

# Advisory Article:

## Populism vs. internationalism: Choose the path of optimistic growth

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The current populist groundswell signals a belief that economic systems aren't serving the right groups, and scarce resources and attention are going elsewhere. Resentment directed at business already has implications in policy. Tax and regulatory reforms are on the legislative table, and momentum for trade restrictions is building.



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The surge of populism that Donald Trump rode to the presidency, plus the torrential buffeting of technological change, have coalesced to shake the foundations of business. Near- and long-term ramifications are not likely to be known anytime soon. Aware that waiting to see what happens is the surest way to lose ground, leading businesses are clearing paths through the uncertainties and moving forward.

Together with the economic instability and low growth of the past decade, populist fervor is increasing the volatility of markets and the environment in which companies operate. During Grant Thornton's recent *The Future of Growth and Industries: Trends to Watch for 2020* webcast, Jeff French, national managing partner in Grant Thornton's Consumer and Industrial Products practice, said: "This instability is not considered a good thing for companies. Companies and markets typically like clarity and predictability. In this environment, companies need to take new and bold action to chart their future."

### Renegotiate constituent relationships

There is a perceived gap between the America where things are working and the America where they're not. Eric Meade, futurist and founder of Whole Mind Strategy Group, advises businesses to address that gap. Dedicate the time to understand the wants and needs of customers and communities as a whole in order to effectively respond. "Expand what you consider a customer," Meade said. "If you are operating in an environment where many people have lost faith in the underlying economic system, expand your outreach and the sense of whom your company is serving."

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Your response, he said, could include sourcing changes, creation of responsible/sustainability initiatives, and other efforts to strengthen your reputation and relationships. “Given the power businesses have economically and politically,” Meade said, “there’s a real opportunity to create a system that is not going to have the downsides of the current one. It’s an opportunity for the business community to have a voice in creating the type of country and system that could usher in a better future.”

### **Work through the uncertainties**

While it might be tempting to put a hold on decision-making until populist policies are issued or the fervor dissipates, this approach would hinder growth.

The priority that companies have placed on establishing domiciles in international markets could find itself blocked by Trump’s populist stance, e.g., tax inversion strategies could be stymied. However, at least for now and likely in the long run, economic integration and cross-border trade will continue as a strategy despite the emotional energy around populism. “Because there isn’t a clear populist policy proposal,” said Meade, “I suspect there will continue to be opportunities to expand overseas. Many of the people responsible for making policy decisions related to that kind of economic activity are not the ones advocating the populist approaches.”

### **Take note of critical jobs, skills and character**

If there is a furthering of the populist mentality after all, U.S.-based jobs will naturally benefit — especially those that involve gathering, analyzing, and reacting to data and trends. As for skills, proficiency in communications will be vital to articulating the organization’s positions, developing reliable networks to keep a pulse on trends and implications, and understanding the wants and needs of customers and societies as a whole in order to effectively respond.

Who will be the leaders making the greatest contributions to business growth? According to Meade, it will be those who are resilient and show agile thinking in their own lives. “Bring wisdom,” he said. “Rethink how we develop the leaders who’ll take the business forward in these tumultuous times.”

### **Keep an eye on populist leanings**

While it’s possible that populist policies could take shape, there is an apparent shift from the original stridency, as noted by Grant Thornton’s Jeff French: “You’re seeing some of that trend in the Trump administration becoming more pragmatic and moving away from the populist leaning he showed in the campaign.” Regardless of any populist policies or attitudes that might prevail, there are specific actions companies can take to respond:

- critically define and constantly evaluate which variables you need to understand in order to grow your business
- ensure you’re getting good information — how reliable are your sources? Are you partnered with the right people to work through this instability?
- be attuned to and active with your constituents
- use multiple tools and data points
- continually perform analysis
- adapt and embrace change
- be sure of where you need to begin shifting, then move swiftly
- prepare for a contrarian shift in the 2020 election.

Source: <https://www.grantthornton.com/library/articles/growth/2017/trends-for-2020-populism-vs-internationalism.aspx>

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