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Corporate Political Connections and Firm Performance in Emerging Markets: Elaborating a Conceptual Framework

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ABSTRACT: *Empirical studies about the relationship between corporate political connections/ties and firm performance in emerging markets are scant. In addition, most of the existing literature on the relationship between corporate political connections/ties and firm performance in emerging markets focuses on examining the relations between the two variables (e.g., either positive, negative, or neutral) in a specific political economic environment. The purpose of this study is to investigate and discuss the relationship between non-market strategies of firms and their performance. In particular, this study examines the implications of corporate political connections for firm performance in emerging markets, focusing on the South Korean market. The author aims to elaborate a conceptual framework (themes, concepts, and phenomena), that can be applied to research on different global markets with diverse political, legal, and regulatory environments, to effectively investigate the relationship between non-market strategies of firms and their performance. This study may contribute to the advance of the non-market strategy field since it aims to establish a conceptual framework for the South Korean market in researching the relationship between corporate political connections and firm performance. The results of this study may be a good reference for scholars who conduct research on the same topic for other emerging markets.*

Keywords - *Non-Market Strategy of Firms, Corporate Political Connections/Ties, Firm Performance, Emerging Markets.*

I. INTRODUCTION

The purpose of this study is to investigate and discuss the relationship between non-market strategies of firms and their performance. In particular, this study examines the implications of corporate political connections for firm performance in emerging markets, focusing on the South Korean market. The author aims to elaborate a conceptual framework (themes, concepts, and phenomena), that can be applied to research on different global markets with diverse political, legal, and regulatory environments, to effectively investigate the relationship between non-market strategies of firms and their performance. But the author also acknowledges that the conceptual framework elaborated by this study would not be comprehensive enough, considering all the different market environments of all the different emerging markets across the globe. We need to have more empirical research on different individual emerging markets, in addition to South Korea, to elaborate a more comprehensive conceptual framework on this topic. Nevertheless, this study may contribute to the advance of the non-market strategy field since it aims to establish a conceptual framework for the South Korean market in researching the relationship between corporate political connections and firm performance. The results of this study may be a good reference for scholars who conduct research on the same topic for other emerging markets.

The author examined the existing literature of 43 scholarly articles (i.e., peer-reviewed journal articles) and the media reports, published between 2003 and 2022, dealing with the phenomena of non-market strategy of firms, corporate political connections or political ties, and firm performance. The author tried to compare and contrast various existing body of literature to conceptualize the relationship between non-market strategies of firms and firm performance, examining the implications of different types of corporate political connections/ties for firm performance under different environments across diverse emerging markets although this study put more emphasis on analyzing the South Korean market. Investigating a wide range of the existing body of literature enabled the researcher to elaborate a conceptual framework concerning the relationship between non-market strategies of firms and the firm performance across diverse global markets.

In essence, this study focuses specifically on elaborating a conceptual framework concerning the relationship between non-market strategies of firms and firm performance in the South Korea market. Although scholars have produced a significant amount of literature on non-market strategies of firms, including corporate political activity (CPA) and corporate political connections/ties, few scholars have conducted research on the relationship between non-market strategies of firms and firm performance in South Korea. In specific, based on the review of the existing literature, few studies (e.g., Siegel, 2007) have investigated the relationship between political connections/ties and firm performance in South Korea. The author believes that the South Korean market is worth examining, in terms of the relationship between political connections/ties and firm performance, since it has been one of the prominent emerging markets that has shown a robust economic growth for the last more than three decades.

II. PURPOSE OF THE STUDY

Recently, Samsung Electronics, the flagship company of Samsung Group which is the largest business conglomerate (chaebol) in South Korea, announced in February 2022 that it has hired the former US Ambassador of South Korea, Mark Lippert, as the Chief of the Public Relations (Lee, 2022). Mr. Lippert would lead the Washington D.C. office of Samsung Electronics as the Executive Vice President as well as the Head of the North American Public Affairs. The media reports that the recruitment of Mr. Lippert is a Samsung's major decision to effectively respond to the US government's uncertain policy changes in relation to the chip/semiconductor shortages caused by the COVID-19 pandemic (The Korea Herald, 2022). Samsung's decision was made in the middle of escalated tension between the US and China that has also contributed to the chip/semiconductor shortages. Consequently, the Biden Administration has determined to expand domestic chip manufacturing capacity to reshape the global supply chain of chips/semiconductors.

Samsung Electronics, as the largest memory chip manufacturer in the world, has faced huge uncertainties under the US policy changes of expanding domestic chip manufacturing. In respond to the US policy changes, Samsung Electronics has announced multiple investment plans in the US in 2021, including building a $17 billion chip manufacturing facility in Texas. The President and CEO of Samsung Electronics America commented that "Lipper's insight into policy changes and regulations in the US will play a key role in building its business strategy in the all-important US market…Mark brings decades of public policy experience to Samsung Electronics America, as well as a deep understanding of how geopolitics impacts business in the US" (Lee, 2002, para. 3). In essence, the media reported, under the condition of anonymity, that "Lippert will be asked with handling government affairs issues amid uncertainties. His experience at the US government and his understanding of the Korean culture is expected to create a synergy" (Lee, 2002, para. 11).

Shortly before Samsung Electronics America's announcement to hire Mr. Lippert, POCSO, a South Korean steel-manufacturing company, which is one of the largest steel-manufacturing companies in the world in terms of market value, announced in September 2021 that it has hired Stephen Biegun, the former US Deputy Secretary of State during the Trump Administration, as its advisor for the company's expansion in the US market (Kang, 2021). Mr. Biegun served as not only the US Deputy Secretary of State but also the US Special Representative for North Korea until January 2021 under the Trump Administration. Before working for the Trump Administration as a diplomat, Mr. Biegun also worked for Ford Motor Corporation for 10 years as the vice president of international government affairs. An official at POSCO interviewed with the media, under the condition of anonymity, and comment that "He has deep knowledge about the auto and other industries. We hope to gain an understanding of the US policy trend through his extensive network with US government officials" (Kang, 2021, para 9).

These two recent cases of South Korean firms' recruitment of former US government officials are good examples to confirm the relevance of examining South Korean firms in investigating the relationship between corporate political connections/ties and firm performance although these two cases are not directly related to the firm performance in the South Korean market.

Although an increasing number of scholars have conducted research on non-market strategies of firms in emerging markets, there are still few empirical studies on this topic. In particular, empirical studies about the relationship between corporate political connections/ties and firm performance in emerging markets are scant. Most of the existing literature on the relationship between corporate political connections/ties and firm performance in emerging markets focuses on examining the relations between the two variables (e.g., either positive, negative, or neutral) in a specific political economic environment.

The author argues that although it is still important to investigate the relationship between corporate political connections/ties and firm performance in emerging markets based on a specific political economic environment of an individual country, it must be also critical to identify themes and concepts (i.e., conceptual framework) that can be applied throughout the emerging markets in general as individual country-based research progresses by scholars. Nevertheless, the author also acknowledges that there must be considerable differences, in terms of the relationship between corporate political connections/ties and firm performance, among emerging markets since every individual country has its own specific political/legal, socio-cultural, economic, and institutional environments that affect the connectedness between business and government. Furthermore, these environmental contexts are not static but are constantly evolving, adding complexity in investigating the relationship between corporate political connections/ties and firm performance not only in a specific emerging market but also in emerging markets in general. This reinforces the rationale why we need to identify themes and concepts (elaborating a conceptual framework) that can be applied throughout the emerging markets in general as individual country-based research progresses. Although these themes and concepts may not explain the entire phenomena in a specific emerging market, they can provide researchers with guidelines concerning what should be investigated further, particularly under the specific emerging market environments, to reveal the special relationship between corporate political connections/ties and firm performance in that specific country.

In sum, the specific purpose of this study is to elaborate the conceptual framework on the relationship between corporate political connections/ties and firm performance in emerging markets. In particular, this study focuses on the South Korean market. In other words, this paper aims to elaborate the conceptual framework to effectively investigate the relationship between corporate political connections/ties and firm performance in emerging markets, focusing on the South Korean market. The two recent cases of South Korean firms' recruitment of former US government officials, discussed above, are good examples to confirm the relevance of examining South Korean firms on this topic. In addition, South Korea can be considered as representing emerging market economies since it has pursued extensive economic liberalization and political democratization for the last several decades since the Korean War (1950-1953). The South Korean pollical economic background also supports the relevance of this study. But, although South Korea is one of the major emerging markets, not enough empirical research on this topic has been conducted for this market. It is expected that the conceptual framework elaborated through this study can be replicated for studies examining the relationship between corporate political connections/ties and firm performance not only in South Korea but also in other emerging markets.

III. NON-MARKET ENVIRONMENT AND NON-MARKET STRATEGIES OF FIRMS

The business environment surrounding a firm is composed of market and non-market factors. Baron (1995) maintains that a firm's strategy should integrate both market and non-market considerations together to effectively respond to the business environment. In other words, a firm should formulate strategies to deal with both market and non-market factors of the business environment.

Mellahi et al. (2015) define non-market strategy as "a firm's concerted pattern of actions to improve its performance by managing the institutional or social context of economic competition" (p.144). In essence, a firm can produce competitive advantages and, subsequently, improve financial performance through formulating and implementing effective nonmarket strategies in addition to market-based strategies.

As widely known by Porter's (2008) Five Forces Model, a firm's market environment is composed of diverse forces, such as competitors, new entrants, suppliers, buyers, and substitutes. A firm's interactions and relationships with these external forces comprise the market environment. But, these external forces, the market environment, are not the only forces surrounding a firm. The market environment of a firm is also surrounded by another environment, the non-market environment, such as political/legal, socio-cultural, and institutional contexts. A firm should interact with diverse stakeholders within this nonmarket environment, such as government, regulators, the media, activist groups, non-governmental organizations (NGOs), consumer groups, etc. How effectively or ineffectively a firm deals with this non-market environment directly affects the firm's performance within the market environment. Then, in short, what is exactly non-market environment? Bach and Allen (2010) answer this question, that is, non-market environment refers to: "The simple answer is, all relationships that do not unfold within markets yet nevertheless affect the company's ability to reach its business objectives" (p.45).

Over the past decades, both global market and non-market environments have changed and, subsequently, firms' strategies to deal with these changing external environments have evolved accordingly. In particular, scholars have identified firms' two different strategic approaches, in response to non-market environment, represented by two specific research trends: corporate political activity (CPA) and corporate social responsibility (CSR) (Kim, 2018). It is noted that these two specific trends of non-market strategy research have explored largely in isolation (Mellahi et al., 2015). In essence, through the CPA approach, scholars have tried to investigate how firms attempt to manage political institutions and/or to influence political actors in ways favorable to their firms (Kim, 2018). In contrast, through the CSR approach, scholars have tried to examine firms' actions related to some social good that enable firms to improve their performance, regardless of motive

(Mellahi et al., 2015). Some scholars consider this approach as the strategic CSR since firms are incorporating traditional CSR perspectives into their strategic management process to formulate non-market strategies (Mellahi et al., 2015),

Although investments by foreign multinational corporations (MNCs) can benefit host countries' economic and social environments, local governments have often introduced barriers to foreign investments to protect local businesses and consumers from foreign multinationals. Those barriers of investment to foreign MNCs by local governments include diverse government policies/regulations in relation to the issues, for example, taxation, transfer of assets, procurement, etc. To deal with these barriers set by the local governments, MNCs have implemented non-market strategies, particularly in terms of CPA.

Scholars have conducted research on CPA in connection with different host country contexts. Kobrin (2015) explain non-market strategy through the phenomenon of economic integration (economic globalization), contrasting non-market environment, focusing on CPA, with market environment. In essence, Kobrin (2015) point out that there is an asymmetry between firms' market and non-market environment in that the non-market environment is represented by the fragmented global political systems among countries in the world. In contrast, today, firms' market environment is becoming more converging under the integrated global economy (economic globalization). Liedong et al. (2020) identified the connection between firms (including foreign multinationals) and host country politicians in an emerging market, Nigeria, in which institutions are not fully developed. Liedong et al. (2020) argue that firms often implement ethically suspect corporate political strategies in emerging markets based on the relationship with local politicians and this phenomenon represents host country's institutional weakness. Oberman (2004) conducted research on the governance issues in connection with CPA and suggest a framework for an ethical CPA, structuring questions concerning CPA to sustain representative democracy. In connection with CPA, Doh et al. (2003) propose specific strategies firms should consider in response to corruption in the local market environment, providing examples of how firms can cooperate with the host country governments. Similarly, Kwok and Tadesse (2006) propose the ways through which firms can affect host country institutions, suggesting that firms may exercise pressure on the host country institutional environment of corruption (which can be considered as a positive change).

Recently, Sun et al. (2021) documented the existing research on firms' non-market strategies, developing a multiplicity framework to classify the huge volume of the exiting literature. The authors identified four major streams of CPA research: (1) internationalization strategy of state-owned enterprises; (2) relationships and bargaining between MNCs and host country governments; (3) MNCs' management of host country risks; and (4) MNCs' political ties to both host and home country political institutions (Sun et al., 2021). Overall, the authors emphasize "the complexity of the nonmarket institutions that MNCs need to tackle across host-country, home-country, and supranational dimensions" (Sun et al., 2021, p.1832).

Scholars have also conducted research on CSR in connection with diverse institutions and stakeholders in both host and home country. Scholars have shown growing interest in CSR research, in terms of examining firms' non-market strategies, since MNCs are engaging with more diverse institutions and stakeholders, in more diverse host country environments, than they were before, through the internationalization process. At the same, today, increasing number of stakeholders (e.g., non-governmental organizations [NGOs], civil society, interest groups, etc.) are putting more pressure on MNCs in terms of socially responsible business practices.

In addition to identifying the major research streams of CPA literature, Sun et al. (2021) also identified three major (but broad) research streams of CSR literature: (1) MNCs' environmental sustainability practices or standards, and CSR reporting to deal with host or home country liability; (2) role of NGOs in international business; (3) CSR and sustainability in supply chains in connection with MNCs; (4) MNCs' responsibilities concerning human rights, labor relations, and workforce practices; and (5) corporate citizenship practices and corporate philanthropy. The existing literature on CSR in the context of non-market strategy provides scholars and practitioners with various insights as we can see from the classification of the CSR research streams. However, Sun et al. (2021) comment that the existing literature on CSR in relation to non-market strategy is "still nascent with few clear and well-established research streams" (p.1837). It seems that although we can identify the major research streams of CSR in the existing literature, many of the extant research on CSR consider too broad range of diverse stakeholders in both home and host country contexts.

One of the emerging topics within the non-market strategy research is defining the relationship between CPA and CSR. Traditionally, CPA and CSR have been considered as separate business activities within the non-market strategy research domain, however, some scholars recently started to examine the relationship between CAP and CSR (Mellahi et al, 2015). For instance, there has been growing interest among scholars in discussing the concept of 'political CSR'. Although there is no consensus among scholars on how to define the concept, political CSR, the definition by Frynas and Stephens (2015) is relevant for this paper's purpose of empirically analyzing firms' non-market strategies in South Korea: political CSR refers to "activities where CSR has an intended or unintended political impact, where intended or unintended political impacts on CSR exist" (p.485). Under this definition, some different forms of firms' CSR activities can be considered as political CSR, such as firms' intended CSR activities to avoid or bypass government regulation, firms' activities to simply respond to government regulation or policy related to CSR, and firms' CSR activities that are unintentionally affect the political context in which they are operated. But, it is noted that this study focuses more on firms' intentional political CSR, rather than unintentional political CSR, as a type of non-market strategy since the primary goal of this study is investigating corporate political connections/ties which are intentional.

IV. PERSPECTIVES ON CORPORATE POLITICAL CONNECTIONS/TIES

4.1 Defining Corporate Political Connections

The existing literature on the non-market strategies of firms shows that developing and maintaining connections with political institutions (in both home and host countries) have been major activities of MNCs' non-market strategies. In this regard, several scholars have defined the concept corporate political connections (or corporate political ties). For example, Sun et al. (2012) define corporate political connections/ties as "boundary-spanning personal and institutional linkages between firms and the constituent parts of public authorities" (p.68). Faccio (2006) contends that corporate political connections "occur when one of the company's large shareholders or directors, such as CEO, president, vice-president or secretary, is a member of the parament, a minister, or the Chief of the State" (as cited by Choi et al., 2020, p.9). Haveman et al. (2013) define corporate political connections as follows: "equal to one in years when the focal firm's CEO, at least one other top manager, or at least one member of the board of directors had served as the chief officer or deputy chief officer at the country level or above" (as cited by Choi et al., 2020, p.9).

As the existing literature exhibits, corporate political connection can be defined in various forms based on MNCs and their related countries (home and host countries). Every country has its own specific political, legal, and regulatory environments that affect the forms of corporate political connection. Thus, it has been challenging for scholars to elaborate consensus in defining corporate political connections across different countries with different environments. But, based on the existing literature, it is plausible to identify some specific types of corporate political connections MNCs have pursued. For instance, scholars have identified several specific types of personal connections/ties between businesses and political figures, and, also, businesses' financial contributions to political figures as corporate political connections (e.g., Faccio, 2006; Fan et al., 2007; Fisman, 2001; Fisman et al., 2006; Goldman et al., 2008; Khwaja & Mian, 2005). In specific, the specific personal connections/ties can occur when a political figure involves with a corporation, for example, as a member of the board of directors or as an influential shareholder (e.g., Faccio, 2006; Fan et al., 2007; Fisman, 2001; Fisman et al., 2006; Goldman et al., 2008; Khwaja & Mian, 2005). The financial contributions can occur when a corporation makes donations to a political figure (e.g., Aggarwal et al., 2009; Claessens et al., 2008; Cooper et al., 2010; Jayachandran, 2006; Roberts, 1990).

Scholars have found that the personal connections/ties between businesses and political figures can develop a long-term relationship, and this relationship can benefit businesses, in terms of firm performance, through the political intervention process (Fisman, 2001; Leuz & Oberholzer-Gee, 2006). In contrast, other studies identified that businesses are less benefited from the financial contributions because they develop a short-term relationship with political figures (Ansolabehere et al., 2003), compared to the personal connections/ties, although political donations are also positively related to firm performance (Claessens et al., 2008; Cooper et al., 2010; Roberts, 1990).

Scholars have examined diverse examples of corporate political connections/ties, across various political, legal, and regulatory contexts of different countries, and some common themes have been emerged to define the phenomenon of corporate political connections/ties. Based on the existing literature, the phenomenon of corporate political connections/ties are in connection with the following circumstances: (1) a current or former high position government officer, a government minister, or a member of parliament becomes a CEO, chairperson of board of directors, a board member, or an influential shareholder of a firm; (2) a firm's CEO and/or chairperson of board of directors officially support a political figure, such as a presidential candidate; (3) although not officially confirmed by the CEO and/or chairperson of board of directors, the major media reports that the CEO and/or chairperson of board of directors of a firm support a specific political figure or party; and (4) connections/ties exist between a business and a political figure through some kinds of social network, such as kinships.

It is noted that, among these four circumstances that define corporate political connections/ties, the fourth one particularly reflects the specific social political environment of South Korea. As discussed in the subsequent section, many South Korean firms have benefited from political connections/ties, including connections developed through social networks specific to Korean social political environment. In particular, it has been argued that the political connections/ties in South Korea benefited more big multinationals, including Korean chaebols, rather than small and medium-sized firms (SMEs) (Choi et al., 2020).

4.2 Relationship between Corporate Political Connections/Ties and Firm Performance in South Korea

Although many scholars have investigated the relationship between corporate political connections/ties and firm performance in various context, not a significant amount of research about this topic has been done in relation to the South Korean market. Based on the existing literature on corporate political connections that covers diverse contexts, we may assume that no country is free from the discussion about the corporate political connections. In particular, recently, a number of scholars have conducted research on this topic in connection with emerging markets, including transition economies (e.g., Choi et al., 2020; Chung et al., 2019; Siegel, 2007). Thus, I believe that examining the South Korean market in terms of corporate political connections/ties, especially as one of the major emerging markets, can contribute to the existing body of literature on this topic.

The existing literature on corporate political connections confirms the positive relationship between corporate political connections and firm performance in emerging markets. Several empirical studies have shown that corporate political connections/ties enable firms to enhance their performance through government supports, such as changing regulatory environment favorable to the firm, financial bailout, import licensing, financing for debt, etc., leading the firm eventually to attain competitive advantages against competitors in the market (Chung et al., 2019; Claessens et al., 2008; Fisman, 2001; Khwaja et al., 2005).

In contrast, other studies have confirmed the negative relationship between corporate political connections/ties and firm performance in emerging markets. For instance, Faccio (2006) found that some politically connected firms performed poorly in the long term due to the inefficient use of resources although political connections could provide benefits with the firms. In a related perspective, Shleifer and Vishny (2002) point out that politicians are not always benevolent to politically connected firms and, thus, they sometimes abuse of the connections, causing negative consequences to the firms.

The existing literature shows that the specific local market environment in emerging economies affects the relationship (either positive or negative, or both) between corporate political connections/ties and firm performance. In this regard, Shleifer and Vishny (2002) propose the following: "the benefits of political capital enhance firm value only when their marginal benefits outweigh their marginal costs, arguing that connections are a type of game between the public, political actors, and the economic actors, which is always controlled by incomplete contracts" (as cited by Chung et al., 2019, p.2). This proposition is confirmed by Yeh et al. (2013). The authors found that firms that have insufficient governance structure in Taiwan are more actively pursuing political connections/ties to enhance firm performance since they can attain high benefits, with low costs, through the political connections/ties (Yeh et al., 2013). Although several scholars have conducted research on the relationship between corporate political connections/ties and firm performance in emerging markets, based on the review of the existing literature, more empirical studies are needed to elaborate and generalize concepts and themes that encompass diverse contexts across different emerging markets.

4.2.1 Themes and Concepts to investigate the Relationship between Corporate Political Connections/Ties and Firm Performance in South Korea

When we consider the need for more empirical studies on this topic in relation to emerging markets, including the South Korean market, Siegel's (2007) study can be considered as the first empirical study on the South Korean market investigating the relationship between corporate political connections/ties and firm performance. Siegel's (2007) study is also important among other studies in the existing literature in that it is the only comparative study on the topic in relation to the South Korean market.

Siegel (2007) analyzed 665 South Korean firms (between 1987 and 2003) in terms of the relationship between socio-political network ties of firms and cross-border strategic alliance. This study identified that firms' socio-political network ties with the 'regime in power' affect positively the firms' access to the cross-border strategic alliances. In contrast, it also found that firms' socio-political network ties with the 'opposing regime in power (political enemies of the regime in power)' affect negatively the firms' access to the cross-border strategic alliances. Furthermore, Siegel (2007) argues that "unexpected change in political regime could quickly change a political liability into an asset and that network ties continued to be important determinants of cross-border alliance activity as South Korea proceeded with liberalization" (p.621). But, Siegel's (2007) study specifically focuses on the cross-border strategic alliance, rather than firm performance in general, in relation to the corporate political connections/ties.

In Siegel (2007)'s study, it is important to define what the socio-political network ties refer to. Scholars who have studied the unique business environment of East Asia (such as South Korea, Japan, Taiwan, and China) found that the socio-political network ties are critical to a firm's effective strategic activities, attaining favorable government policy and building relationship with government. In specific, Fukuyama (1995) identified that East Asian countries, such as South Korea, China, Taiwan, and Hong Kong, as "familistic, low-trust societies in which social trust is often restricted to kinship and gradually diminishes outside of network" (as cited by Chung et al., 2019, p.7). Thus, in these low-trust societies, one gives preferential treatment to another in the same network than outside of the network. This phenomenon is confirmed in South Korea. The Korean socio-political network, the so-called yonjul, is usually made up of school relations (from primary school to higher education), religious affiliation, and other types of kinship, and is one of the most influential factors in South Korea in terms of how to resources (virtually all kinds of resources) are allocated. Siegel's (2007) study empirically confirmed that the high-quality network ties in school relations (high school and university) between firms and political figures positively affects firms' cross-border strategic alliances.

It is also important to note that the socio-political network ties in South Korea are in connection with regionalism. Lots of social capital in South Korea (e.g., personal connections, recruitment and promotion, etc.) is allocated by regional socio-political networks (Chung et al., 2019). Regionalism in South Korea can be defined as "a set of ideologies (or prejudices) and institutions that encourages persons to favor others within their region above those outside" (Kim, 2018, cited by Chung et al., 2019). Regionalism is an important concept to fully understand the socio-political network ties in South Korea because it has been a major force that affected government policies through the industrialization and modernization process in the country since 1960s. In particular, Siegel's (2007) study confirms that political connections/ties have been strongly and positively related to firm performance, based on specific regions, in South Korea since the economic and political liberalization of the country.

Another critical phenomenon revealed by Siegel's (2007) study was that the effect of corporate political connections/ties can not only be positive or neutral, but also be negative. Before Siegel's (2007) study, scholars found that corporate political connections/ties affect firm performance either positively or neutrally. However, Siegel (2007) suggested that corporate political connections/ties can affect firm performance negatively. In specific, Siegel (2007) stated that "being tied through sociopolitical networks to the political regime currently in power significantly increased the rate at which Korean companies formed cross-border strategic alliances and also that being tied through sociopolitical networks to the political enemies of the regime in power significantly decreased the rate at which these companies formed cross-border strategic alliances" (p.656). In other words, the political regime change can quickly change the value of corporate political connections/ties from positive to negative, or vice versa.

Choi et al. (2020) recently conducted research on the relationship between corporate political connections/ties and firm performance in relation to the South Korean market. In particular, the authors focused on examining the changes in the value of corporate political connections/ties that affected firm value between 1998 and 2018 in the South Korea market. It is noted that the authors analyzed companies specifically listed in the Korean Stock Exchange, covering the present and previous administrations, to identify the changes in the firm value in connection with government's favorable (and unfavorable) policies to these companies. In essence, Choi et al. (2020) tried to investigate, in the long term, the changes in the firm value in relation to corporate political connections/ties, across regimens, in South Korea.

The relationship between corporate political connections/ties and firm performance in emerging markets is not still clear although an increasing number of scholars have recently conducted research on this topic (Chung et al., 2019). In this regard, Choi et al. (2020) tried to study the impacts of corporate political connections/ties on firm performance in terms of political turnover, targeting the political and economic transition periods in South Korea. Especially, the authors contend that, in South Korea, political connections played a critical role during the country's transition period. In essence, Choi et al. (2020) suggest the positive relationship between corporate political connections/ties and firm performance in the South Korea market, showing that about 10% higher average return on investment for politically connected firms than not politically connected firms through analyzing the sample data of the study.

Choi et al.'s study (2020) contributes to the existing body of literature. While the extant literature has focused mainly on examining the impacts of corporate political connections on firm performance (either positive, negative, or neutral), the authors examined the impact of the changes in the external environments (the changes in economic and political environments) on the changes in firms' values, in the long term, in an emerging market, South Korea. In specific, Choi et al. (2020) suggest that "political network connections to the regime in power provide fairly positive benefits….the relationship between economic policy and big businesses has become very important to entrepreneurship during administration changes after Korea's economic and political liberalization" (p.14).

It is important to note that the results of Choi et al.'s (2020) study are perfectly aligned with those of Siegel (2007). That is, firms with political connections to the regime in power can be benefited through various ways such as access to finance, debt relief, tax incentives, market dominance, etc. But, as Siegel (2007) suggested, it is also noted that political connections/ties can have negative consequences on firm performance. Choi et al. (2020) also briefly pointed out this negative side of corporate political connections commenting that "the effects of political connections can be a double-edged sword if they are created by distorting incentives and increasing the degree of corruption by misallocating investments" (p.14).

Choi et al.'s (2020) study also contributes to the existing body of literature suggesting some important conceptual frameworks and themes for the future research on the relationship between corporate political connections/ties and firm performance in emerging markets. First, the study investigated the impact of the changes in political connections/ties on firm performance in the long-term perspective. Second, the study confirmed that political connections/ties are still critical to firm performance in South Korea even after the economic and political liberalization. The authors contend that "ties between CEOs, chairmen, or large shareholders and politicians, top government officials or senior civil servants generate benefits…in a market economy, the government still controls resources after liberalization as the director of the market, the regulator of industry policies, and a patron of specific firms" (Choi et al., 2020, p.14). Third, the study investigated the relationship between corporate political connections/ties and firm performance focusing specifically on the South Korean market, one of the representative emerging markets. It is noted that different institutional environments of different countries can influence the impacts of political connections/ties on firm performance (Walder, 2003).

Shin et al. (2018) investigated the relationship between corporate political connections/ties and firm performance in terms of politically connected outside directors, particularly among Korean chaebols. It is widely known that big business groups in South Korea, the so-called chaebols, have had a tremendous influence, working with the South Korean government, on the process of Korean economic development, industrialization, and modernization since the Korean War (1950-1953). Although the Asian financial crisis started in the late 1990s showed the problems these large business conglomerates had, chaebols have still grown and have dominated the Korean economy with the support from the South Korean government. Although many scholars have studied the negative sides of chaebols in the context of politics and economy in South Korea, the focus of this paper is limited to examining the impacts of political connections/ties on Korean chaebols' performance instead of discussing chaebols' impacts on the Korean politics and economy.

As discussed above, many scholars have investigated the relationship between corporate political connections/ties and firm performance and found the correlation between the two variables (either positive, negative, or neutral). But, the existing literature focuses primarily on the political connections of firms' large shareholders and high position managers, such as the CEO (Shin et al., 2018). In other words, although scholars have examined the relationship between the structure of board of directors (e.g., the board's size, independence, etc.) and the performance of the board (such as monitoring and advising firms), it is not easy to find a study which focuses on the political connections/ties of the members of board of directors.

Recently, however, some scholars started to investigate the relationship between board members' political connections and firm performance (or firm value). For instance, Goldman et al. (2009, 2013) conducted research on the board members' political connections and found that these connections could enhance firm value, that is, a positive relationship between board members' political connections and firm performance (or firm value). Subsequently, Shin et al. (2018) investigated the impact of 'politically connected outside directors (PODs)', particularly in connection with Korean chaebols, on firm performance. The South Korean big business conglomerates, chaebols, are very relevant institutions to study PODs' impacts on firm performance because chaebols have been closely connected with the South Korean government, since the Korean War, in the process of the country's economic development, industrialization, and modernization. Shin et al. (2018) maintain that the South Korean market offers a powerful setting to examine PODs' influence on firm performance in terms of the connections between PODs and the South Korean government.

It is important to note that Shin et al.'s (2018) study adopts a broader definition of political connections/ties than other studies which mainly focus on firms' connections with political parties. The authors define political connections as "having the ability to access key constituents surrounding a firm" (Shin et al., 2018, p.24), pointing out that their position is aligned with the resource dependence perspective of directors. In specific, Shin et al.'s (2018) definition on political connections encompasses positions that have not received much attention from other scholars, such as judges, prosecutors, the media/journalists, and social activists, in addition to the positions traditionally have received attention (e.g., government officials, members of congress, political party members, etc.).

Shin et al. (2018) collected and analyzed a large sample of PODs in connection with chaebols in South Korea (non-financial chaebols between 2001 and 2011 based on the data provided by the Korean Fair Trade Commission [KFTC]). The authors examined the differences among chaebols in making decisions on appointing PODs and found that larger (and also high performance) chaebols with larger board of directors were appointed PODs more than other chaebols. In addition, the authors found that chaebols with more divergence between ownership (cash flow rights) and control (voting rights) were more likely to appoint PODs.

Concerning the relationship between PODs and firm performance (or firm value), Shin et al. (2018) found interesting results. While the number of POD of a firm has positive influence on the firm's performance in terms of accounting and credit rating-related issues, the number of POD of a firm has negative influence on the firm performance in terms of default and variability. In other words, Shin et al.'s (2018) study confirmed the positive relationship between PODs and firm performance showing that PODs could help firms enhance profitability (e.g., helping firms secure government contracts) and could also help firms improve making connections with regulators to reduce external risks. In contrast, the authors also found that PODs may have negative influence on firm performance due to the weak monitoring capability on the board which results from PODs' insufficient professional experience and knowledge related to specific firms for which they work as outside directors.

In order to investigate more comprehensively the relationship between corporate political connections/ties and firm performance, I believe that an interdisciplinary approach would be beneficial since the phenomenon of corporate political connections itself is interdisciplinary in nature intersecting political, legal, economic, and business issues and considerations. In this regard, it must be worth reviewing literature that investigates this topic from a perspective not rooted in the business discipline.

For example, Jager and Kim (2019) analyzed the data about political connections/ties of 4,936 board of director members of South Korean firms, particularly adopting an event study framework, to investigate research questions currently under controversy in South Korea. These research questions have been discussed among scholars, particularly among political economy scholars, as the relationship between business and government has been evolving in South Korea for the last several decades. The research questions concern: (1) whether chaebols benefit from the unified conservative Korean administration; and (2) whether firms, with political connections/ties, benefit from the unified conservative Korean administration.

The government has led the development of political economy in South Korea with the cooperation of the large family-owned businesses, chaebols, and this cooperation has been considered as the long-term corporate political connections (Kang, 2002). Since the Asian Financial Crisis in late 1990s, different Korean governments has pursued market reforms to reduce (or remove) chaebols' influence on the government and subsequently on the market. Recently, there has been controversy among scholars concerning whether these government reforms have transformed the political economic environment of South Korea. Some scholars (e.g., Kalinowski, 2009) argue that these reforms resulted in another 'chaebol republic' while other scholars (e.g., Pirie, 2012) argue that the reforms transformed the South Korean political economy into a 'hybris regime'. In essence, the status of another 'chaebol republic' means that chaebols can control government politics (also government policies) via corporate political connections. In contrast, the status of 'hybrid regime' means that the government maintains its own autonomy in developing and executing its policies under the government-business relations.

Jager and Kim (2019) conducted research on how the stock market returns of politically connected firms responded to the election results of 2012 that ended in the victory of the conservative party for both the presidential election and the parliamentary election. Through the event study analysis, the authors argue that chaebols did not benefit from the winning of the conservative party for the two elections, showing that connections with government agencies would not be necessarily profitable. However, direct connections with political leaders could produce benefits for small firms (Jager & Kim, 2019).

After the 2007-2008 Korean presidential and parliamentary elections that resulted in returning the power back to the conservative party, Kalinowski (2009) contended that South Korea became another chaebol republic, that is, the government serves for large business conglomerates, chaebols. In contrast, through their research, Jager and Kim (2019) supported Pirie's (2012) viewpoints of the hybrid regime in that the government of South Korea still possesses its autonomy to implement its policies and agenda.

Jager and Kim (2019) further argue that the huge corruption scandal between 2016 and 2017, that eventually led to the impeachment of the then South Korean President Park, is aligned with their study results. President Park was alleged to help her female confidant force more than 50 firms, including chaebols such as Samsung, Hyundai Motor, CJ Group, KT Corp., to donate to the confidant's non-profit organizations. The court determined the donations by firms as personal (President Park's female confidant) illegal gains. Concerning this corruption scandal, the Constitutional Court of South Korea ruled that President Park was responsible for this case, pointing out that the President undermined the rights of businesses which were involved with the scandal. But, it is interesting to note that the public opinion and the media in South Korea did not consider chaebols as the victims of the scandal but considered as collaborators of the scandal.

In essence, Jager and Kim (2019) contend that this corruption scandal and the court ruling support their study results. Namely, the South Korean government has not become the chaebol republic and, also, has not become the subordinate of large business conglomerates, chaebols. Instead, the South Korean government still has the autonomy to develop and execute its own policy agenda toward chaebols. Jager and Kim (2019) further point out the following point "Big business might ask for favors in return and lobby for favorable government policies. But such a relationship comes closer to a hybrid regime than to a chaebol republic" (p.22).

V. FUTURE RESEARCH AGENDA

Although an increasing number of scholars have conducted research on the non-market strategies of firms in emerging markets, there are still few empirical studies on this topic. In particular, empirical studies about the relationship between corporate political connections/ties and firm performance in emerging markets are scant. Most of the existing literature on the relationship between corporate political connections/ties and firm performance in emerging markets focuses on examining the relations (either positive, negative, or neutral) between the two variables in a given political economic environment.

I acknowledge the importance of investigating the relationship between corporate political connections/ties and firm performance in emerging markets in the context of a specific political economic environment of a particular country. Nevertheless, it must be also critical to identify themes and concepts that can be applied to the emerging markets in general as specific individual country-based research progresses.

It is also important to note that there must be considerable differences, in terms of the relationship between corporate political connections and firm performance, not only among emerging markets but also among advanced economies since every individual country has its own specific political/legal, socio-cultural, economic, and institutional environments that affect the connectedness between business and government. Furthermore, these environmental contexts are not static but are constantly evolving, adding complexity in investigating the relationship between corporate political connections and firm performance not only in a specific emerging market but also in emerging markets in general. This reinforces the rationale for why we need to identify themes and concepts that can be applied to the emerging markets in general as specific individual country-based research progresses. Although these themes and concepts may not explain the entire phenomena in a specific emerging market on this topic, they can provide researchers with guidelines concerning what should be investigated further, particularly under the specific emerging market environment, to reveal the relationship between corporate political connections/ties and firm performance.

In addition, future research on this topic needs to investigate how the changes in the political economic environment (e.g., change in the regime in power) can affect the changes in firm performance in emerging markets. Currently, it is hard to find a longitudinal study that examines the relationship between corporate political connections/ties and firm performance in emerging markets in the long-term perspective, considering how the changes in external environment (i.e., the context) affect the changes in firm performance.

For future research on this topic, it is also suggested that scholars need to elaborate strategies on how to collect data for the variable of political connection. This issue is related to how to define political connections/ties for a study. In other words, a researcher should confirm, as much as he/she can, whether the sources of information can identify the specific micro-characteristics of the political connections of one's own study because some sources, such as newspapers and government websites, may distort the study results. Researchers need to develop sophisticate data collection strategies to accurately examine the connections between firms and government, effectively reducing the differences among diverse firms in the same study.

VI. CONCLUSION

The author aimed to elaborate a conceptual framework (themes, concepts, and phenomena), that can be applied to research on different global markets with diverse political, legal, and regulatory environments, to effectively investigate the relationship between non-market strategies of firms (particularly corporate political connections) and their performance. But the author also acknowledges that the conceptual framework elaborated by this study would not be comprehensive enough, considering all the different market environments of all the different emerging markets across the globe.

We need to have more empirical research on different individual emerging markets, in addition to South Korea, to elaborate a more comprehensive conceptual framework on this topic. Nevertheless, this study may contribute to the advance of the non-market strategy field since it aims to establish a conceptual framework for the South Korean market in researching the relationship between corporate political connections and firm performance. The results of this study may be a good reference for scholars who want to conduct research on this topic for other emerging markets.

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