance to international business. The institutionalist literature has contributed greatly to our knowledge of external environments and their impact on firm behavior and strategy. However, the vast majority of academic studies in international business that look at institutions uniformly do so from the standpoint of faceless institutional structures rather than the idiosyncrasies of individual actors using institutions for their own (and their supporters’) ends. What the rise of populist leaders—and their various approaches toward governance—implies is that we may need to rethink how we characterize institutional structures and look at an increasing role for the individual players in the political game, particularly when socio-political institutions are more malleable. In this sense, we are hinting that we may need something more akin to a mixture of microfoundational logics and upper echelon theory that accounts for not just what the institutions are and what their ostensible function is, but how they are used and how they evolve based upon who holds the institutional levers. In short, who is the leader matters beyond ideology and institutional structure, an insight which is self-evident in political science but has been glossed over in economics and international business.

In what follows, we propose a tentative framework for understanding the nature of populism as well as articulating an operational definition for international business based upon prior research in economics, political science, and history. We incorporate this framework into current research on institutional theory as has been applied in international business with the goal of proposing a more nuanced and foundational view of institutional environments. Such a view will help us to understand the possible effects of populism on businesses, and how such institutional changes may alter the landscape that both domestic and multinational corporations face in the future.

## 2 | WHY POPULISM AND INSTITUTIONS MATTER IN STRATEGY

### 2.1 | What is “populism”?

One of the fundamental challenges to the study of populism is the lack of a single, all-encompassing, and widely accepted definition of what populism actually is. Part of this

challenge comes from the fact that many scholars from many different disciplinary backgrounds have given their voice to the populist debate, each favoring an interpretation that is drawn from their own theories and evidence base. In addition, the topic has exploded onto the intellectual and popular agenda quite quickly. As Rooduijn (2019) points out “Populism is sexy. Particularly since 2016... In 2015, The New York Times used the terms ‘populism’ or ‘populist’ 671 times. One year later, that number had doubled to 1,399. And in 2017, the newspaper employed these words 2,537 times... The increasing appeal of populism is also reflected in academia. ... [I]n 2010 ‘only’ 76 articles had been published with the words ‘populism’ or ‘populist’ in the title. In 2015 this number had increased to 155, in 2016 to 208 and in 2017 to 332.” Concomitant with this popularity is the lack of clarity in what is meant by populism and how it differs depending on the field and purpose of the author (see, e.g., Macauley, 2019). Roger Cohen (2018) has gone so far as to argue “Let’s do away with the word ‘populist.’ It’s become sloppy to the point of meaninglessness ... Worse, it’s ... applied to all voters who have decided that mainstream political parties have done nothing for their static incomes or disappearing jobs or sense of national decline these past two decades. ‘Populism’ is a dismissive term for everything metropolitan elites can’t quite find the energy to understand.”

For our purposes, we utilize Rode and Revuelta’s (2015) definitional structure which describes populism as a conglomeration of ideology, tactics, and strategy. In particular, they note four distinct varieties of populism, differing by their concentration across these three dimensions: *structural*, *economic*, *ideological*, and *political-institutional*. Table 1 provides an overview definition of these varieties along with some key references, which we summarize below.

The *structural* approach, perhaps the oldest conception, focuses particularly on the “social origins of the regime,” seeing populism as an attempt to form “large cross-class coalitions to implement a reformist set of policies that are supposed to catalyze economic development, without producing explosive social conflict” (Rode & Revuelta, 2015: 75). By contrast, the *economic* definition, while sharing the idea of social origins of institutions, identifies economic populism as a group of policies which “promote short-term compromise and income redistribution among interest groups, frequently at the expense of productivity growth and long-term prosperity” (Guillen, 2000: 365). Juxtaposed against these two definitions, the *ideological* school asserts that populism is based on simplified representations “pit[ting] a virtuous and homogeneous people against a set of elites and dangerous ‘others’ who are together depicted as depriving (or attempting to deprive) the sovereign people of their rights, values, prosperity, identity and voice” (Albertazzi & McDonnell, 2008: 3). Similarly, Hawkins (2009: 1042) defines populism as discourse, where politicians (in his example, the late Hugo Chavez) associate “good with a unified will of the people and evil with a conspiring elite.” Finally, the *political-institutional* approach is drawn almost exclusively from the political science literature and focuses on political institutions, party organization, and particular mobilization strategies that populist movements utilize in order to enact their anti-elite policies or prejudices (Levitsky & Roberts, 2011; Roberts, 1995; Weyland, 2001). The political-institutional framing, more than any other approach, gives emphasis to the role of leaders and their charisma in making populism palatable to the masses (a logical extension given the emphasis on democratic processes). For example, Barr (2009: 44) explicitly defines populism as “a mass movement led by an outsider or maverick seeking to gain or maintain power by using anti-establishment appeals and plebiscitarian linkages.” Fukuyama (2014) make an even bolder claim, noting that charismatic leaders have the ability to displace long-standing institutions, eroding them by force of personality.

**TABLE 1** The varieties of populism

Variety of populism	Description	Relevance for strategy	Key papers
<i>Structural</i>	Populism as a social call to arms using large-scale cross-class coalitions	Emphasis on favored factors of production, stress on local and domestic value chains	Cardoso and Falletto (1979); Taguieff (1995); Rode and Revuelta (2015)
<i>Economic</i>	Populists exploit the fears of the least economically secure segments of society, those who may be more receptive to a policy of scapegoating elites, immigrants, the rich, or any number of “the other”	Review of investment policies under uncertainty, proactive policies to avoid possible nationalization, diversification of value chains	Dornbusch and Edwards (1990); Weyland (1999, 2001); Madrid (2008); Inglehart and Norris (2016)
<i>Ideological</i>	Populism conceives of society as representations of good and evil, superimposed onto the political process of a particular country	Need for strategic flexibility depending on variety of populism.	Albertazzi and McDonnell (2008); Stanley (2008); Hawkins (2009); Mudde and Kaltwasser (2017)
<i>Political–institutional</i>	Populism is a sustained, large-scale political project which is meant to mobilize marginalized social classes into political action	Need to cultivate new political connections, serve new demographics	Roberts (1995); Weyland (2001); Jansen (2011); Levitsky and Roberts (2011)

Source: Varieties based on Rode and Revuelta (2015).

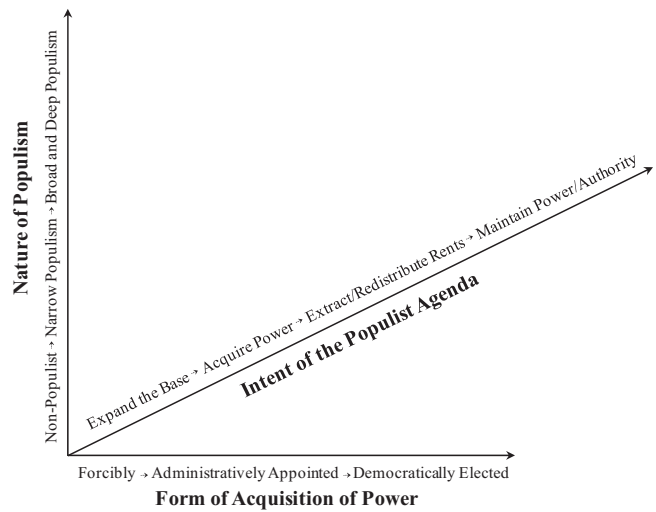
While Rode and Revuelta's (2015) structure allows us to define the varieties of populism across a set of dimensions, it does not automatically allow us to determine when a leader or party is appropriately labeled as a “populist” in a pure and strict sense. Indeed, it is important to emphasize that populism is best understood both dimensionally as a specific variety *and* across a spectrum where leaders/parties are more or less populist (a) in comparison to other parties and leaders and (b) on specific dimensions.

## 2.2 | Intent of the populist agenda

Each of these perspectives of populism yields valid insights for how to characterize populist leadership and thus to understand its possible influence on business. In reality, the path toward populism can be found in a country's institutional system (but only to a point) and, in particular, the way in which a country's existing political institutions mediate the rise of populist leaders (or create a propensity to populism). In addition, as Fukuyama (2014) hinted at, it is crucial to understand how populism can *change* a country's institutional structure, altering the rules of the game. By examining the actual intent of the populist agenda in a particular country, we can begin to see how its institution-shaping abilities can reverberate to change business strategy (see Figure 1).

There appear to be at most three major areas of intent behind populist agendas, each of which can carry serious ramifications for firms (Table 2 matches these areas of intent with

**FIGURE 1** The dimensions of populism



actual populist leaders to understand how they operate in practice). In addition, the definitional character of the populist agenda, intent and mode of operation, given in the column linking Tables 2 to the definitions of populism in Table 1, reveal that most populists use different mixtures of populism based on their context and intent with some—such as U.S. President Donald J. Trump and former Italian Prime Minister Silvio Berlusconi in the case of the Economic definition and Xi Jinping in the case of the Ideological definition—relying on a singular characteristic that does not put basic structures under as much threat as when they are used in combination with the Structural or Political-Institutional characteristics that we see being applied in the case of more radical populists—such as Robert Mugabe, Evo Morales, and Juan Peron. What is important to keep in mind is that while some populist leaders are closer to archetypes for the specific forms of populism—for example, Orbán in Hungary or Berlusconi in Italy as reflecting something close to pure economic populism and Xi Jinping of China as indicative of something close to pure ideological populism—we see almost every variant and there is nothing to imply that any mixture could be excluded. What we do not see (at least yet) is the ultimate uber-populist that embodies every form available. This may reflect the fact that there are micro-level conflicts between the forms and their operationalization that imply that it is politically more expedient to pick an appropriate mixture of the varieties of populism available.

### 2.2.1 | Power acquisition

The first, and most immediate, goal of populism and populist policies may be the acquisition of power, either directly for a charismatic leader or in coalition with other related political groups (de Castro & Ronci, 1991). While such a goal can be inherently self-serving—that is, a leader seeks his glory and not necessarily populist ends—acquisition of power via elections can also be seen as a necessary step to returning power and voice to “the people” (Albertazzi & McDonnell, 2008). It is also in many ways the easiest step in that it does not require the actual management and delivery of political and social promises, at least at the outset, as a simple narrative can suffice to be elected (although not always). Moreover, given the adversarial approach which

**TABLE 2** Examples of the variety of populist parties and leaders who achieved power

Country	Leader	Time frame	Style of populism (Table 1)	Power acquired	Power maintained	Populist philosophy	Populist agenda	Intent of agenda	Nature of appeal	Popularity
Argentina	Néstor and Cristina Fernández de Kirchner	2003–2015, 2019–	Ideological, economic	Election/free	Election/free	Peronism	Anti-free trade, nationalist	Acquire then maintain power, Extract & Redistribute Rents	Broad	Election: 22.25% (2003); 45.72% (2007); 54.11% (2011)
Bolivia	Evo Morales	2006–2019	Economic, ideological, political-institutional	Election	Election then constitutional change	Indigenous socialist	Socialist, anti-free trade, nationalist, rural	Acquire then maintain power via broadening the agenda	Broad	Election: 54% (2005); 64% (2009); 61% (2014)
China	Xi Jinping (CCP)	2015	Ideological	Administrative	Administrative	Xi Jinping thought	Nationalist	Maintain party authority	Broad	Poll: 9/10 <sup>a</sup>
Hungary	Viktor Orbán (Fidesz)	1998–2002, 2010–	Economic	Election/free	TBD	Nationalist	Nationalism, anti-immigration	Acquire then maintain power	Broad	Polls: 52% <sup>b</sup> (2019)
India	Narendra Modi (BIP)	2014–	Economic, political-institutional	Election	TBD	Hindu / Indian nationalism	Hindu nationalism, anti-elite, people oriented	Acquire then maintain power via broadening the agenda	Broad	Polls: 8.6/9 <sup>c</sup> ; 88% (2017) <sup>c</sup>
Italy	Silvio Berlusconi (Forza Italia)	1994–1995, 2001–2006, 2008–2011	Economic	Election/free	Election	Renewal and modernization; secular creed	Pro-business, social conservative	Regain power via media control	Broad	Polls: 39% <sup>d</sup> (2017)
New Zealand	Winston Peters (New Zealand first)	1996–1998, 2017–	Structural, economic, political-institutional	Election (coalition)	TBD	Nationalist, “to put New Zealand and new Zealanders first”	Nationalist, anti-immigration	Acquire then maintain power	Broad but not deep	Election: 7.2% <sup>e</sup>
Philippines	Rodrigo Duterte	2016–	Economic, ideological	Election	TBD	Law and order, stability	Anti-state, fighting drug abuse	Acquire then maintain power	Broad	Election: 39% <sup>f</sup>
Poland	Jarosław Kaczyński (PiS)	2015–	Ideological, economic	Election/free	TBD	Nationalist, “good change”	Nationalism, socialist, anti-immigration	Acquire then maintain power	Broad	Election: 43.59% <sup>g</sup> (2019)



TABLE 2 (Continued)

Country	Leader	Time frame	Style of populism (Table 1)	Power acquired	Power maintained	Populist philosophy	Populist agenda	Intent of agenda	Nature of appeal	Popularity
Russia	Vladimir Putin (united Russia)	2000–	Economic, ideological	Election/ partially free	Election / control of administrative apparatus	Russian nationalism	Nationalist, conservative, Nashism	Acquire then maintain power	Broad	Polls: 8.7/10; <sup>a</sup> 68% (2015), 53% (2017) <sup>b</sup>
The United States	Donald J. Trump (Republican)	2017	Economic	Elected/free	TBD	Make America great again	Nationalist, anti-state	Acquire power	Broad but not deep	Election: 41.6% (2017) Poll: 35% (2017) <sup>j</sup>
Zimbabwe	Robert Mugabe (ZANU-PF)	1980–1987, 1987–2017	Ideological, political-institutional	Revolution, elections/ manipulated	Elections/ manipulated	Anti-colonial	Socialist Marxist	Acquire then maintain power	Broad	Election: 63% (1980); 61.1% (2013) <sup>j</sup>

<sup>a</sup>Source: Saich (2014).

<sup>b</sup>Source: Politico (2019).

<sup>c</sup>Source: Stokes, Manevich, and Chew (2017).

<sup>d</sup>Source: Pagnoncelli (2017).

<sup>e</sup>Source: New Zealand Electoral Commission (2017).

<sup>f</sup>Source: Rappler (2016).

<sup>g</sup>Source: National Electoral Commission of Poland (2019).

<sup>h</sup>Source: Vice (2017).

<sup>i</sup>Source: Gallup (2019).

<sup>j</sup>First numbers represent Prime Ministership. Last numbers represent presidential election. Afrobarometer reported Mugabe's overall poll numbers as 67% positive with more in rural areas (69%) versus urban areas (55%) having a positive view (Dube, 2017).



populist thinking ascribes to society in general, acquisition of power is important in its own right as “the opposing party no longer appears as an enemy to be destroyed, but rather as an adversary with whom we compete for the temporary acquisition of democratic power (Abts & Rummens, 2007: 419).” A populist agenda can also be commandeered by an existing party for this very reason (as with parts of the Republican party’s embrace of Trump or with Conservative’s courting of UKIP voters over Brexit), espousing specific populist policies to garner support but without a concrete world-view on overall redistribution or smashing current elite institutions.

With seizing power as the goal of a populist party, the channels of influence on business would seem to be relatively straightforward. In the first instance, firms aligned (implicitly or explicitly) with the populist party may be rewarded (for example, with government contracts), while those seen as opposed sidelined or even explicitly disadvantaged. Additionally, the uncertainty surrounding the populist drive for power and the prospects of success can affect firm investment decisions or even consumption patterns, leading to shifts in consumer demand. This can result in sectoral reallocation, changes in firm valuation, and other supply-chain issues which can directly impact a firm’s bottom line. Indeed, this appears to be one of the major points of shock with respect to the reduced power of MNEs in effecting policy in the United States and the power of local and global economics surrounding Brexit.

## 2.2.2 | Remaining in power

Beyond merely seizing power, the intent of populism may be to perpetuate it (in this sense, there is nothing unique about populism versus any other political philosophy). The retention of power is a goal which can be reached in three distinct yet similar ways. The easiest way for populists to retain power is to deliver value to specific constituencies either through the extraction of rents—for example, via nationalization of the commanding heights of the economy—or via redistribution of these same rents—for example, via social policies, payments, or other transfers. Characteristic of many modern populist states, this approach is also favored by more authoritarian leaders who have greater capacity to undertake such policies. Putin’s Russia is the best example of this, as it has been powered by constant redistribution of rents amongst favored constituents or oligarchs as political winds demand it. Such policies have also found favor amongst democracies (a sample of which can be seen in Table 2). For example, Argentina’s Cristina Kirchner and Brazil’s Luiz Inácio Lula da Silva used both avenues to solidify their grasp on power. As Aytaç and Öniş (2014) note, Kirchner increased the Universal Child Subsidy and cash transfers covering 30% of the population under the age of 18 (a similar policy was undertaken in Poland by the ruling PiS party, see Appendix A), while at the same time nationalizing the private pension system and re-nationalizing the national airline and the country’s largest oil company. This has obvious consequences for firms operating in these sectors, as well as suppliers and upstream/downstream industries, as MNEs in the United States have found with respect to Trump’s trade war with China and immigration policies (Maidment, 2018).

Unfortunately, this approach is limited in its ability deliver a “permanent” populist consensus, as the policies of redistribution contain the seeds of their own demise; especially in a democracy, as Kirchner and Lula da Silva discovered. Crucially, as populist policies generally do not increase the size of the rents available in society but merely shuffles them around, there is a hard budget constraint on how many constituents can be bought off. And as Cardoso and Helwege (1991) note, the need to pay for the redistribution often results in macroeconomic

instability and disastrous inflation when this budget constraint is reached, as has been seen in both Venezuela and Zimbabwe. Macroeconomic instability and especially macroeconomic crises wreak havoc on firm planning, projections, and often lead to the demise of firms on the margin (Bhattacharjee, Higson, Holly, & Kattuman, 2009).

Cardoso and Helwege (1991) also make another important point in passing regarding the unsustainability of this approach, mainly that populist redistribution is usually not to the poorest segments of society but rather to favored and well-connected insiders; such a reality creates a new elite class who are then themselves vulnerable to new populist messages and leaders. In this way, the exploited become exploiters, finding that the only way to keep power is to instill fear of opposition to the populists (as seen in Robert Mugabe's land expropriation in Zimbabwe or the Chavez/Maduro repression in Venezuela—at least until recently). In terms of effects on the firm, this also increases the need for political savvy on the part of business, in order to remain in the good graces of the “correct” elite (Li, Meng, Wang, & Zhou, 2008; Wu, Wu, & Rui, 2012). Indeed, as Potter (2018) shows the nature and mixture of political lobbying of the Trump administration has changed, with the power of industry groups being more strongly contested by the power of special interest groups represented by NGOs.

The second way in which power can be perpetuated via a much more sustainable route (one more suited to democracies) is by expanding the political coalition dedicated to populism. For populism to matter, it needs a vector to power, which can be obvious, such as the violent seizure of power during a revolution or a coup d'état, or subtler, such as the working through the democratic process, either via elections or more direct instruments such as referenda (Figure 1). In order to perpetuate power in a democracy, the strategic populist uses populist policies to bring more people into the political system, seeing such expansion as a way to wrest control from established elites and ensure sustainability of these policies. An example of such a tactic occurred in Brazil in its revolution of 1924, where military officer Luís Carlos Prestes tried to overthrow an order he saw as corrupt and in which expansion of the political base would undercut both the industrialists of the cities and the power barons in rural areas (Duff, 1967). In many ways, former U.S. President Obama was also a populist who attempted to draw in disaffected minorities to create a new political alignment, expanding the base of minorities to lock in populist redistributive policies (Dreier, 2009). In other cases, appeal to nationalism has broadened the populist coalition (as shown in Table 2): Vladimir Putin has been particularly effective in using Russian nationalism to promote his domestic agenda, while in the case of Chinese President Xi Jinping, there is a clear nationalist theme being followed that emphasizes the Chinese independence and the role of the state in enhancing the living standards of ordinary (mostly urban) Chinese.

In this manner, populism is perpetuated not as a simple transfer scheme, but as a way to erode or change existing institutional structures from within, using the levers of democracy to forever alter its composition and shape. However, for this approach to work, populist ideas must also have value to voters as well, and the peddlers of populist policies—if they are to achieve a significant role within existing institutional structures—require a degree of popularity in sufficient form to *achieve* power (history is littered with unpopular populists). There is a gulf between being “populist” and merely being “popular,” although similarities do exist, and one is often (but not necessarily) seen concomitant with the other. For example, Bukowski (2011: 13) notes, there are similarities between populist politicians and adolescent peer groups, with popular leaders of both being “fashion conscious, prominent, gregarious, and see[ing] themselves as serving positive ends.” The “selfless” devotion of either the head “mean girl” or Donald Trump is, thus, only rightly rewarded with popularity and a recognition that it is not easy being the

queen bee or the President of the United States (and thus they have to make sacrifices to better serve their followers). In this sense, in the mind or the ego of the leader, there is a nexus between populism and popularity, with populist policies undertaken in order to perpetuate popularity.

It is here that populism's reality as "thin ideology" (Stanley, 2008) is helpful, as it allows populism to be used as a tool in service of other, better-developed ideologies from both the left and the right. A malleable populism, drawing on prevailing winds often simply manifests itself as anti-whomever-is-in-power; a strategy that can be quite successful (Mudde & Kaltwasser, 2017). Indeed, variants of populist thinking that emerged in Central Europe in the 1990s married business liberalism with nationalist goals (Hanley, 2004). In Thailand, an overtly pro-business Prime Minister Thaksin Shinawatra instituted populist policies while simultaneously attempting to secure business growth for favored insiders (Phongpaichit & Baker, 2005). In both of these cases, populist leaders were reacting against previous rulers but taking their cues on a stance toward business from the "will of the people." Thus, the effects on business can be contradictory and not always easy to discern without understanding the specific leaders involved.

But even if an opinion or policy is popular there may be limits to which a polity will go to see these policies actually enacted. Normal democratic processes, especially in a parliamentary democracy, do not always lend themselves to populist ideas seeing the light of day—even if these ideas are popular—unless they are able to work initially within the institutional structure that exists. The most recent classic example being President Trump's attempts to get funding for a Southern border wall through the U.S. Congresses budget making process. Additionally, a country's political institutional make-up will also influence the political goals of the populist agenda, thus playing the role of a key determinant of the effect of populism on business.

There are many political institutions which can help to prevent populism from becoming policy, not least of all the type of system and/or other formal organizations associated with political institutions (for a further explication, see the Appendix A). One of the key formal political institutions playing a blocking role against populism is the formal party mechanism, a political seal of approval and organization without which populist ideas can remain in the ether with no hope of becoming policy. In the past, established parties either countered or co-opted the populist agenda sufficiently to negate its long-term influence, a trend which continues today. For example, the Swedish Democrats were not included in the government despite winning 14% of the vote in the 2014 election (the third highest total) and 17.5% of the vote in 2018 (again third highest), while the Greens, with only 6.9%, are part of a minority coalition with the Social Democrats because of an agreement not to cooperate with the Swedish Democrats by all other parties. Moreover, in the United States, it would be hard to see the populism which Donald Trump or Bernie Sanders espouses surviving with a third-party; it was only the Republican Party's eventual embrace of Trump, and the jettisoning of some of its long-held tenets (such as commitment to free trade) which enabled Trump to succeed.

However, the effectiveness of existing political institutions in preventing populism from having a vector to power is not iron-clad. The experience of the past decade has shown that formal institutional barriers to entry are by no means prohibitive, and one of the striking aspects of the latest wave of populism is just how this institutional hurdle has been overcome. Indeed, parties such as the UK Independence Party (UKIP), AfD or the Dutch Party for Freedom (Partij voor de Vrijheid, PVV) have overcome organizational challenges to become serious contenders in the political arena. To this extent, the drivers of populism are an important part of the equation, as what we have seen is the underlying pressures behind the populist agendas have been sufficiently strong to overcome political structures that have historically kept them out of power.

### 2.2.3 | The long march through institutions

Thus, the third, and most radical, way in which power can be perpetuated is to co-opt established political institutional frameworks in pursuit of populism, changing existing political institutions so that they are less of a barrier and more of a facilitator. The weaker the checks and balances on the execution of the power of the executive, the more likely that those pursuing a populist agenda will be able to capture all levers of government once in a position of power. The goal of such capture would allow a leadership that might not generate broad support for its populist policies to reduce the likelihood that the policies would be thwarted or negated by either other populists, mainstream politicians, or the administrative bureaucracy of the state (what Trump supporters call the “Deep State”). This was seen in the case of Erdoğan’s purging of the Turkish judiciary in 2017 (Economist, 2017b) or the Sandinista’s strategies to control of the judiciary in Nicaragua from 2007 onward (Schmidt, 2009) and was argued by some to be President Trump’s strategy in slowing appointments and inducing resignations within Executive Department administrations in 2017 (Friedland 2017) and using “acting” appointments to avoid Senate scrutiny and the entrenchment of powerful cabinet members. Similarly, control of state institutions allows for increasing the likelihood that the coalition of internal powers—political, social and military—that led to the leadership currently in place continue to be satisfied. The deposing of Robert Mugabe in Zimbabwe in 2017 after 37 years in power was an example where a populist leader lost hold of key constituencies within the power structure, despite maintaining strong poll numbers and being seen as quite popular personally.

A change of political institutions can engender the largest amount of uncertainty and, at the same point, effectively change the rules of the game going forward (Hartwell, 2018a). If the formal party system is abolished and one-party rule is instituted, then political connections become crucial for nearly every form of business decision (Boubakri, Cosset, & Saffar, 2012); moreover, given that firms tends to associate with other politically like-minded firms (Stark & Vedres, 2012), the disruption of carefully cultivated inter-business networks may also have a severe disrupting effect on firm operations. This also may skew firm operations into the political marketplace rather than the actual marketplace (Yang, 2006).

## 3 | RETHINKING INSTITUTIONAL STRUCTURE IN GLOBAL STRATEGY THEORY AND IDENTIFICATION

What we have argued in the prior section is that there is no single way to characterize populism but that we can outline its purposes and vectors of influence and the different definitions align with different “Varieties of Populism”. Although invariably portrayed as being at the extremes of the political philosophical spectrum, it can comfortably exist as an ideology on either the left or right and, in some sense, all political leaders and parties have some degree of populism even though they are not labeled as “populist” or as part of a “populism” wave. However, the extent of the success of more extreme populist parties and leaders in terms of political outcomes is related to the degree in which they possess the appropriate breadth and depth necessary to achieve power within the institutional structure of the polity in question. Moreover, populism may only succeed as an ideology if its policies are themselves not co-opted by the existing political and institutional structure; in this sense, populism may use existing institutions to come to power but must have the force of will to then change those institutions (this was the case with

George Wallace in the 1960s and 1970s, where the Republican Party shifted to accommodate his mostly White Southern supporters).

This “force of will,” we argue, comes not just from the institutional imperatives which either constrain or enable populism, and there is considerably more nuance in the characterization of institutional structures than merely their form. Indeed, institutions must be considered holistically in terms of their actors and positioning within an institutional system; examining institutions absent the individuals that occupy positions of political and administrative authority leads to mischaracterization. This perspective is hardly new or unique, as the idea of political actors as simply drones who operate the political system without influence has been widely discredited in the political science literature. Huntington (1965), for example, shows how political institutions can be hindered simply by changes in leadership and Hartwell (2013) reveals how the personalities and backgrounds of post-communist leaders are shown to matter for economic outcomes.

What is telling is the degree to which the extant literature to date in economics and international business has downplayed this aspect of institutional structures; for example, assuming that it was the office that mattered and not who occupied that office (Appendix B provides a detailed examination of this fact). If we examine Hall and Soskice’s (2001) characterization of the “Varieties of Capitalism” and the difference between coordinated market economies and liberal market economies, we see how our viewpoint brings into question such a dichotomous view of institutional reality. Varieties of populism have taken root in both liberal market economies (e.g., the United States and United Kingdom) as well as coordinated market economies (such as Germany, Austria, Italy, and Sweden). It has taken root in authoritarian quasi capitalist states (e.g., Russia and China). It has embedded itself in both developed and developing markets (e.g., Brazil, Argentina, and India). All told, what this implies is that a mistake in our thinking has been to focus too much on categorization of institutional regimes—however, logical such *ex ante* categorizations appear to be—rather than how those regimes can be used by political actors to achieve political ends. In fairness to Hall and Soskice (2001), their emphasizing aspects of institutional complementarity as key to effectively economic and social outcomes is worth keeping in mind as a lever of political implementation. However, it still abstracts from the fact that ultimately if the outcome that is aiming to be achieved is something better, we need to understand the “to whom” that “something better” matters and how the gains and losses are distributed across the society and the globe. For Hall and Soskice, the goal is achieving and maintaining “Comparative Advantage”; to many populist leaders this is simply one means to their own personal goals and their constituency.

What the rise of populism implies is that researchers in international business potentially should be paying more attention to both structure and “content,” where the “content” is the nature of the controllers of the institutions. Overall, we find that no article in IB has focused on individual political actors. This is not meant to be overtly critical (much can be explained by other factors that this literature examines), but it is indicative of the fact that what has interested international business and global strategy scholars most has been firm- and country-level factors and not the managers of institutional power. They are simply viewed as rather colorless implementors and potentially minor influencers of political law and its interpretation – passengers in a driverless car, if you will. In this regard, we would argue not only that the hierarchy of agency of political decision making is important but so too is the process by which decisions are made. While we have a process theory of internationalization that addresses how and why firms make the decisions they do, we abstract from the processes by which other key actors are

making decisions that impact on the decisions of firms. This amounts to not just the who these decision makers are but the structures in which they operate.

Given the reality that levers of power and influence are but one aspect of institutional structures (and who takes advantage of those levers and how they use them/to what end they are applied matters), we argue that the literature has potentially over-emphasized the importance of macro-level risk in previous work. Currently, we focus on aspects of formal institutions (e.g., veto points, nature of elected representation, or an independent judiciary), informal institutions (e.g., administrative implementation, culture, religion, openness, or corruption), and micro-level risks that target specific aspects of business (e.g., intellectual property, importing restrictions, specific regulations, or transfer pricing rules). While the literature has downplayed the micro risk – but which has still been studied in a number of contexts, particularly intellectual property (e.g., Khoury, Cuervo-Cazurra, & Dau, 2014) and in the attempt at MNEs to gain legitimacy (e.g., Bucheli & Salvaj, 2018), we would argue that, more importantly, our conception of institutions does not account for the nature of the political marketplace and the philosophy, intent, and strategy of the political actors responsible for such outcomes.

One question that would certainly arise with respect to this perspective is the extent to which such an approach would be relevant (or realistic) for understanding the theoretical or empirical problems that global strategy scholars address. We are not necessarily advocating a form of political Kremlinology, where discerning the motives of political actors is crucial to understanding institutional functioning because, again, institutions can and do operate independently of their leaders (albeit to different degrees). Instead, we advocate that leaders do in fact play a role, a reality not dissimilar to the “do managers matter?” debate; that is, do we need to know what managers are thinking to understand, forecast and evaluate what firms are doing (Aharoni, 2010; Devinney, 2011). We assert that adding a “do politicians and political managers matter?” level to many of our theoretical formulations and empirical models is important for three reasons.

### 3.1 | Institutional persistence

First, what is clear with respect to the examples we have used in this article, is that the overall political (and economic) institutional environment in most situations and in the vast majority of countries has not changed dramatically in the last several years as a result of populism. As of this writing, there have been no large-scale fundamental political institutional changes in the United States, China, Europe, United Kingdom, and the other countries discussed, a reality that can be traced both qualitatively and, via the use of aforementioned databases, quantitatively. Indeed, historically, short of revolutions, natural disasters and major upheavals, political institutions change slowly, their semi-permanence being one of the attributes that makes them “institutions,” (Hartwell, 2015; Scheidel, 2017). The example of the border wall battle in the United States between President Trump and a House of Representatives controlled by the Democratic Party shows how resilient institutional structures when they are deeply embedded and long lived (Ganesh, 2018). Where we have seen institutional change is after the populist has gained power, a fact consistent with our logic here. This is seen in changes in the Polish Supreme Court – where a mandatory retirement age of 65 was instituted by PiS—the constitutional changes made by Erdoğan in Turkey, and Xi Jinping's becoming leader for life. It should be noted that this has not occurred in the United States under the Presidency of Donald Trump. For example, while he may be able to influence the philosophical direction of the Supreme



Court, the structure of the institution has not, and will not, change. Similarly, his decisions on NATO, the Transpacific Partnership, and so forth, are all within the normal decision-making structures of the Constitution as it has evolved to this point.

What does change more quickly, and what can constitute a “major upheaval,” is the environment in which those institutions operate and, crucially, who occupies the decision-making authority within those institutions. Or, in the case of many administrative rules in Donald J. Trump’s administration, the lack of an occupant in the role or the role being occupied by an interim administrator loyal to the President. With a charismatic leader or party espousing populist ideas, policies may be put in place that can have longer-term consequences in effecting institutional change via either erosion or evolution (so-called Type II policies). Hence, what matters to studying institutions longitudinally—where perhaps the major source of variance is, especially over the short-term—is who occupies (and has occupied) the administrative or political thrones. What this implies is that knowledge of the past and country context also can determine a country’s proclivity to populism. This is also seen in how the definitions of populism apply to specific political actors. Going back to Tables 2 and 3, we integrated the different definitions of populism with the specific populist leaders. What is clear from that exercise is not just that each actor’s populism is of a mixed form, but that for many populist leaders there are long term motivating factors that cannot be captured just by looking at when the change itself is instituted or appears. In many of the cases where a populist leader or party gets into power, there is a “latent” populist sentiment that operates and is only “realized” in specific contexts. Hence, we potentially lose sight of the important aspects of a necessary condition for a populist upheaval to occur.

This matters cross sectionally as well: if we look at aggregate scores for measures such as Polcon and Polity IV, we see very little variation between EU countries or most developed Western nations, yet they vary dramatically in terms of policy based on the nature of their government or governments in place at the time. Similarly, China’s administrative system has hardly changed over the past two decades, yet the governments of Jiang Zemin and Hu Jintao and Xi Jinping could hardly be more alike. At the opposite extreme, it seems not to matter who is the Prime Minister of Singapore, not only because their institutions are more constraining but because the generation of leadership changes has simply perpetuated individuals with a similar philosophy of government and governance (a comment on the closed nature of the political system and the incentives doled out by political institutions).

### 3.2 | Distribution matters

Second, we put great stock on the role that economic institutions play globally and in interacting across borders, particularly in the expansion of global openness and trade. Yet what we have seen in the last decade is that what matters is not the average level of gain coming about from globalization (i.e. the effectiveness of economic institutions) but the distribution (actual or perceived) of gains and losses (i.e., the effectiveness of political institutions). While there are few to no countries that have materially lost, on average, due to increased global integration, there is a spatial dimension within countries where significant differences between winners and losers emerge. This was perhaps more noticeable in the case of the United Kingdom, where the North–South divide and that between Scotland, Wales, and England is quite significant. Similarly, the role that Northern Ireland plays in British politics has been exacerbated because of the power of the Democratic Unionist Party (DUP) being the key to continued parliamentary



TABLE 3 Examples of populist policies and specific implications for global strategy

Country	Leader	Globalization	Immigration	Multilateralism	Trading rank <sup>a</sup>	Immigration sentiment <sup>b</sup>
Argentina	Juan Peron (labor)	Protectionist. Viewed Argentine dependence on foreign trade as a weakness.	Neutral. Viewed immigration as a means to a more “Argentine” identity.	Multilateralist to the degree it believed it would counter the United States dominance.	N.A.	N.A.
Bolivia	Evo Morales	Anti-capitalist with a penchant for nationalization of key industries, specifically targeting foreign ownership.	No policy. Focused on illegal immigration of other countries.	Quiet Multilateralist. Supports and is supported by multilateral institutions, but periodically plays to his nationalist grassroots.	89	N.A.
China	Xi Jinping (CCP)	Globalization is a lever of political influence. More trade implies more power to large economies like China. Trade policy restrictive internally but externally promotes free trade.	No clear policy, strong control over internal migration, particularly minorities.	Multilateralist with Chinese leadership and a Chinese “Monroe doctrine” related to near neighbors. Willing to invest in Chinese led alternatives to existing institutions.	97	N.A.
Hungary	Viktor Orbán (Fidesz)	Interventionist with support for nationalization and management of the economy. FDI being restricted in “key” sectors and policies generally are unfavorable to investors.	Anti-immigration	Quasi unilateralist. Has spoken about the “EU empire” but also aligned Hungary to the China’s Belt & Road Initiative	1	2% (more) to 27% (less)
India	Narendra Modi (BJP)	Protectionist. Holds some belief in trade while promoting policies that force investors to local production within India. Increased tariffs on many goods.	Anti-immigration. Particularly from Muslim nations such as Bangladesh.	Believes in a reformed multilateralism that increases the power of the Russia-India-China (RIC) axis of countries.	146	13% (more) to 29% (less)
Italy	Silvio Berlusconi (Forza Italia)	Free-trade advocate and generally argued for liberal policies	Anti-immigration	Multilateralist	1	5% (more) to 56% (less)
New Zealand	Winston Peters (New Zealand first)	Pushes for more restrictions on foreign ownership of land and business.	Anti-immigration but pragmatic, supporting the UN global compact on migration	Unilateralist under “New Zealand first,” repeated calls to renegotiate trade deals and erect	56	N.A.

(Continues)

TABLE 3 (Continued)

Country	Leader	Globalization	Immigration	Multilateralism	Trading rank <sup>a</sup>	Immigration sentiment <sup>b</sup>
Philippines	Rodrigo Duterte	Open trade policies continuing in line with predecessors.	Pro-immigration	protectionist barriers for "Fortress New Zealand."	99	19% (more) to 31% (less)
Poland	Jaroslav Kaczyński (PiS)	Generally open but with increasing limits on foreign ownership, state-directed investment supplanting private investment, and regulations on foreign-dominated sectors of the economy (as in retail or banking).	Anti-immigration	Multilateralist	1	9% (more) to 31% (less)
Russia	Vladimir Putin (United Russia)	"Sovereign globalization," which involves limiting exposure to foreign influence by circumscribing MNE ownership of Russian assets and maximizing the balance of benefits of trade over its potential costs.	Generally open, particularly to those from other Slavic nations.	Multilateralist to the degree that it allows it to remain a unilateralist regionally and as a counter to U.S. power.	100	7% (more) to 55% (less)
The United States	Donald J. Trump (Republican)	Protectionist. Holds some belief in trade provided MNEs and American firms put production within the United States. Willingness to use tariffs to extract political advantageous concessions.	Anti-immigration	Unilateralist under "America First"	36	24% (more) to 25% (less)
Zimbabwe	Robert Mugabe (ZANU-PF)	Anti-foreigner/anti-imperialist sentiment and policies plus willingness to expropriate assets has led to a hostile FDI environment.	Strong preference for redistribution, anti-immigrant/anti-foreigner	Unilateralist with a degree of "African" nationalism	153	N.A.

<sup>a</sup>Source: World Bank (2018). Rankings are for the "Trade Across Borders" component of the Ease of Doing Business index. All EU countries receive the same rank. N.A. implies no ranking for the latest relevant year of the individual being in power.

<sup>b</sup>Source: Connor and Krogstad (2018). Numbers are the percent saying that "more" immigrants are necessary compared to those indicated that "fewer" immigrants are desired.

control for Prime Minister Theresa May. While we as researchers empirically rely on static measures for institutional structures, the reality is that distributions do matter, spatial or otherwise. Some countries have institutional structures that are more stable because they are ironclad and rigid (for good or bad reasons and outcomes), while others have very malleable institutions that bend considerably as the political, social, and environmental winds blow. This is true at both the macro and micro level. Our research assumes that two countries with identical institutional measures, however estimated, are effectively equivalent. Hence, just as current research on culture has changed to look at the spatial distribution of existing measures, perhaps it is time to take a more time dependent regional or district focus on the nature of political orientation (e.g., Beugelsdijk, Kostova, & Roth, 2017).

### 3.3 | Looking beyond the nation-state

Finally, as noted by Devinney (2011), the prevailing institutional thinking is distinctly Westphalian, and as a consequence, researchers focus on institutional structures within the boundaries of nation-states. This orientation is conceptually and practically logical; conceptually, institutional structures are bounded by country borders, shaped by country history, and (for the most part) are generalizable across entire countries; practically as well, our data tends to be available only at the country-level. However, even domestic political institutions can have cross-border effects and institutional change in one country can spillover to neighbors or around the world (if the circumstances are ripe): the spread of communism and fascism can be thought of as such an institutional contagion, one where institutional change in one country made it more likely in another (Hartwell, 2018b). In many ways, the current populist wave is one that clearly has contagion-like characteristics, with the success of extreme right and left parties in one political environment influencing and encouraging others, also providing newcomers with lessons on how to be successful in gaining or influencing political power. Donald Trump's election certainly had influence in many ways, perhaps the most important being that his 24/7 media presence has legitimized populist groups in other countries. Similarly, the Brexit vote, unlike other anti-EU vote outcomes in places like Ireland and the Netherlands, has given life to many groups disenchanted by the EU. Whether this pushes these political parties into power is immaterial in the short-term, as the event itself has affected the policies and positioning of the mainstream parties.

The high-profile events of the past 3 years in the world's largest economies have highlighted the need to have both broader and deeper theoretical and empirical models of institutions and their influence. Particularly, our theories and empirical models need to account for, to use an analogy, not just the make and model and year of the car but the driver as well. Brexit, Trump, and other instances of populism have shown that our models right now are essentially models of driverless cars.

### 3.4 | A conceptual and methodological agenda for future research

If there is a need to shift some of our institutional focus to leaders and personalities, it is crucial to define how we can improve upon existing institutional theories (e.g., Peng, Wang, & Jiang, 2008) to integrate historical and socio-political factors into models of global strategy. From a conceptual perspective, this paper has outlined a variety of factors to consider when looking at

the nature and character of populist leadership, none of which are actually unique to populism. The dimensions we outline in Figure 1 can easily be expanded to account for other aspects of political/social philosophy (e.g., by expanding that “non-populist” part of the “Nature of Populism” dimension), while the dimensions of the “Acquisition of Power” and “Intent of the Agenda” are completely generalizable. Hence, our position here is that the framework we have outlined serves as a starting point for what would need to be examined more from a micro-foundational, behavioral, and socio-political perspective. In this regard, upper echelon theory (e.g., Finkelstein & Hambrick, 1996) provides some guidance as to where we could begin to work out a more nuanced aspect of institutional theory. Much of upper echelon theory concentrates on the observable “what” of the top management team (e.g., education, experience, etc.) but behind this is a foundation based on how those individuals think and are motivated by specific beliefs. It is that foundational logic that matters here: What motivates political actors philosophically and practically that would imply how they use or influence the levers of power?

Perhaps more interestingly would be the degree to which we think about institutions empirically, an exciting area which has seen great strides in the past two decades.

### 3.4.1 | Continuing the quantification of institutions

First, we could try to simply expand the empirical characterization of existing model structures. One way in which this could be done is to look at recent work on culture and how the variability within country of cultural measures matters for institutional evolution (e.g., Beugelsdijk, Kostova and Roth, 2017; Hartwell, 2017) or how a variety of our institutional measures vary over time (e.g., Klein, 2017). What this approach does is essentially decompose cultural or institutional measures into a greater number of components than a headline metric, showing what the composition of these sub-measures might be (e.g., rather than looking whether a judiciary is independent one might consider the orientation or voting rules of that judiciary). This analysis also can discern other trends in institutions, including, crucially, how the constituent measures of an institution might exhibit higher or lower degrees of variability (e.g., by including not just mean measures but measures of variance or cyclicity). The benefit of doing this is that it is reasonably easy to calculate based on existing data, making it a low-cost methodological innovation. Similarly, such variability measures will also capture specific country context quantitatively (i.e., does this institutional change deviate from a trend), creating a tool for panel or broader-based approaches beyond the case study method. However, as detailed in this paper, the issue with such a tactic is that it ultimately still does not capture the role of the institutional controllers, although they may reflect this in how those institutions are used in influencing some instrumental measure. In this sense, it is a halfway house to a more microfoundational approach to examining institutions and politics.

### 3.4.2 | Institutions versus environment

The second approach for empirically modeling institutions would a similar decomposition, but not of institutions themselves; rather, this approach would explicitly separate institutions from their environment and the model the interaction of the two. With regard to institutions, this analysis would examine the degree to which there is the potential for variability in institutional structures. For example, some databases include measures of administrative influence, in the

sense that they indicate the degree to which bureaucratic latitude exists within a particular institution. While the approach noted in the previous paragraph would develop measures of general variance in the institutional environment at both the macro and micro level, this second approach would be concentrated on *potential* variability rather than *realized* variability. By focusing on the potential for institutional volatility, one could account for the extent to which, should a political party or leadership of a specific type capture power, they can alter the policies related to the institution(s) in question. This approach too would allow for capturing country context, previous leaders, and what previous policies contributed to a country's institutional structures. Similarly, these types of measures could also be developed for the population at large to examine the extent to which political opinion is malleable or to which policies can be aligned. Although some such measures along these lines exist, they are estimated on the variance in the population, rather than on variance within the individual. The logic behind this methodology is more in line with that proposed by Devinney and Hohberger (2017) with respect to culture, where they argue that one gains more understanding by characterizing individuals as having their own variability rather than focusing on the variability across individuals. But both levels of analysis are necessary because the likelihood of a policy occurs at the nexus of what the polity would view as acceptable with the ability to align (or bend) the political instruments of power to those viewpoints (hence generating both popularity and the probability of maintain political power). In either case, developing such a methodological approach would require new conceptual bases as well as new methods of measurement and estimation.

### 3.4.3 | Bringing leadership in

The third approach is the most difficult but also the one most closely aligned to the populist phenomenon and how it is situated in our framework. As shown above, it is necessary to examine the cognitive and socio-political models of the individuals in positions of power to understand institutional dynamics at any given point. At a macro level, this might be related to the schemas employed by the leader or leadership group or an analysis of statements, platforms, and pronouncements to understand heuristics which may arise. To some degree, this approach would be a more generalized form of Kremlinology, but with the aim of creating a structured way of characterizing a broader variety of political environments (which may not comport with simple left/right classification). Advancements in text analysis have allowed for analysis along these lines, with political scientists increasingly using the words of politicians to understand political institutions and political conflict (Grimmer & Stewart, 2013). Unfortunately, at the micro level such an analysis is more complicated, as the leader or participants in specific institutions dominate rather than any over-arching logic behind their schema; moreover, there is less of a public record than with large, visible institutions such as government, meaning likely a bias toward such visible institutions. A distinctly micro-foundational approach would necessarily require more information as to the specific political or administrative players in an institution, requiring an even deeper knowledge of the local context and forcing us back to case studies rather than broader cross-country work. Whereas, in the macro case, we might be able to look at Donald Trump and the broader Republican establishment to understand political institutional structures in the United States, in the micro case what would matter are the individual members of the executive leadership team, their CVs, and their actions in the past.

The last point does not imply that more macro, national level, approaches to understanding populism and political institutions are invalid. For example, we would agree with Mudambi's

(2018) characterization of the macro national-level drivers of what makes populism a potentiality in a society. Where we would differ is in focusing not on the potentiality of a populist political regime—which gets at the question of some of the “why-is-this-occurring” type of issues—but at the mechanics of “how” it happened, which is related country-specific factors such as the distribution of interests (such as why Williams Jennings Bryan failed and Donald J. Trump succeeded), how it potentially can be, or has been, maintained, and what the role of the individual members of the leadership are or were (the “who” controls the levers of power).

A partial example of the possibility of focusing on more micro aspects of political leadership is seen in the V-Dem Institute and how they have used expert opinion as a means of measuring democratic institutions. Indeed, their approach was one of the first major indicators of the decline of democratic political processes in a number of countries, including the United States (see, e.g., V-Dem, 2018). More narrowly, the Timbro Authoritarian Populism Index (<https://populismindex.com>) focuses exclusively on a prescribed list of populist political parties. Most recently, *The Guardian* newspaper funded an academic group, entitled Team Populism (<https://populism.byu.edu/>), that has text analyzed the speeches of ‘leaders’ in 40 countries looking for populist rhetoric and relating this to a host of socio-economic variables—such as income inequality, taxation, corruption and so on. While the analysis is somewhat limited, the data is very comprehensive and their analyses are informative in highlighting the extent to which populists in power impact the economic and political system (see, e.g., Ruth-Lovell, Doyle, & Hawkins, 2019). Although all these approaches, to date, concentrate mainly on macro issues and do not specifically measure leader characteristics, they use experts to subjectively evaluate each country's formal and informal institutional structures, capturing the more contemporaneous changes in orientation which could be influenced by the sorts of pressures and effects we have been discussing in this article (Coppedge et al., 2018).

There is also considerable scope for a revitalization of co-evolutionary thinking with respect to political actors and socio-political institutions. While co-evolutionary models are not new and have been applied in the case of MNEs and local political institutions (Cantwell, Dunning, & Lundan, 2010) generally and also in the case of specific examples (Dieleman & Sachs, 2008), the dominance of cross-sectional research and a willingness to assume political stationarity as the norm has led us to under-emphasize the endogenous nature of political, economic, and social change. This is important in both democratic politics, where policy entrepreneurship, policy opportunism, and the process of policy development, institutional formation, and policy implementation are important (Weissert, 1991), but also in developing markets, where the variety of choices of the direction of policy and the structuring of institutions are evolving quickly in real time in many instances (Cuervo-Cazurra, 2015). The role of specific political actors cannot be underestimated in key areas where the potential policy alternatives are large, or the structure of the political system allows for rapid changes of direction based upon who holds the levers of power. In this regard, it is not the diversity of institutional structures that matter but their malleability in the hands of political managers.

Finally, there is an issue that would never have been anticipated by those responsible for the development of the institutional and political theories we apply today, the role of social media. Its relevance today, based on how it has been co-opted more successfully by those pursuing a populist agenda than those from the political mainstream, simply cannot be underestimated in a world where the U.S. president communicates mostly in 140- or 280-character chunks. This requires more meaningful integration of the role and use of media into global strategy thinking, particularly as it applies to governments and institutions at the micro-foundational level, where the issue of the control of communication matters significantly. As



Foucault (1991, 2002) notes, there is an inter-weaving of knowledge and power (his notion of power-knowledge) and how you structure information is the source of power. We see this in how populists have used language and how Donald Trump has masterfully controlled the daily news feed. For example, Patterson (2017) found that Trump received more media coverage than every other candidate in the 2016 in nearly every week of the campaign—effectively neutralizing campaign spending by his opponents. Also, Trump has been masterful in his use of social media to neutralize his opponents (witness his reliance on easily understood labels, such as “crooked Hilary,” “Pocahontas,” “Failing New York Times,” etc.) while both motivating his base and increasing the productivity of those who would be his allies, both locally and abroad (which explains why Trump comments on what appear, at times, irrelevant issues in other countries). Patterson (2017) shows that nearly 42% of all news media time in his first 100 days in office was taken up by discussions relating to Donald Trump, with a significant amount of it related to his early morning tweets.

## **4 | VARIETIES OF POPULISM AND MANAGING IN AN AGE OF POPULISM**

### **4.1 | Observing the varieties of populism**

We have noted throughout this article that the public perception of populism does not reflect the variety of different populist agendas (Tables 2 and 3) nor the fundamental political and social motivation of populist leaders and their parties (Tables 1–3). In addition, we have emphasized the fact that looking for a singular definition of populism is fraught with fallacies and biases and it is best to focus on the varieties of populism both in terms of form and intensity. But how does this relate specifically to “Global Strategy in the Age of Skepticism of Globalization” and to business and public policy? To fashion a first attempt at addressing this issue, and also to show how the “Varieties of Populism” logic applies in specific cases, we discuss three key areas of global strategy and international business and how they are reflected in individual cases of populist leaders and populist parties: Globalization (e.g., foreign direct investment, tariffs, and trade), Immigration, and Multilateralism (i.e., attitudes toward supra-national authority). While we could expand this list further (and plan to in the future), we feel that what is presented is quite broad and captures key areas of the intersection of populist agendas and globalization.

Using these three areas, Table 3 includes the specific policy positions of a variety of populist political leaders and their parties. We have chosen to do this so that the link between the form and style of populism given in Table 3 can be seen in terms of its implications for policy and practice. Hence, we also present (where available) information on “openness to trade” and “attitudes to immigration” for the countries where, and at the time, those leaders were (or are) in power. What we see very clearly shows the sort of heterogeneity that our “Varieties of Populism” logic implies. Overall, there is nothing that could be called a “global” populist agenda and populists are as likely to differ from one another as any other political leader is to differ from one another, whether democratic or autocratic.

#### **4.1.1 | Immigration**

Perhaps the most commonly held view is that populists are anti-immigrant and that what drives a lot of their political power is an anti-foreigner platform. However, the reality is that of 12 cases



given in Table 3, a slight majority (7) promote a clear anti-immigrant agenda, with the remaining five either neutral or pro-immigration or have no clear policy. So, while we do see strong anti-immigrant rhetoric in the case of many high-profile populists such as Donald J. Trump, Narendra Modi, and Viktor Orbán, this is not the case with many of the others. For example, while Vladimir Putin, Xi Jinping, and Evo Morales might periodically use foreigners as a whipping point or to promote nationalist, ethnic or regional policies, the reality is that the laws of their countries and the policies being applied do not reflect anti-immigrant bias. This is even the case where the sentiment toward immigrants is quite strongly or moderately negative, as in Russia or the Philippines, or generally positive or neutral, as in the United States. Indeed, this anti-immigration stance is potentially the most common historic force seen in more populist rhetoric, being seen as very strong in the United States in the late 18th and early 19th Century in even mainstream political parties.

#### **4.1.2 | Multilateralism**

If we look at these leaders/parties and their view on multilateral institutions, we again see a varied mix of positions. In fact, the overwhelming majority of the 12 examples are multilateralist even if they impose some constraints on their multilateralism. Hence, the unilateralist perspective that one sees in the case of the United States is more another example of a general position of American exceptionalism being pushed further to the extreme of unilateralism for political benefit. The larger powers, China, Russia, and India, promote multilateralism but are effectively doing it, to some degree collectively, to counter the power of the United States. The smaller powers are generally moderately to strongly multilateralist, particularly if they are leading a government; for example, Winston Peter's unilateralist convictions do not really influence policy of his current more politically dominant coalition partners. Like their positions on immigration, many of their views of supra national institutions is pragmatic and focused on the value of that multilateralism for their local socio-political agendas.

#### **4.1.3 | Globalization**

Finally, when we view these leaders/parties on their position with respect to globalization we do see a degree of skepticism and push back, although, again, there are exceptions. Perhaps the two most clear examples of open globalists are Rodrigo Duterte in the Philippines and Silvio Berlusconi (when in power). In the case of Xi Jinping, it is clearly a case of "Globalization with Chinese Characters" as the agenda is related mainly to expansion of Chinese influence vis-à-vis the United States. In most other cases, there is either strong traditional left-wing sentiment toward globalization (Evo Morales, Robert Mugabe) or a tendency to restrict globalization as a threat to key sectors or jobs (Trump, Peron, Modi, Orbán). However, when we relate this to the degree to which the country is open to foreign investment and the ease of doing business, the matching is tenuous. For example, Italy, Hungary, and Italy all fall under the European Union trading regime and are quite constrained on what they can restrict. Other countries are either good, bad, or plain ugly when it comes to their openness to trade and investment, a distribution generally unrelated to their current populist regime.

## 4.2 | Convergence and divergence

In sum, when looked at collectively, we see significant heterogeneity in the major populist political agendas. Where they are more coherent is perhaps in what they oppose—political and business elites, established political structures, and the vaguely and situationally defined “others.” Beyond that, they are not, and should not be viewed as, a coherent global “movement” except when circumstances make it convenient. While they may be against UN policies, these countries remain part of the UN. While these populists may be anti-elitist, they are still part of the G-7 and G20 elite groups of countries. What they *are*, and what is critical, are global skeptics. They generally do not buy into the automatic belief at the core of IB and global strategy thinking that globalization is both force for, and enhanced and enabled by, positive social, economic and political development.

Driving the populist surge has been a simple extrapolation of the local onto the global, as there has been not just an upheaval in the mixture of socio-political demands by large swathes of their population but a mapping of these demands onto (and interacting with) specific national institutions. This reality calls into the question Drezner's (2009) thesis about the power of large states to drive global regulatory change and policy standardization, as well as Ramamurti's (2005) thesis as to the convergence of regulatory structures. Drezner's thesis that all “politics is global” has been challenged by the anti-thesis of individuals like former Speaker of the U.S. House of Representatives Tip O'Neill (O'Neill & Hymel, 1994), who famously proclaimed that “all politics is local.” While the last several decades reflected a resolution that was dominated more by the logic of the thesis, we see in the last several years a rise of the anti-thesis and the globalization of the local. This is reflected in Butzbach, Fuller, and Schnyder (2020) argument that local backlash with respect to globalization's effects on local constituencies can lead to pressure to engage in policy reversals, even in the face of the constraints of regional and global agreements.

For managers and policy makers in many countries, this reality may require a revisiting of the past, when globalization was less about global platforms and more about integration of disparate operations. It may also imply that “global factory” models are overstating what is realistic in today's political reality and that conceptions of the global value chain have been revealed to be missing a crucial element of risk, especially if value chains are susceptible to being weaponized for political purposes. In addition, as seen with the Belt and Road initiative from China, the interdependencies created by state-linked multinational networks and infrastructure can be a vector of political power that put countries at risk, rather than countries being a vector of political power that put firms at risk. Hence, it may not be that new theories are needed, but that the balance of interests implies that theories once thought less relevant will need to be revisited; moreover, the Theory of the Multinational Corporation will need to emphasize more of the local adaptation character of the multinational rather than its global integration character. As we have stressed in this paper, the design of political and economic institutions may also become narrower or more nationally focused, meaning that businesses will need to exhibit greater levels of strategic agility, improvisation, and adaptation across countries in order to remain relevant. In this regard, Marano, Tallman, and Teegan's (2020) notion of “Liability of Disruption” becomes important as it implies that what matters is how MNE's establish legitimacy in an environment that is not accepting of the structural change that their business models would trigger.

In addition, the general negative view of immigration seen in nearly all of the more populist parties and leaders has implications for the free movement of skills and talent. Brexit is perhaps

the most extreme case since it reflects an example where a country (the United Kingdom) is purposely turning its back on freedom of movement for its own citizens (abrogating the ability of United Kingdom citizens to work in the EU freely) in order to stop EU citizens from having that same right in the United Kingdom. What this policy does is isolate labor, strongly changing the dynamic of knowledge-based systems that rely on the movement of people and talent and a key part of global multinational strategy and performance (see, e.g., Andersson, Forsgren, & Holm, 2002). Ultimately, it is unclear the extent to which such changes will affect “embedded” subsidiaries and the trade-off between outsourced activities and the internalization of more of the global value chain in proximate locations. However, as Buckley and Hashai (2020) show, as the cost of operating the components of a global value chain change, this alters the local and control structures of the MNE's network.

For policy, the importance of local concerns and their impact on national-level institutions may imply that the ability to engage in mutually beneficial resolution of global and regional agreements will become more difficult. In particular, as local political heterogeneity rises to the fore and local politicians cater more directly to their constituencies, broader coalitions are less likely and favorable economic policies which rely on these coalitions (such as free trade) can become scarcer. Policymakers must attempt to resist this siren's song of localization while continuing to press for broad-based policies which can deliver economic growth; however, in order to forestall further anti-elite sentiment, a welcome development will also be to reverse the consistent centralization of policymaking and return power to sub-national units via real decentralization. By once again properly delineating responsibilities between national and sub-national authorities, adhering to a subsidiarity principle which has been de facto abandoned, policymakers stand a better chance of pushing economic reforms while keeping recalcitrant political institutions in check. From the business standpoint, it may be more difficult in dealing with different regions of a country with their own business flavor, but it could be preferable to being shut out of the country entirely due to an ascendant populism.

What we also see is that most populist parties have something of a “beggar thy neighbor” approach to international relations that creates a potential prisoner's dilemma in terms of their approach to globalization in general. Hence, it may not be a coincidence that rise of populist parties in one country has a contagion effect on other countries, leading to tit-for-tat style policies such as the trade policies of the 1930s or, more recently, in the ongoing China–U.S. trade war. While we know that globalization and de-globalization operate continuously and side by side (Benito, 2005), the driver has mostly been MNEs making adjustments to a global portfolio of operations based on technological development, market evolution, and asset prices. A more populist political stance adds in localization for political purposes more strongly into that equation, a reality that may need to be re-incorporated into our models of location and investment choice.

### 4.3 | Managing in an age of populism

Overall, we can look back to Table 1 and our dimensional definition of populism and relate it clearly to the major drivers of global strategy. Countries with more populist influence will exhibit more pressure (a) for favored factors of production, putting emphasis on local over global value chains, (b) for ownership structures that reflect capturing the rents for political purposes, (c) to identify or use corporate structures to further the populist agenda, and (d) on existing long standing corporate and political networks that have driven policy in the past. What this implies is a need on the part of companies to skew their decision-making away from old realities to new

realities that de-emphasize global benefits from global activities and emphasize the local and distributional characteristics of the MNEs operations. Perhaps this requires a redefinition of the adage “Think Global, Act Local” to something more of the line “Think Global, Be Local”.

We can address the issue of the management of local and global firms in this environment more specifically on three dimensions of impact that go back to early work on political risk mitigation (e.g., de la Torre & Neckar, 1988; Kobrin, 1982; Ring, Lenway, & Govekar, 1990), namely transfer/transactional risk, operational risk, and ownership/control risk. Transfer/transactional risk is associated with the uncertainty surrounding flows to and from the company from outside the country in question. These might include repatriation of profits, technology, people, and so on. Operational risk is associated with the constraints on the physical operations of the company, such as environmental regulations, worker regulations, pressure toward local content, etc. Ownership/Control risk is associated with expropriation of all or a portion of the ownership of the company or the proprietary assets such as technology, patents, and so on, or other pressures to skew decision making outcome in more alignment with political goals. So, the question that arises for companies is “what is at risk and what is the form of risk engendered by the populist agenda?” As we have seen, empirical evidence shows that countries with more populist governments do skew resources and rents toward more excluded parts of the society and this arises via restrictions at span all three risk categories.

The means for countering or mitigating these risks is many and varied but generally fall into three categories: forecasting, forestalling and absorption/internalization. Forecasting is literally what it says and is usually considered to the precursor of decisions to forestall or absorb. Perhaps the clearest case where forecasting has been a major issue has been Brexit. The failure of the political institutions to achieve a predictable Brexit outcome (and actual exit date), has wreaked havoc across many business sectors, particularly when it comes to future investment commitments. Faced with an ability to make informed decisions has forced many companies to work to worst case scenarios. Forestalling is the structuring of the company and its strategic disposition to control the emergence of unpredictable events. This can show up in outward FDI that diversifies operations and sourcing externally (such as many car companies choosing to move operations from the United Kingdom when facing Brexit), pro-active public relations (such as engaging in alignment with the clear stakeholder groups), political lobbying, and strategic disposition or reputation signaling (such as credible exchange of threats as seen in the U.S.–China trade-war). The key to forestalling is to make it more costly to the local risk source to engage in behavior antithetical to the best interests of the corporation. The third approach is absorption, which is akin to internalization. It is the internalization of political risk through the structure of the company vis-a-vis the sources of the risk. Absorption can have many of the characteristics of forestalling and include actions such as joint ventures (particularly with parties that might be aligned to the new populist elite), pre-emptive FDI (thereby increasing the dependence of the local economy on your actions), and either more vertical integration thereby reducing the openness of transactional operations. Like forestalling, absorption is aimed at merging interests between those causing the risks and those facing them.

As with all corporate mechanisms, there is no free lunch. The use of forestalling and absorption is difficult because the ability to reduce one type of risk (e.g., transfer risk is reduced through country diversification) can lead to circumstances where the vulnerability to another (e.g., ownership risk might be increased because the costs of expropriation are low) is increased. What this implies is that managing in an age of populism is not much different than managing in other eras, except that the mixture of risks and tools changes as the circumstances and individuals wielding political power change.

In Table 4 we replicate Table 1 but focus on the implications for three types of firms: local firms, local based MNEs and global, non-local based, MNEs. We then ask the question what strategy is likely to be more dominant (rather than asking what is “best” when such an

**TABLE 4** Examples of populist policies and specific implications for global strategy

Variety of populism	Relevance for strategy	Implications for local firms		Implications for multinational firms
		Domestic	Home MNEs	
<i>Structural</i>	Emphasis on favored factors of production, stress on local and domestic value chains	Utilize local positioning to capture rents from MNEs	Pressure to localize international operations or to consider global operations as less integrated with local operations	Pressure to localize. Absorption/internalization and forestalling approximately equal. Main risk is transactional and operational, but some ownership is at risk due to rent extraction
<i>Economic</i>	Review of investment policies under uncertainty, proactive policies to avoid possible nationalization, diversification of value chains	Could lose links to global value chains as links to local value chains more critical	Potential de-globalizing pressures leading to more need to internalize local operations	Emphasize the local contributions of the MNE to local stakeholders. Distribute rents more broadly geographically and into more deprived areas of the economy and country. Forestalling dominates. Main risk is transactional and operational, but ownership is more at risk due potential of nationalization
<i>Ideological</i>	Need for strategic flexibility depending on variety of populism	Alignment to local political philosophy viewed as beneficial but cost is relatively low.	Potential conflict with local political philosophy having spillover to global operations.	Potential of divestment to the extent that the ideological positioning is contrary to global philosophy. Alternatives include total local market adaptation or divestment. Absorption/internalization dominates if choice is to remain in country. Ownership risk very high
<i>Political–Institutional</i>	Need to cultivate new political connections, serve new demographics	Firm will be more of an instrument of the state	Pressure to export local political philosophy as well as goods and services – Firm could be quasi state controlled	Localization pressures very strong as well as re-alignment of local operations. Scale required with absorption/internalization pressure very strong

evaluation will be highly contingent on the firms and country in question) and where the risk resides. The clearest difference is between the first two rows and the last two rows. As one moves down the table, we see that operational and transfer/transaction risks will decline relatively speaking and ownership risks will rise. What this implies is that the form of populism, particularly to the extent that it is “ideological” or more long term and all encompassing—as is the case with “political-institutional” populism—the more likely it is that the firm’s control of not just its operations but its ownership and control are at risk. Perhaps the most extreme example of this is the populism of Xi Jinping, where CCP control of local firms has become significant while the impact externally has forced many firms to rethink their China operations and their interaction with China. This forces more extreme decisions onto the firms, either local or global. In the case of softer forms of populism, seen in the case of “economic” and “structural” varieties, firms find themselves in a situation where the traditional mechanisms of forestalling and absorption/internalization have value and what we see is simply a movement of rent extraction toward local operations and local resources. For the local MNE, this is perhaps the most difficult position to be in as they are bringing residual value back into the country from foreign operations but this is seen as a substitute for local operations that force it to be more like its past—when it was local—and less like its potential future—which is global.

For the MNE there is actually more variety of choice of reaction depending on the form of populism they are facing, which can be seen by the fact that there are distinct responses to each form of populism. Structural forms of populism lead to pressure to localize for localization’s sake with more emphasis on things like local employment. Economic forms of populism are related to spreading benefits more broadly, which might be forestalled with tax or infrastructure payments rather than physical assets. In some ways these are the least worrying as MNE’s can make marginal decisions that simply re-orient production or operations. More of a concern are ideological and political-institutional forms of populism, that are likely to drive divestment or lead to a lack of FDI in the first place. It is these forms that require more radical decision making and can lead to the complete exclusion of a country from the MNE’s portfolio of activities.

Ultimately, our approach implies that what is critical to understanding the varieties of populism is to not focus on the institutional structures in a manner akin to Hall and Soskice (2001) but to concentrate more on the philosophic and political positions of the political agents. In addition, for Hall and Soskice the goal was rather singular as noted in their subtitle: *The Institutional Foundations of Comparative Advantage*. Our approach comes closer to Ambrose Beirce’s definition of politics in *The Devil’s Dictionary* as “The conduct of public affairs for private advantage” where that “private advantage” relates to the economic, social and political goals that are the aim of political activity. What this implies for firms is that their political intelligence—their “forecasting” in the parlance of this section—is critical as without an understand of the “why” of the political actors it becomes impossible to determine the “what” should be done in response.

## 5 | CONCLUSION

Our purpose in this article was not to make a value judgment about the morality of populism or speculate on the importance of populism for the globalization agenda, as this has been amply done by others. As Mudambi (2018) posits, the recent rise of populism in the Western democracies could simply be due to the conditions normally seen in less-developed environments being replicated in the West. It may also be that surge in populism is due, in part, to the structural



force of neoliberalism and the “continued pain” it inflicts. However, we would argue that economic disruption is constant and does not always result in populism ascending. Indeed, closer to Mudambi’s (2018) argument, populism would be given an outlet if economic disruption occurs and it does not lead to greater allocative efficiency (i.e. the promise of neoliberal reforms). Instead, we have attempted to ask what the rise of populism in the early part of the 21st century implies regarding how we as researchers should think about the effects of political institutions and personalities and (crucially) how we can understand and model them in global strategy research. Our conclusion is that the events of the last decade call into question whether the form and depth of inquiry in which we engage regarding institutional structures is appropriate for many issues we observe in global strategy.

In particular, we believe that crucial aspects of the institutional environment have thus far been ignored in much of the international business literature, due mainly to the difficulties of quantifying these aspects but also due to an acceptance of institutional structures as exogenous. While much of what we have studied in international business at the macro-institutional level is subjected to the normal level of academic skepticism, the rise of populism implies that we need to be broadening both our theoretical logics and empirical models of institutions and understanding their endogeneity. Such an approach would entail expanding our gaze to a more cross-disciplinary horizon, drawing on insights not only from economics but political science, psychology, sociology, and the humanities.

Indeed, an approach which draws more on political science, psychology, and other disciplines could be incredibly beneficial for understanding business strategy, as it would force us to reorient our analysis down from the god’s eye/macro view to a much more micro-focused understanding of institutions and institutional structures. As we have demonstrated in this paper, a missing element from much of our understanding of institutions is precisely this micro-level analysis, and the largest gap is also the most micro unit of all, that of the individual. Overall, we need to be more practical in our thinking with respect to the role of political actors and personalities, and how *who* is involved in institutional evolution or functioning can influence of policy and thus outcomes. To date, research in international business and, to a lesser extent, new institutional economics has implied that it does not matter who is appointed, elected, or heading a specific institution. As recent reality and the wave of populism has shown, this may not be a valid assumption.

While at one level, we are calling for a microfoundational approach to looking at the nature of political institutional structures, we are also calling for a multi-level time dependent perspective as well. This represents an opportunity for the field of global strategy. For example, in the introduction to the recent special issue of the Global Strategy Journal on “The Microfoundations of Global Strategy,” Contractor, Foss, Kundu, and Lahiri (2019), echo our viewpoints about the dominance of specific levels of analysis in our literature. For them, major issues relate to the decisions being made by the firm and its managers and the papers in that special issue mostly retain the logics that have dominated work in areas such as upper echelon theory. However, we believe that a broader and more ambitious perspective should be encouraged. This would benefit global strategy field by concentrating just a bit more on the reality of decision making and the complex interactions that go on between firms, managers, politicians, and other stakeholders. This will require potential changes to the mix of research methods, perhaps relying more on detailed social network approaches that track corporate political interactions and historical analysis of repetitions of single country contexts over time. All of these different approaches are likely to enrich our understanding by expanding the boundaries of our field and its theories.



Finally, from a more practical business and policy perspective, we believe that many of our existing theories and approaches do have resonance in an “Age of Skepticism of Globalization.” As we noted, there is much we can learn more from the socio-political changes we are experiencing, however, we can also apply old models that still have general applicability. For example, the rise of populist political parties is requiring firms to rebalance the benefits of global integration versus the benefits of local responsiveness as the political pressures have made globalization gains more costly (Devinney, Midgley, & Venaik, 2000). However, unlike Buckley and Hashai (2020), we do not believe this is heralding a new global system. Similarly, the value of corporate political action does not disappear because the nature of political and country risks and the holders of power change and the power of the state increases relative to that of the multinational. As noted by Boddewyn (2016: 20) “[t]he early concept of ‘political risk’ remains the dominant one that keeps assuming new guises... [T]he obsolescing-bargain theory remains the dominant interpretation of a foreign investor’s fluctuating bargaining power when facing political risk ... [M]ultilateralism seems no longer attainable in the foreseeable future”. In this regard, we conclude by echoing Boddewyn’s (2016: 21) conclusion that “such weighty issues cannot simply rely on secondary data but will also require ‘contextual intelligence’.”

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## SUPPORTING INFORMATION

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