Claiming to be patriotic can improve a company's performance

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Claiming to be patriotic can improve a company's performance

Companies that operate on a national level can boost their success by stressing their contribution to national interests, according to new research by Vienna University of Economics and Business.

The research, conducted by Professors Alexander Mohr and Christian Schumacker, found that companies which emphasized their commitment to act in line with the national interest perform better under certain conditions.

This is because nationalist sentiment can affect the employee's identification and motivation to work for the firm, as well as consumers' willingness to buy a firm's products and services.

The researchers analysed corporate communications using statements made by the CEOs of US firms during 20,458 conference calls with investors and analysts, and looked at 12,260 press releases issued by these companies in the period from 2002 to 2015.

"From what we can see, strong populist sentiment in a firm's home country can lead governments, consumers, and employees to expect a stronger commitment to national interests on the part of the company. Companies are rewarded by these groups if they claim to live up to this commitment. In contrast, a lack of patriotism might be sanctioned, governments might cancel tax discounts, employees might quit their jobs, and consumers might boycott companies' products and services," says Professor Mohr.

However, the results also show that the use of patriotic rhetoric has negative effects on performance for companies that depend strongly on foreign markets.

These firms are rewarded in their home markets but, at the same time, might be sanctioned by governments, consumers, and employees in other countries.

"Under certain circumstances, catering to nationalism and populism may be beneficial for firm's operation mainly in the domestic market, but we see that this strategy backfires for companies with significant operations abroad, for instance export activities or international branch locations," Professor Mohr adds.

The research was published in the journal Strategy Science.

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For more information, or to speak to Professor Mohr, contact Jonny Stone at jonny@bluesky-pr.com or call 01582 790704.

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