NAVIGATING GROWING POLITICAL PRESSURES

Final Report from the
Business & Democracy Commission

CIPR CHARTERED INSTITUTE OF PUBLIC RELATIONS

Ipsos

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THIS IS A CONSULTATION PAPER DESIGNED TO TEST AND REFINE BEST AVAILABLE PRACTICE; AND TO EXPLORE NEW, BETTER WAYS OF HELPING BUSINESSES PROTECT THEMSELVES AGAINST THE INEVITABLE RISE OF DEMOCRATIC AND POLITICAL ISSUES.

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1. INTRODUCTION

The Business and Democracy Commission was established by Jericho with support from the Chartered Institute of Public Relations (CIPR) and Ipsos in early 2023 as an independent, non-partisan project to address the complex relationship between these two vital and co-dependent pillars of our society, examine how political pressures are reshaping the operating environment for business and explore what leaders can do to prepare.

The lines between what citizens expect from their governments and from businesses are growing ever more blurred. Political, economic, social, cultural and environmental issues now collide in ways that create immediate business risks: to reputation, operations and licence to operate. At the same time, public trust in business is fragile, with perceived mis-steps quickly undermining legitimacy.

Businesses now find themselves caught between dissatisfied stakeholders and tightening regulatory control. They are under rising pressure to take positions on politically contentious issues — and, in some cases, to fill gaps left by weak or underfunded public policy. In that vacuum, we are seeing the growth of populist sentiments across Europe, the US and UK. The delicate relationship between business and democracy is at risk of breaking down. For business leaders, the risk is clear: populism creates unstable markets, unpredictable regulation and higher reputational exposure.

This is not about left or right. Both ends of the political spectrum now impose complex and often contradictory expectations on business.

Starting in the UK, the Commission began with an interim report, published in October 2023, which clearly set out the emerging risks and opportunities for business in a more politically charged environment — and what might happen if leaders fail to respond.

This report focuses on helping companies build structured frameworks for strategic engagement, grounded in transparency, consistency and meaningful stakeholder dialogue. The aim is not for business to "save democracy", but to equip leaders to navigate a fraught socio-political landscape and protect long-term business resilience.

The crucial insight from the Commission's journey so far is that political pressure — from increasingly vociferous and contradictory stakeholders demanding that companies take or avoid certain positions — is now a material business risk. Companies must develop new skills and processes to handle it strategically.

These demands are unpredictable, contradictory and emotionally charged. Traditional corporate communications are no longer enough. What is required is structured, values-based decision-making and engagement processes. Building these now will place firms on stronger foundations, with the authenticity and credibility essential for protecting reputation and managing stakeholders effectively.

METHOD OLOGY

Our findings are based on:

- Desk research into global trends affecting business and democracy.
- Interviews and roundtable discussions with the Business and Democracy Commissioners, business leaders, experts, academics and policymakers — conducted under the Chatham House Rule to enable open, honest and sometimes vulnerable dialogue.
- Real-world case studies of companies that have successfully (or unsuccessfully) navigated politically sensitive issues.

This report distils these insights into practical recommendations to help businesses act with confidence and clarity.

2. WHY THIS MATTERS

The new risk and opportunity landscape

The challenge of navigating political and democratic pressures is not going away. It will intensify as political, cultural, social and environmental events place new and conflicting demands on business leaders. Many organisations are already responding with caution — sometimes retreating from public statements while continuing operational activity.

Businesses may be able to remain silent for a period, but avoiding these pressures forever will not work. Silence may be a tactical choice in the short term, but over time it risks ceding the public narrative to more extreme voices. The task is not louder statements, nor total retreat, but what participants in our research have called "ambitious pragmatism": developing systematic frameworks that allow businesses to act where relevance is clear, and to speak with credibility, not symbolism.

The Commission has identified six key issues which make this a material imperative for business.

1. POPULISM CREATES BUSINESS RISK

A study by the Carnegie Endowment for International Peace in June 2023 found that ""populist style, regardless of ideology, has negative effects on economies and businesses. The populist strategy of building intense voter loyalty through polarization leads to the decline of social trust, which is strongly correlated with GDP and entrepreneurship levels. Social cohesion also declines, which can increase social unrest. Personalized, often centralized government decision-making yields unpredictable policies, increasing uncertainty and risk. It also increases corruption and cronyism, a finding that is particularly strong in countries where these problems were previously less significant. Corruption serves as a distorting tax on most businesses, while cronyism tilts entire business sectors. Finally, the sidelining or delegitimizing of oversight institutions and the press leads the rule of law to degrade".

So what?
Populism isn't just a political issue — it's a material business risk. Leaders should treat it with the same seriousness as cyber threats or climate disruption. That means putting in place scenario planning, horizon scanning and communication strategies to prepare for unpredictable, polarising politics and the instability it creates.

2. POLICY FAILURES CREATE COSTS FOR BUSINESS

Businesses are already absorbing the impact of poor or inconsistent public policy: from low educational outcomes and weak skills pipelines, to limited affordable housing near jobs, poor transport links, and inadequate mental and physical health provision. Each of these shortfalls requires sustained investment — which governments often fail to provide, leaving business to step in. A lack of public goods is not a "no-cost" option.

So what?
Where governments fail, businesses pick up the tab — whether in recruitment, retention, productivity, or wellbeing. Participants in our roundtables noted that businesses are increasingly forced to fill the gaps in housing, skills, transport and wellbeing — but too often without the legitimacy or support of government. This mismatch between political short-termism and business long-term planning only heightens costs and frustration. Companies need to understand where policy gaps create costs for their operations and develop strategic responses, whether through advocacy, partnerships or targeted investment.

3. POOR RESPONSES DAMAGE REPUTATION AND REVENUE

Citizens are increasingly looking to business to step in where they see governments as ineffectual. In the UK, 50% agree that business leaders should speak out on relevant social and political issues (Ipsos Global Trustworthiness Monitor, 2022[1]). But doing it badly has consequences: 72% of corporate communicators agree that too many organisations use the language of social purpose without committing to real change (Ipsos Reputation Council, 2022). The result is reputational damage, both internal and external.

So what?
Expectations are rising. Silence may be tolerated temporarily, but when companies do respond, they must do so authentically and strategically. Misjudged statements or token activism are punished swiftly. Our interviews revealed how over-correction can be as damaging as overreach: some businesses admitted they had moved too quickly into activist territory without legitimacy; now they are swinging back too far into silence. Both extremes erode trust. Leaders need clear frameworks to judge when to act, when to stay silent, and how to avoid performativity.

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1 https://www.ipsos.com/en/trust/trust-2022

4. DISINFORMATION IS A DIRECT BUSINESS THREAT

Technology has amplified both freedom and manipulation. Misleading claims can shift consumer behaviour and even endanger employees. In 2022, Eli Lilly's stock price fell 4.37% after a fake Twitter account falsely announced free insulin. In 2020, conspiracy theories linking 5G technology to health risks led to physical attacks on BT Openreach engineers in the UK.

So what?

Disinformation isn't just a PR headache — it's an operational and financial threat. Businesses should monitor misinformation actively, establish rapid-response protocols and work proactively with regulators, media platforms and stakeholders to minimise impact. Several companies described embedding reputational risk planning into decision-making earlier — at product design stage, or through scenario Q&As — to prepare for these unpredictable shocks.

5. VALUES ALIGNMENT IS ESSENTIAL FOR TALENT — BUT IT'S COMPLEX

Successive generations are more sensitive to inequality. There is evidence of a growing gap between the youngest and the oldest adults, particularly on the question of whether the societies we live in are meritocratic. The gap between Gen Z and Baby Boomers is clearly growing, with the former cohort losing confidence that their own personal qualities will be what determines their success in life.[2] Employees — especially younger workers and future leaders — increasingly expect their employer to reflect values they can identify with, not just provide financial rewards.

The challenge is that "values" are not uniform. What resonates with one group of stakeholders may alienate another. Taking a position on issues like climate, social justice or diversity can build deep loyalty in some audiences, while provoking pushback from others.

So what?

Talent strategy is now inseparable from values strategy. Companies that fail to demonstrate alignment between stated purpose and visible behaviour risk losing out on recruitment and retention. But alignment does not mean satisfying everyone. Our research stressed the difficulty of navigating competing values across geographies and stakeholder groups. The task is to be clear on which issues are legitimate for your business, to explain why you act where you do and to accept that consistency and credibility matter more than universal approval.

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2 https://www.ipsos.com/sites/default/files/ct/news/documents/2025-08/Ipsos-Equalities-Index-2025.pdf

6. OPAQUE LOBBYING ERODES LICENCE TO OPERATE

Unchecked lobbying, particularly when seen to benefit only the wealthy and powerful, corrodes trust in both government and business. 63% of Britons think the system of governance is "rigged to the advantage of the rich and powerful" (Hansard Society, 2019).

So what?
Opaque lobbying creates reputational drag, regulatory risk, and stakeholder mistrust. Businesses must ensure that political engagement is transparent, consistent with their public positions and framed as advancing legitimate shared interests — not narrow corporate gain. Roundtable participants noted that firms with purpose embedded into governance structures (such as articles of association) are far more resilient: when values are baked into institutional design, they survive political headwinds. Where ESG and DEI were "bolted on," they were the first to be dropped.

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Taken together, these six dynamics highlight why today is not "politics as usual" for business. Populism threatens market stability and predictability; weak government policy creates costs that fall directly onto companies; reputational risks are amplified when political engagement is mishandled; disinformation can damage share price and employee safety overnight; younger generations demand alignment between values and culture; and opaque lobbying corrodes trust and licence to operate.

3. HOW TO RESPOND

Building capability and legitimacy

To manage these risks, companies need clear frameworks and proactive strategies.

This section outlines practical steps you can take now.

A. CREATING A FRAMEWORK FOR AUTHENTIC ADVOCACY

Neither silence nor scattergun activism will work in the long run. Green-hushing — staying quiet even when a business has real contributions to make — can be as damaging as over-claiming.

One practical step is to map your organisation's full political footprint. Political engagement goes far beyond just direct lobbying — it includes donations, trade association memberships, research sponsorship, charitable giving, marketing and social campaigns. Without a holistic picture, companies risk blind spots, inconsistency and reputational exposure.

From this, leaders can start to build a robust framework that enables companies to determine, systematically and ethically, which issues legitimately align with values and interests. Our research participants called this a "scaffolding of decision-making" — a structured process to test legitimacy, weigh stakeholder expectations and decide who in the organisation makes the final call.

Leaders should focus on:

- **Mapping your political footprint** — Leaders should take a holistic view of their organisation's political touchpoints. Tools such as footprint mapping or corporate self-assessment can help leaders identify where their influence is most legitimate, where it may be vulnerable, how to ensure alignment across the business and benchmark their approach against the most ambitious policies and practices.

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- **Evaluating core values** — Genuine reflection of values and thorough internal alignment before publicly addressing political issues is essential. Honesty and vulnerability are vital in knowing where there may be pain points within your current or past practices. It's okay to be on a journey. 'Skeletons' have a habit of falling out of cupboards, but what really matters is how you are currently dealing with any problematic behaviours still at large. This may be hard to see internally.

  - Example: A global consumer goods company conducting a values review might uncover historic supply-chain issues linked to labour standards. Before taking a public stance on modern slavery legislation, the company needs to show internally what corrective measures have been taken, what governance now exists, and how progress is tracked. Speaking without this foundation risks exposure; speaking with it demonstrates maturity and accountability.

- **Relevance** — Find the areas that are legitimate to your business, behaviours and values, and stand by them. A focused approach reduces the risk of distraction or involvement in issues that challenge credibility. "If there's no link to your core proposition, it just looks like PR."

  - Example: A utilities company has a clear and credible role in debates on water scarcity and climate resilience. These are directly linked to its operations and customer impact. But the same company may decide not to weigh in on debates around education policy, where it has little direct legitimacy. Focusing advocacy on areas of genuine operational and societal overlap builds credibility and avoids accusations of opportunism.

- **Authenticity** — True authenticity requires companies to be comfortable with the possibility of not satisfying everyone. This involves making decisions based on core values and principles, even if it means taking positions that may be divisive or unpopular.

  - Example: A professional services firm committed to gender equity sets transparent targets on leadership representation and reports against them annually. While some critics question quotas or targets, the firm stays consistent because the commitment reflects both its internal values and its long-term business interest in attracting diverse talent. Authenticity here is about consistency and follow-through, not popularity.

- **Agility** — Keep advocacy under regular review, in the light of the latest updates to societal shifts and business developments. The environment is volatile, and what is legitimate to say or do today may look very different in six months' time.

  - Example: A global tech company originally framed its sustainability agenda around "carbon neutrality." As public discourse shifted toward "nature-positive" strategies, it reviewed and adapted its language to reflect broader ecological impacts while maintaining core commitments. Regular reviews helped the company stay aligned with stakeholder expectations without appearing to jump opportunistically on trends.

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B. EMBEDDING ENGAGEMENT AND PARTICIPATION INTERNALLY

Does your business have an internal culture where employees feel heard, and do they trust that management will consider their concerns? Workplace dynamics and structures have a strong connection with wider democratic behaviours. Dignity, meaning and a sense of autonomy offer the psychological and social foundations for engaged citizenship, with workplaces serving as a microcosm of the broader democratic process.

By embedding some small but essential democratic and participatory principles into internal processes, businesses can create a sense of ownership and accountability among employees. Trust, buy-in, openness and voice are the cradle of workplace robustness, innovation and agility. Organisations with transparent, flexible work environments and inclusive cultures also enjoy higher employee engagement, lower turnover, and improved recruitment prospects.

However, this is not always easy terrain. There is a concern that employees unpractised in contributing to shared business decision-making will flood leaders with requests and demands that cannot all be met. The challenge is to design participation with clear boundaries outlining where input is welcomed, how it is considered and how decisions are ultimately taken.

Leaders should focus on:

- **The wisdom of your crowd** – Meaningful internal engagement, iterative feedback processes and coalition building can unearth blind spots and strengthen resilience.

  - Example: Anglian Water demonstrates this by institutionalising regular employee forums where staff can influence decisions on issues ranging from corporate strategy to workplace culture. Leadership then feeds back clearly on what has been acted upon, reinforcing trust and transparency.

- **Start small and build up engagement** – In organisations where this kind of feedback is new, introduce language and concepts that help people recognise their role as contributors to shared values, even if not part of a formal democratic structure. Use this awareness to gradually expand participation, advancing step by step – these are the participatory muscles which will help a firm to be both agile and powerful. Regularly measure progress, iterate through feedback cycles, and assess how these efforts help the organisation move along the spectrum toward a more inclusive culture. Be transparent about which areas are open for input to encourage meaningful participation.

  - Example: Nest Pensions equips employers with communication toolkits — from posters to payslip inserts — that help staff understand and shape decisions around their pensions. This approach shows how even technical areas can become opportunities for inclusive engagement, without overwhelming employees or managers.

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- **Link learning to participation** – Participation isn't only about "voice"; it is also about equipping employees to contribute meaningfully.

    - Example: Engie has embedded participatory learning through its "University", giving staff the skills and knowledge to influence strategic decisions on sustainability and investment. This illustrates how training and dialogue together build a culture of ownership.

- **Encourage citizenship within your workforce** – Businesses can support external civic engagement by offering paid time off for voting, encouraging volunteering or enabling staff to serve in local government or community roles.

C. RESPONSIBLE BUSINESS: GOVERNANCE, TRANSPARENCY AND NARRATIVE

Perceived "bad" corporate behaviours such as opaque lobbying, tax avoidance, high pay gaps (in general, as well as in gender and in race), lack of accountability and lack of transparency around political donations erode trust in business' ability to engage meaningfully on important issues.

Adding to this pressure, symbolism without substance is no longer credible. Our research interviews noted how many rainbow logos, solidarity statements and net-zero slogans often collapsed under scrutiny because they were not embedded in governance or investment.

"The performative era may be giving way to a more disciplined and measurable one," as one interviewee put it.

But the story is not always straight-forward. Many businesses find it hard to articulate their activities and contributions for fear of being misunderstood and incurring greater scrutiny and criticism. However, failing to engage leads to greater mistrust and assumptions for the worst. We need to find meaningful ways to communicate complex global business activities in a way that all audiences can understand, from the expert to the person in the street.

Leaders should focus on:

- **Numbers AND narratives** – Data without context fuels scepticism. Roundtable participants noted the importance of explaining not only what the numbers say — on pay gaps, emissions or political spending — but why and how they are being addressed. Embedding narrative alongside metrics helps stakeholders understand progress, trade-offs and areas where challenges remain.

- **Consistency between advocacy and lobbying** – Mistrust is heightened when corporate lobbying contradicts stated commitments. Several participants described formal review processes to ensure trade association memberships or political donations were aligned with corporate values. When inconsistencies were found, some companies made the decision to withdraw and communicated this openly — strengthening legitimacy even if the decision attracted criticism.

- **Global coherence, local nuance** – Organisations operating across jurisdictions must balance consistency with sensitivity. What resonates in Europe may provoke backlash in the US. Some firms have shifted language — for instance, from "climate justice" to "resilience and adaptation" — while continuing to report against global sustainability metrics. This kind of adaptation can maintain coherence without fuelling perceptions of retreat.

- **Governance as anchor** – The most resilient commitments are those embedded in governance structures. Companies with long-term investors or purpose encoded in their articles of association (or via B Corp certification) described far greater ability to hold the line when political pressure mounted. Where ESG or DEI were "bolted on" as communications tools, they were the first to be abandoned under scrutiny.

- **Good lobbying as a board-level duty** – Lobbying is most effective and trusted when it is transparent, consistent and accountable. As CIPR guidance suggests, compliance with statutory requirements should be the floor, not the ceiling. Voluntary registration with the UK Lobbying Register (UKLR) helps demonstrate seriousness, and elevating lobbying oversight to the board level reinforces that it is part of governance, not a backroom tactic.

- **Getting ahead** – Examine which non-mandatory disclosures match with your business values (or might be coming down the track). Disclosing before being forced to helps to engender trust with stakeholders.

5. CONCLUSION

What to do next

The operating environment for business has changed. Political pressures — from populism and weak policymaking to disinformation, values conflict and scrutiny of lobbying — are no longer background noise. They represent material risks that can damage markets, disrupt operations, and erode reputation if not handled strategically.

This report has outlined how leaders can respond: by creating frameworks for authentic advocacy, embedding engagement and participation inside their organisations, and strengthening governance, transparency and narrative. Together, these capabilities form a practical playbook for managing political risk and protecting long-term resilience.

The task is not about stepping into the shoes of government or entering partisan debates. It is about ensuring businesses can operate with stability and legitimacy in a world where politics increasingly shapes markets, talent and reputation. Silence may sometimes be a short-term tactic, but it is not a long-term strategy.

Businesses that act now — building structured decision-making, strengthening internal participation and aligning advocacy with governance — will be better equipped to:

- anticipate and absorb political shocks,
- retain the trust of employees, investors and customers, and
- turn legitimacy into competitive advantage.

The Business & Democracy Commission will continue to test and refine these recommendations through consultation, case studies and cross-sector dialogue. We invite business leaders, communications and corporate affairs professionals to work with us to embed these practices, strengthen resilience, and secure long-term licence to operate in an unpredictable political age.

To discuss the findings from the report please contact the Commission Secretary:

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ABOUT THE BUSINESS & DEMOCRACY COMMISSION

The Business & Democracy Commission is a practical initiative from Jericho, Ipsos and the Chartered Institute of Public Relations (CIPR), designed to help businesses navigate today's volatile political and cultural landscape – and secure their licence to operate in the years ahead.

From global conflict and protest movements to the climate crisis, AI disruption and rising populism, businesses are under growing pressure to respond to social and political issues – often in real time, and with high stakes. The traditional boundaries between commerce and public life are blurring. Trust, legitimacy and long-term success increasingly depend on how organisations engage with the world around them.

Starting in the UK, the Commission is taking a two-stage approach. Following an interim report that set out the core challenges, the current phase focuses on finding practical ideas and evidence-based recommendations to help business leaders act with confidence, credibility and consistency.

The Commission is Chaired by Sir Ian Cheshire, and we are fortunate to have a group of Commissioners who bring a wealth of expertise and experience to the table including Mete Coban, CEO, My Life My Say; Margaret Heffernan, Author & Entrepreneur; Robin Hodess, Strategy Lead, The B Team; Baroness Denise Kingsmill, Labour Peer and Member of the Board of Directors of Inditex; Alastair McCapra, Chief Executive, CIPR; Matthew Painter, Managing Director Risk & Reputation, Echo Research; Tom Fife-Schaw, Managing Director, Corporate Reputation, Ipsos in the UK; Ruth Yeoman, Fellow, Kellogg College, University of Oxford; and Anthony Zacharzewski, President, The Democratic Society.