Corporate Political Activities and Firm Legitimacy in Institutionally Challenging Context

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Abstract

This thesis integrates resource dependency and institutional theories in exploring the impact of varying corporate political activities (CPA) on firm legitimacy, in a weak institutional context. Drawing on an extensive and rigorous systematic literature review, utilizing a comprehensive set of survey data from 260 firms operating in Nigeria, and employing analytical quantitative techniques, this thesis integrates three interrelated empirical studies exploring the CPA-legitimacy relationship. The first empirical study investigates the current state of knowledge on the Corporate Political Ties (CPT) literature. Ninety-one studies from leading journals were reviewed and synthesised into an integrating framework linking CPT with its antecedents, strategies, and consequences. Altogether, the findings reveal that that current CPT research could be categorised along these dimensions. The review additionally identified commonly reviewed themes in the literature, uncovers unexpected omissions, and highlights research gaps, if pursued, could enrich the literature. For academics, the systematic review offers a reliable and current knowledge base, and represents a reference point for practitioners, to further develop the field and accumulate knowledge.

The second empirical study investigates the impact of varying corporate political activities (financial incentive strategy, constituency building strategy, and managerial political ties) on firm legitimacy. It additionally investigates the role of the mediating mechanism; *manipulation*, linking various corporate political activities (CPA) to firm legitimacy, in weak institutional context. Altogether the findings reveal that the implementation of CPA aids in obtaining legitimacy in weak institutional contexts. Second, our findings additionally reveal that firms employ CPA in strategically manipulating their institutional context, so as to shape institutional perceptions and norms to justify their legitimacy. In sum, the findings attest to the conjectured efficacy of

manipulation in legitimacy building. Therefore, extending Banerjee and Venaik's (2017) study into weak institutional contexts. It further aids in unravelling the underlying mechanism around CPA-legitimacy relationship, a nascent aspect, for better political and theoretical strategizing.

The third empirical study helps to unpack the ‘‘black box’’ regarding the process by which firms build legitimacy from “regulatory ties” in a weak institutional context. Prior, in the CPA literature, “regulatory ties” have often been theorised with “political ties” under the umbrella of “political actors”. This has not allowed for the unpacking and explicating of the role and value of regulatory ties on firm performance outcomes more generally, and in legitimacy building, more specifically. This study helps to explicate the role of regulatory ties in legitimacy building. It additionally explores the role of “conformance” in meditating the regulatory tie-legitimacy relationship. Further exploring the moderating effects of regulatory autonomy and information strategy. The findings reveal that regulatory ties enhance firm legitimacy. It further reveals that firms will adopt regulatory ties in communicating “conformance” and adherence to regulatory demands in order to obtain legitimacy. We also find that information strategy is effective in helping firms nurture regulatory ties and achieving conformance with its institutional context. Additionally, regulatory autonomy is of no consequence to firms building legitimacy with regulators in weak institutional context.

This thesis helps to explore the CPA-legitimacy relationship. It contributes to CPA literature, legitimacy literature, Institutional and resource dependency theories. It confirms and upholds the salient role of corporate political activities for legitimacy building in weak institutional context. It further addresses the salient, but often ignored “how” question, in an often-ignored institutional context, in the CPA research. On the resource dependency fronts, this thesis enriches the resource dependence theory by treating managerial CPA as instruments for managing

institutional dependency and pressures. It additionally contributes to institutional theory by deepening insight into how institutional strategies can impact legitimacy outcomes.

Key words: Corporate political activity, Strategic manipulation, Conformance, Organisational Legitimacy

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List of Abbreviations

RDT	Resource Dependency Theory
CPA	Corporate Political Activities
CPT	Corporate Political Ties
FIS	Financial Incentive strategy
IS	Information Strategy
CBS	Constituency Building Strategy
MNC	Multinational Firms

Chapter 1. Introduction

1.1. Research Background

Multinational (MNC) firms encounter escalating non-market threats and the burden of 'liability of foreignness' in creating and nurturing legitimacy in host countries (Banerjee and Venaik, 2017). This is escalated by an era characterised by anti-globalisation sentiments, mercantilist behaviour, nationalistic rhetoric, and the proliferation of economic sanctions. Moreover, increasing evidence suggests that governments are burdened to concentrate on national interests as opposed to global sentiments (Globerman, 2017). The implication for multinationals is a climate saddled with increased uncertainty, complexity, and dependency on host governments (Liedong et al., 2019).

Multinational firms operating in weak institutional contexts face additional pressures from absent or inept market-supporting institutions (Liedong, Aghanya and Rajwani, 2019). This results in hurdles in consummating transactions (Zhu and Sardana, 2020). In Nigeria particularly, which is the context of our study, institutional voids (Khanna and Palepu, 2010) mean that firms could typically experience information asymmetry, high transaction costs, bureaucracy amid other constraints (Khanna and Rivkin, 2001; Meyer, 2001; Tong et al., 2008). Additionally, the regulatory environments can be restrictive (Acquaah, 2007). Further, the governments still wield significant power in allocating salient resources (Peng and Luo, 2000). Amid these conditions, firms are highly dependent on political actors for access to crucial resources (Frynas and Mellahi, 2003), to effectively operate (Acquaah, 2012), and to access preferential treatment (Dieleman and Sachs 2008; Fisman 2001). Scholars have argued that firms' survival and success in these regions are heavily impacted (Banerjee and Venaik, 2017). Thus, there is a motivation to establish and nurture corporate political activities.

As a result, CPA research developed expeditiously, even more so over the past decade rooted in non-market strategy (Baron, 1995b). CPA represents firms' efforts to minimize firms' dependency on political actors (Hillman, 2005; Kotter, 1979). Firms operate in instituional contexts, which puts them at risk of the negative impacts that stems from poor political decisions, (Stigler, 1971) and possible expropriation (Minor, 1994; Williams, 1975). As a result, they are incentivized to manage their exposure by shaping their institutional environments in a manner that is most favourable (Hillman et al., 1999; Buchholz, 1992).

Undoubtedly, firms' engagement in policy-making processes (Hillman et al., 2004) has been going on for a long time, however, it was until recently that scholars began to document its practice. Its role and contingent value enhance overall firm performance (Ambler and Witzel, 2004; Liu, Wing-Hung Lo and Zhan, 2018, Liedong et al., 2020). There appears a consensus that corporate political activities (CPA) can serve as a strategic option that may enable firms to deal with the complexity in uncertain environments, develop interdependency with political actors, secure valuable resources, influence policymaking, and shape its legitimacy (Ambler and Witzel 2004; Liedong et al., 2019; Peng, 2003). CPA has been defined as "corporate attempts to shape government policy in ways favourable to the firm" (Hillman et al., 2004, p. 838). It is "any deliberate firm action intended to influence government policy or process" (Getz, 1997, pp. 32–33). As a result of the significant impact that political actors' decision wields on firms (Stigler, 1971; Weidenbaum, 1980), scholars have questioned whether firms can thrive or even survive if they are unable to develop significant networking relationships and dynamics in their institutional environments (Hillman et al., 1999; Schuler, 1996).

However, in recent times, Predominant CPA research has focused largely on the impact of CPA on varying firm performance indicators, upon extensive studies on its antecedents and strategies. Some studies affirm it's found positive effects (Cooper et al., 2010; Wu et al., 2012b), others empirically validated its negative impacts on firm goals (Carretta et al., 2012). Overall, most studies from systematic reviews posit and generally believe its positives outweighs its negative outcomes (Lawton et al., 2013a; Rajwani and Liedong, 2015). We posit that more studies are required in contextualising the value of CPA in the ongoing debate (Lux et al., 2011).

CPA studies have initially concentrated on the antecedents, types and strategies. Initially focused on evaluating how CPA is determined by its actors. Essentially exploring managerial decision making behind firms' engagement in CPA, and why some firms avoid it altogether. From many of the systematic reviews conducted on the subject matter, the antecedents of CPA most frequently cited includes firm size, rules pertaining to the industry of the firm, ownership structures, concentration of the industry to which the firm belongs, and institutional factors (Blumentritt, 2003; Hillman, 2003; Hillman et al., 2004; Hillman and Keim, 1995; Lawton et al., 2013b; Schuler et al., 2002). We detail more of the types and strategies in section 2.

Regarding firms' strategies in CPA, pre-existing research have largely focused on the most frequently utilised strategies in practise such as lobbying and mostly election donation funds (Baysinger et al., 1985). Further, the literature is dominated largely by research studies investigating the varying political strategies E.g., Keim and Zeithaml (1986) were critical and first in highlighting five, lobbying, constituency building, campaign contributions, advocacy advertising, and coalition building. However, Hillman and Hitt (1999) laid the foundation for the three most cited political strategy typologies in the literature stream (Barron, 2011). They advanced three main typologies, which are financial incentive strategy (FIS), Information strategy (IS) and constituency building strategy (CBS).

The financial strategy utilises financial incentives such as funds to politicians, and sometimes political parties in the literature, whilst the Constituency building strategy employs coalitions to affect policy issues. Lastly, information strategy, utilises beneficial information crucial to their work, in gaining the favour of politicians. Employing Hillman and Hitt's (1999) typology is arguably the most cited CPA typology. In the thesis, we suggest that the CPA strategies detailed above represent "incentives", whether; financial, information, and/or constituency building, by which firms can engage political actors. This thesis additionally explores the usefulness of "ties" separate from these in a firm legitimacy-building strategy. The reason is in ascertain the effectiveness of social ties vs incentives in delivering the same outcome of legitimacy.

Pre-existing research has defined managerial ties as "executives' boundary-spanning activities and their associated interactions with external entities" (Geletkanycz & Hambrick, 1997: 654). More specifically, political strategy researchers have defined managerial and political ties as the personal and social relationships managers develop and maintain with government officials (Guo et al., 2014; Park and Luo, 2001). Whist managerial regulatory ties refer to channels and relationships that firms have established and maintained with various regulatory actors to access information and policy favours on environmental issues (Liu et al., 2018). Organisational theorists have posited that networking relationships predominantly constitutes managerial actions (Granovetter, 1985). It has been postulated that networking relationships with influential actors is an asset that can be utilized in accessing other resources (Li and Zhang, 2007). These ties can provide firms with access to scarce & valuable resources and the ability to influence policymaking and effectively manage the complexity in uncertain environments (Ambler and Witzel, 2004; Peng, 2003; Mellahi et al., 2016).

Following from the foregoing, scholars concede that firms political and regulatory ties is able to shape firm performance outcomes (Holburn and Zelner, 2010; Peng and Luo, 2000). They also argued the importance of ties in minimising regulatory and institutional uncertainty by developing interdependency with salient political actors in weak institutional contexts (Zhu and Sardana, 2020). Therefore, it is not surprising that resource dependency theory and institutional theories are two commonly utilised theories in studying management in developing countries (Boso et al., 2013). In addition, pre-existing studies have argued the effectiveness of corporate political activities, especially in weak institutional contexts. This is because of their relationship-based institutional structures and collectivist culture (Acquaah, 2007; Fraser et al., 2006; Sun et al., 2011), which substitutes for the institutional weakness present in these contexts (Peng & Luo, 2000; Zhang & Li, 2008).

1.2. Research Motivations

Even though there is more research on the benefits of CPA, some study areas still need improvement. First, there is still comparatively insufficient research that explores CPA in weak institutional contexts (Liedong and Rajwani, 2018). Whilst the theory around institutional voids is not new in the management literature (Khanna and Palepu, 2010), the institutional contexts in which firms in developing economies operate are often taken for granted or, at best, theorised away as a part of 'emerging market contexts', which has not resulted in further unpacking. Consequently, there is a research gap and limited understanding of the strategic implications of firms' political strategies in developing economies.

Furthermore, the link between social ties and legitimacy is especially important in weak institutional contexts because the business environment is plagued by institutional voids, making networking relationships important for firms (Talavera et al., 2012). These institutional weaknesses create an incentive, arguably, a necessity, for firms to mitigate their risk exposure by developing ties with political actors. It is widely argued that social networking relationships are an alternative for the weak institutional contexts observed in such contexts (Xin and Pearce, 1996; Park and Luo, 2001). Moreover, developing these social ties will enhance the firm's perceived image and access to resources.

Second, although there has been a proliferation of literature focusing on the contingent value of political strategies on firm performance proxies (Sun et al., 2012; Wu et al., 2012), the processual aspect of CPA delivering firm performance outcomes remains overlooked. Especially the process of delivering non-financial, non-market outcomes such as legitimacy is equally critical to overall firm performance and survival, especially in foreign regions (Venaik and Banerjee, 2017). Legitimacy is defined as 'a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995, p. 574). Legitimacy has been argued to be significant in firms' ability to thrive and avoid significant meddling from outside parties in their institutional environment (Zimmerman & Zeitz, 2002). Scholars have also conjectured its usefulness in aiding in accessing critical resources and markets needed to prosper (Dowling & Pfeffer, 1975) in a weak institutional context (Ahlstrom & Bruton, 2001). It has been argued that successful firms in this era prioritise enhancing their legitimacy with influential stakeholders in their institutional environments (Guo et al., 2014; Globerman, 2017).

Further, a positive link between CPA and firm legitimacy has long been conjectured (Luo, 2001). However, others have argued that due to the liability of foreignness, foreign firms lack the credibility, goodwill, and trustworthiness necessary to engage in institutional context politics

(Hillman, 2003; Hillman & Wan, 2005; Kostova & Zaheer, 1999; Luo, 2001; Stevens et al., 2016). Consequently, building and sustaining legitimacy will aid firm survival and competitive advantage in the host environment. In contrast, some studies have conjectured key risks associated with using CPA for legitimacy building. First, external political actors can use public and corporate political activity to their ends, escalating the public framing struggle beyond the firm's control. Therefore, firms can easily become perceived as part of an ideological debate when engaging in political contests, even when their participation can be economically justified. Second, the mass media can liken firms to the social identity of a political actor and discuss their actions through a political discursive lens, wherein the economic rationale of firm actions no longer constitutes moral legitimacy (Ahva, 2020).

Despite the differences that have been highlighted, it is evident that traditional CPA and IB studies have long recognised the importance of CPA in maintaining firm legitimacy (Hillman and Hitt, 1999; Hond et al., 2014; Lui, 2001; Nell et al., 2015). This was a pivotal advancement in the CPA and legitimacy literature. However, Banerjee and Venaik's (2017) research remains an exception, focusing solely on the context of advanced economies. Hence, whether the same arguments hold in weak institutional environments remains uncertain and un-researched.

In addition, not enough is known or has been empirically tested about the foundational mechanisms that help firms convert political ties into legitimacy (Banerjee and Venaik, 2017; Peng & Luo, 2000). Whilst traditional CPA and IB studies had long recognised the need for political strategies in sustaining firm legitimacy (Hillman and Hitt, 1999; Hond et al., 2014; Lui, 2001; Nell et al., 2015), sufficient attention was not drawn to its empirical validation up until Banerjee and Venaik (2017). Although this is a significant development in the literature streams, it is still challenging and problematic to comprehend the fundamental mechanisms that mediate legitimacy in general and this process specifically (Johnson et al., 2006).

Furthermore, this study explores varying social ties and examines their role in firm performance indicators. Especially political and regulatory ties, two types of social ties commonly theorised as “political actors” in the CPA literature. This is important as government officials and regulators represent two different legitimisation actors that capture distinct facets of social capital and provide access to different resources (Holburn and Vanden Bergh, 2008; Sun et al., 2015). Explicating the ties provides a well-rounded theorisation of the contingent value of social ties.

Resource dependency theory has been frequently utilised in capturing the degree of uncertainty and firm dependency that necessitates political ties. Firms manage political and regulatory uncertainty and dependency on the institutional environment by developing ties to government officials and regulators. Social ties can therefore be instruments for managing the institutional environment proactively. This thesis draws upon social capital and resource dependency theories to examine the impact of political strategies and political and regulatory ties on firm legitimacy in Nigeria. It also investigates the role of conformance and strategic manipulation in mediating this relationship.

As political ties research is a subset within the CPA research field, we provide a review of the CPT literature. Further, our study seeks to address the identified research gaps in the review by exploring the functions of CPA in enhancing firm legitimacy in weak institutional contexts. We further investigate the mediating and moderating mechanisms in the CPA-legitimacy relationship. Drawing on resource dependence theory and institutional theory, this study helps unpack the process of linking political strategies to firm legitimacy in a weak institutional context, an important but largely unexplored context.

1.3. Research Questions and research objectives

1.3.1 Research Questions

The aforementioned limitations and gaps in the literature motivate this research. This thesis addresses four main questions: (1) How does CPA affect legitimacy in a weak institutional context (2) What mechanisms mediate the relationships between CPA and firm legitimacy? (3) Do regulatory characteristics strengthen firm's decision to nurture regulatory ties? (4) Does information strategy strengthen regulatory ties when conforming in a weak institutional environment?

This thesis is positioned within resource dependency (Pfeffer & Salancik, 1978; Zhu and Sardana, 2020) and institutional theory (Oliver, 1999). It draws on the complementarity between both logics in a weak institutional context (Acquaah, 2007; Peng and Luo, 2000). In doing so, it incorporates insights to examine the contingent value of political strategies in legitimacy building. The advantage of the multi-theoretical approach to studying non-market strategy is that aids in extending theory beyond sole lenses and further extends our knowledge (Mellahi et al., 2016).

The research questions are addressed with three standalone papers that constitute three core chapters in this study. The first paper is a systematic literature review of corporate political ties. It utilises the "Antecedents-Phenomenon-consequences" framework (e.g., Narayanan et al., 2011). Applying this framework helps to link corporate political ties with its antecedents, strategies, and outcomes. The second paper investigates the CPA-legitimacy process and explores the underlying mechanisms in a weak institutional context (Lux et al., 2011). It investigates the impact of managerial, political ties, financial strategy, and consistency-building strategy on firm legitimacy.

The paper additionally studies the impact of "manipulation" in mediating the above relationships. The third paper aids in unpacking the "black-box" regarding the role of regulatory ties in legitimacy building. It also investigates the role of “conformance” in mediating the regulator-legitimacy relationship, further exploring the role of regulatory autonomy in strengthening firms’ decision to nurture regulatory ties, and information strategy aiding firm’s conformance strategy. All three papers contribute to the investigation of the role of corporate political activities in enhancing firm legitimacy and the critical analysis of the mechanisms mediating and moderating the aforementioned relationships.

1.3.2 Study Objectives

The overall research aim is to investigate the role of Corporate political activities in legitimacy building. This was broken down into four research objectives detailed below:

The Research objectives were:

1. To provide a systematic literature review of Corporate political activities.
2. To assess the role of corporate political activities in enhancing firm legitimacy in a weak institutional context
3. To assess the underlying mechanism mediating the CPA- legitimacy process in a weak institutional context
4. Additionally, to assess the role of regulatory autonomy in contributing to firms’ decision to engage in regulatory ties in a weak institutional context

The first research objective was to provide a systematic review of corporate political activities–integrating the fragmented studies in the field. To reiterate, we utilise the “Antecedents-Phenomenon-consequences” framework, linking corporate political ties with its antecedents, strategies, and outcomes (Narayanan et al., 2011).

The second research objective was to investigate the critical role of “relationships”, managerial, political ties, managerial regulatory ties, and “incentives”; financial, information, and constituency-building strategies in enhancing firm legitimacy in a weak institutional context. We further explicate the value of regulatory ties, a distinct and understudied facet of CPA, and study its complementary role in affecting organisational legitimacy. Moreover, there is no single study on the interaction and meditation effects of regulatory ties on firm legitimacy. In investigating the CPA-Legitimacy impact, we sought to extend Banerjee and Venaik’s (2017) study by testing the empirical validation of CPA in sustaining organisational legitimacy in a new institutional context. The aim is to better theorise the performance outcomes of political activities, a highly contested debate in the research field. Pre-existing research has established the context-dependent nature of the form, value, and expected outcomes of political strategies (Aggarwal et al., 2012a; Goldman et al., 2009). By shedding light on this new institutional context (of Africa) in our study, we contribute to a more holistic and rounded understanding of the performance outcomes of CPA across institutional contexts.

The third objective of this research is to contribute to the CPA field by unpacking the mechanisms by which various corporate political activities affect organisational legitimacy. Despite multiple conjectures in the literature, there is hardly any study investigating the mechanisms that help firms convert political activities into a non-financial outcome, such as legitimacy, which is critical to firm survival in foreign regions (Venaik and Banerjee, 2017). Therefore, a primary objective of this study is to contribute to bridging the aforementioned gap. Additionally, the fourth research objective was to unravel the role of regulatory autonomy in strengthening regulatory ties when enhancing firm legitimacy.

The institutional context of the research was significant, as can be inferred from the preceding. We established the context in Nigeria, an underdeveloped African nation. In terms of research, Africa is still understudied. Partly due to the widely held belief that because most emerging countries have relationship-based institutional structures owing following from its predominate collectivist cultures (Fraser et al. 2006; Sun et al. 2011), hence informal ties to political actors remains salient in shaping government policy (Peng and Luo, 2000; White et al., 2015). Hence, there has been little effort to explore beyond the commonly studied emerging economies (e.g., China and India). However, it has been increasingly argued that the more commonly studied emerging economies' emerging market institutions (e.g., China and India) have strengthened to the extent that firms can use a wider array of western-oriented political strategies (Shirodkar and Mohr 2015a). However, this may not apply in frontier countries battling basic institutional voids (Liedong et al., 2019). Hence, these lapses limit the scope of political strategization. This study aims to provide new insights into one of such frontier countries for better political and theoretical strategization.

1.4. Research Agenda

1.4.1 Data

The first study was a systematic review, whilst the second and third study data was collected using a self-administered questionnaire. For the systematic review, data were collected from two comprehensive databases, EBSCO & ABI/INFORM ProQuest, which are vast business literature indexes reviews commonly used in prior CPA research (Lawton et al., 2013; Rajwani and Liedong, 2015). They contain relevant and high-ranking journal articles published in the domains where CPA has appeared, from its inception in 1980 to even recently in 2022. The methodology utilised in searching the databases for relevant high journal articles utilised in the systematic review study is detailed in the “methods” section of the next chapter.

A self-administered questionnaire survey was developed to collect data from top managers of MNC subsidiaries operating in Nigeria. Using a survey for this study was appropriate for collecting responses from a relatively large population on the managerial antecedents of corporate political activities. In addition, surveys were self-administered so that respondents had considerable time to think through and check information as required. This “lax timing” and convenience are salient if respondents are asked to provide data regarding their organisation. Additionally, self-administration has the added benefit of uniformity and anonymity (Dunning and Cahalan, 1973) and eliminates the effect of variability present in interviewer-administration (Bryman, 2012). However, its risk is the potential missing data and inopportunity for further data probe by the respondents. Also, the simplicity and comfort to which respondents can have a read at the questions impacts its true independence (Brace, 2013; Bryman, 2012).

For uniformity purposes, we employed structured questionnaire with only closed-ended questions (Babbie, 1990). This was with the intentionality to ensure its comparability with prior research studies in the field (Bryman, 2012). We acknowledge that open-ended questions may have had the downside of collecting much more irrelevant findings unimportant to the study. This would have additionally complicated the coding process and be time consuming. These types of questions are also not preferred by respondents due to it requiring a lot more thinking, which may be off putting to respondents. (Bryman, 2012). However, the danger with close-ended questions is the tendency to overlook important items and miss interesting responses not covered by fixed answers (Bryman, 2012).

Nonetheless, intentional effort was put in place to increase the probability of the survey items measuring the intended constructs. The questions were arranged in an order that ensure that the less sensitive questions were Infront. Questions pertaining to political ties and financial information were regarded most sensitive and ordered at the back. Headings enabled respondents to make sense of the questions at every sub-section (Babbie, 1990). The questionnaire development started with a review of survey-based studies. Existing scales which could be adopted or adapted were first searched for. This was adapted in instances with pre-existing scales (e.g., see Tables 1 and 5). When a scale was not found for a construct, one was created using insights from the literature. Following this, all scales included in the questionnaire were grounded in theory. "Important issues and general rules of thumb about ambiguous, long, leading, double-negative and double-barrelled questioning; the use of technical jargon; and questionnaire layout, aesthetics and length were all taken into consideration when designing the questions" (Bryman, 2012; Dillman et al., 2009; Oppenheim, 1992; Timming, 2009).

Further, a cover letter to introduce the purpose and importance of the study, co-signed by my supervisor, was issued before the questionnaire. The letter contained important information ranging from email addresses and phone numbers. We advised for further contact were there any queries or needed clarification. Best practice was followed by putting the questionnaire through three phases of pilot testing in Nigeria (Bryman, 2012; Brace, 2013). The process began with the administration of questionnaire to 10 senior managers. The test was to ensure its understandability and validity of the questions in the Nigerian context . At this stage, it was observed that most of the respondents skipped questions about the drafted 18 items intended to be used to measure CPA (Hillman and Wan, 2005; Puck et al., 2013).

To understand why this was the case, the second phase of pilot testing was launched. Herein, face-to-face interviews were conducted with six of the ten senior managers that had earlier completed the study. The interviews enabled collection of more information on validity, understandability and sensitivity. This proved useful and aided refinement. The 18 scale CPA items were replaced with softer scale of questions adapted from the literature, used in similar emerging market context (Liedong, 2016). Afterwards, the final pilot stage was implemented, the revised instrument was employed with another set of managers. A total of 10 again. It was warmly received on this occasion, and all questions completed. This questionnaire was further employed for the entire data collection.

Sample Characteristics: The sample consists of firms distributed across 21 industries, a representation of the wider industry distribution in Nigeria. The petroleum industry represented the largest industry, accounting for 18% of the sample firm. This was followed by information technology firms, and food and beverages accounting for 7% respectively. Foreign ownership accounts for 45% of sampled firms in the sample, and 55% involved some local ownership. Finally, 68% of firms were operating in highly regulated firms. Whilst there was a large disparity in terms of firm age across the sampled firms, the average firm size was 13 years.

1.4.2 Data Collection

As previously detailed, not many comprehensive databases containing records of firms operating in Nigeria were readily available nor accessible (Buame, 1996). The available A databases online were questionable in terms of reliability as they fail to regularly update their records. Multiple sources, such as online reports corporate affairs commission's (C.A.C) website, were initially used to develop the sampling frame of multinational firms operating in the region, just like other studies have done in the past (Robson et al., 2013). To ensure that the sampled firms were operational, the locations were physically visited in cases where the company phone number could not be reached. This verification was necessary as it was not uncommon for many inactive firms to exist in Nigerian databases. This experience confirmed my intuition regarding the obsolescence of the company directories in Nigeria. Initially, data was collected from 200 firms, but on the counsel of my supervisors to collect more data, another 60 were collected after much effort. This resulted in 260 firms. This is a good sample size in comparison to most studies conducted in the (e.g. 100 firms for Kuada and Hinson, 2012).

Furthermore, sampled firms had to meet three important requirements. First, firms must be operational in Nigeria for at least three years (Liedong, 2016). We employed similar strategy as utilised by Liedong (2016). "Using the past three years as the response period is a strategy designed to prevent responses from being skewed by one-off positive or negative experiences (Mesquita and Lazzarini, 2008; White et al., 2015). It was also aimed to capture potential lagged effects and reduce causal ambiguity. Secondly, firms must be multinationals. Second, contact information (phone number or email) must be available for the firms (Boso et al., 2013), which was collected manually. Third, firms must have at least five employees" (Liedong, 2016)

It would have been cost-effective to administer the survey online, but poor internet access and unreliable connectivity in Nigeria were part of the reasons that made this impossible. In this regard, as of 2019, even in large organisations, email culture was relatively poor (Statistica, 2019). Furthermore, we struggled to no avail to find any database with email addresses or contact numbers of senior managers in Nigeria. Poorly designed address systems meant that mail postage was not an option. Most organisations use post boxes which they check infrequently. Hence, the questionnaires and cover letters were delivered on-site. On-site delivery was salient as it allowed for engagement and development of relationships which enhanced participation.

"Based on previous studies, survey responses were maximised through assurances of anonymity and confidentiality (Acquaah, 2007) and offered to share results upon completion" (Chan, 2005) It was important as assurances of anonymity increase participation, especially in this institutional context that prioritises corporate secrecy.

Due to the lack of objective secondary data for management research in Nigeria, most researchers use surveys. Consequently, firms are usually ladened and inundated with too many questionnaires, resulting in respondent fatigue and nonchalance. Therefore, it was imperative to distinguish the survey from the pack. To do that, family and friends were contacted who had personal relationships with senior managers in the firms or had a contact who did. This proved immensely helpful for the study, as Nigeria has an overreliance on personal relationships and endorsements for completing even the most mundane tasks (Liedong et al., 2019). Though the endorsements were expected to improve response rates, it was not expected to influence the responses. This is because respondents did not have to answer questions about the endorsees.

1.5 Research Setting

Our sample of Multinational firms is drawn from Nigeria. Nigeria is West Africa's unrivalled economic powerhouse. With a population of over 190 million people and a gross domestic product of over US$380bn as of July 2018. Nigeria is one of the world's largest producers of oil; in addition to its large oil deposits, Nigeria has some other notable mineral resources, including coal, gold, bitumen, iron ore and uranium. For the third year in a row, foreign direct investment (FDI) is down worldwide, but not in Africa. Global money is banking on African growth, reduced barriers to cross-border trade and affordable access to commodities. From 2017 to 2018, global FDI fell from $1.5 trillion to $1.3 trillion, according to an analysis by the United Nations Conference on Trade and Development (UNCTAD). The conference released its 2019 World Investment Report this week, showing that global FDI not only hit its lowest level since the global financial crisis but has also declined for three consecutive years. One region defied this trend: Africa. In 2018, roughly $46bn worth of FDI flowed into Africa, an 11 percent increase compared to 2017. This is significant for the continent because when a company or an individual makes an FDI, they are said to establish a long-term business interest in a foreign country.

Sampled firms had to meet four important requirements. First, firms must be operational in Nigeria for at least three years (Appiah-Adu and Blankson, 1998). This ensures that only "going-concerns" and viable firms are included in the research. It was also aimed to capture potential lagged effects and reduce causal ambiguity. Secondly, firms must be multinationals. Third, contact information (phone number or email) must be available for the firms (Boso et al., 2013), which was collected manually. Fourth, firms must have at least five employees. This minimum size requirement reflects sample conventions in Nigerian research (Boso et al., 2013; Robson et al., 2013). We capture diversity in our focal variables by (a) collecting data from MNC subsidiaries operating across a broad cross-section of industries, including manufacturing, banking, engineering and other services, and (b) examining MNCs with parent headquarters located in different home countries.

The sample thus provides a new perspective on CPA. Data was collected from senior managers and these executives were chosen as the respondents for some reasons. First, they are best positioned to have an overall picture of their organisations (Appiah-Adu and Blankson, 1998), including information about multinational firm strategies. Second, they have the best appreciation of their firms' political connections. Hence, they are usually the main respondents in social capital and CPA studies (Acquaah, 2007; Boso et al., 2013; Peng and Luo, 2000). Third, political connections are developed by corporate executives and are usually identified and defined at the top management level (Fisman, 2001; Faccio, 2006).

It would have been cost-effective to administer the survey online, but Nigeria's poor internet access and unreliable connectivity would have made this of no success. Following previous studies, I maximised the response to the survey by assuring anonymity and confidentiality (Acquaah, 2007). Anonymity and confidentiality are different, but they are different. Assurances of anonymity mean the researcher cannot identify the respondents and non-respondents of a survey, while confidentiality means the researcher will not divulge information to third parties (Babbie, 1990).

1.5.2 Common Method Variance

In survey research, the importance of Common Method Variance cannot be overemphasized (Sea-Jin et al., 2010). CMV is "variance attributable to the measurement method rather than the constructs the measures represent" (Podsakoff et al., 2003, p.879). Without being rectified, there is a risk of Type I and Type II errors, and consequently, systematic measurement errors. I addressed common method variance in the following method adopted from prior studies – questionnaire design, administration, and data analysis. Understanding that possibly firms may not be willing to speak openly regarding their political activities, the careful wording of the survey questions was salient. Additionally, care was taken to minimize social desirability bias (Podsakoff et al., 2003). Hence the adoption of survey rather than interview administration. Further, vague and uncommon terms were eliminated (Harrison et al., 1996; Lindell and Whitney, 2001).

As this study measures, all constructs using items in a questionnaire completed by a single respondent, common method bias (CMB) might be a serious issue. To deal with this issue, we employ Harman's single-factor test method (Podsakoff et al., 2003). According to this method, a factor analysis that includes all the items should yield a single factor if CMB exists. Instead, the analysis extracts five distinct factors that account for 71% of the total variance, with the first factor explaining about 29%. Thus, there was no sole factor, nor does any one-factor account for a large portion of the variance

Second, the study applies a CFA approach to test for CMB. The study does this analysis by testing a model loading all items onto a common method factor and a model loading the items onto their theoretical con- structs. Pairwise tests for all factors show that, in all cases, a two-factor model fits the data better. For example, comparing a two-factor model involving managerial, political ties and legitimacy to a one-factor model yields a significant change in chi-square. Overall, these results indicate that CMB is unlikely a threat to the findings of this study.

Third, I reverse-phrased a part of the questionnaire questions (Field, 2013) by including negative terms e.g. “not” in order to reduce acquiescence bias. Hence, its acceptance and popular use in survey research (Allen and Meyer, 1990; Marsh, 1996; Billiet and McClendon, 2000). I suspected a high rate of acquiescence bias in Ghana because of the increased use of questionnaires and the expected respondent fatigue, thus my decision to negate some of the items so that respondents would read the questions more carefully.

Finally, I followed similar studies e.g. Liedong (2016) in the Ghanaian context to “test for non-response bias using the approach of Armstrong and Overton (1977). This approach further compares completed surveys. That have arrived on time and much later. I defined late-arriving questionnaires as those questionnaires which were collected after the initial 200. The early questionnaires were 200. T-tests revealed no difference for the employed key items or variables, thus ruling out the possibility of non-response bias.

1.6 Theoretical Positioning

Recently, there has been an increase in calls for a multi-theoretical approach in the study of non-market strategy (Mellahi et al., 2016). With respect to CPA, the call for researchers to expand intellectual horizons to cover relevant theories was made decades ago (Getz, 1997). Hence, we integrate a multi-theoretical approach employing resource dependency theory (RDT) and institutional theory in the hypothesis of the CPA-legitimacy process. Whilst RDT was primarily employed in the explanatory variables of CPA, the institutional theory largely aided in unpacking the mediating mechanisms observed in the CPA-legitimacy process.

To avoid repetition, as we have a lengthy section on theoretical frameworks in each of the empirical papers in this thesis, we provide a very brief summary in this section. We discuss the relevance of the theories as it pertains to each empirical paper in the papers that follow.

According to the resource dependency theory, firms depend on the contingencies in their external environments. Political actors remain crucial sources of dependency for firms, due to their regulatory power (Hillman, 2005; Hillman et al., 2000; Keim and Zeithaml, 1986; Lester et al., 2008; Meznar and Nigh, 1995; Schuler, 1996). As a result, firms will attempt to reduce the uncertainty associated with such dependency, with their actions reflecting this (Hillman et al. 2009). They do so to maximize their autonomy (Davis and Cobb, 2010). This is especially true in weak institutional contexts where politicians wield stronger control over access to critical resources and valuable information (Guo et al., 2014; Peng and Luo, 2000; Acquaah, 2007). This is an important motivation for firms to choose the least-constraining strategy to govern relations with political actors in this context (Hillman, Keim, and Schuler, 2004; Pfeffer & Salancik, 1978).

Resource dependency posits that firms co-opt external dependencies to reduce uncertainty (Hillman, 2005). Drawing on RBV, studies argue that the firm's resources and capabilities will be the basis for its competitive advantage. Political ties can provide the firm with the non-market capability of gaining access to necessary information and resources (Zhou and Li, 2010). Other studies suggest that the inclusion of directors into corporate boards- a documented CPA strategy- is a salient resource for firms (Hillman, 2005) which facilitates the ease of exploitation of policy contexts (Niessen and Ruenzi, 2010). The positive outcomes of CPA more generally are defended utilizing RBV theories. However, the resource dependence logic used by studies to explain the mechanism through which CPA impacts performance is different. The mechanism used in CPA concerns the coercion or the yielding of other market actors to the demands of politically connected firms. Pfeffer and Salancik (1978) propose political action as one of the significant approaches' organisations may use to manage environmental dependency. Weak institutional contexts, by virtue of institutional weakness, necessitate firms strategically managing their dependency and uncertainty to thrive.

According to institutional theory, firms are constrained by the pressures, uncertainty, and demands of their institutional environment (Meyer and Scott, 1983; Oliver, 1999). Institutions include government agencies, regulatory structures, etc. (Oliver, 1999; Scott, 1987). Consequently, they must manage institutional dependency (Kostova and Zaheer, 1999; Zaheer and Mosakowski, 1997). In order to minimize regulatory stringency and intensify institutional support (Oliver, 1996), firms will deploy activities aimed at gaining and maintaining legitimacy with influential legitimisation actors.

Institutional theory has also been used to explain why some political strategies are dominant in particular countries or why the benefits of CPA are more pronounced in some contexts (Rajwani and Liedong, 2015). From the institutional theory perspective, a firm's institutional environment will significantly influence the firm's strategic actions (Dacin et al., 2007). The dynamics in the institutional environment are influenced by both formal and informal institutional factors (North, 1990; Scott, 1995). Formal institutional factors include laws and regulations (Powell and DiMaggio, 1991; Scott, 1995), and political actors are key facilitators, mediators and enforcers of regulative legitimacy (Ahlstrom et al., 2008). The institutional theory views political actors as principal agents in establishing norms through coercive and regulatory methods (Oliver, 1999). Hence firms may utilise CPA strategically in managing their activities with said actors. We employ institutional theory in our investigation of the CPA-Legitimacy process. In paper 3 we employ both RDT and institutional theory in aiding our understanding of how firms use political ties, financial incentive, and constituency building strategies in enhancing their legitimacy. Whilst in paper 4, we elaborate on how institutional theory helps us unpack the black box regarding regulatory ties and firm legitimacy.

1.7 Chapter Summary

This introductory chapter provides readers with an overview of the three studies in the thesis. The introduction offers an insight into the overall purposes of the thesis by uncovering the research motivations and the contributions to the extant literature. It also clarifies the major data sources and the methodology of the three studies.

1.8 Structure of the Thesis

This thesis is structured chronologically and systematically in five parts:

(A) Introduction, (B) Systematic Review on Corporate Political Strategies: A review and research Agenda, (C) Corporate Political Strategies and Firm Legitimacy in Weak Institutional Environments: An Analysis of the Mediating Mechanism, (D) The Impact of Managerial Regulatory Ties on firm legitimacy, (E) Conclusion. Hence this thesis contains three empirical studies (B, C and D), constituting three core chapters. To reiterate, these three papers are interrelated to address the research question coherently.

The introduction provides an overview of the research, discussing the research motivations, questions, methodology, and structure of the study. The first empirical study (B) systematically analyses corporate political ties' antecedents, strategies, and consequences. This is done using the antecedents-strategies-outcomes framework (Liedong, 2015) to explore the contexts, strategies, and outcomes. Following this rigorous review, we identify current themes and omissions in the literature. Further, identifying gaps in order to strategically position the thesis. This chapter also aims to clarify the key terms and concepts in this thesis.

The second empirical study (C) is an extension of the first study. It focuses on examining the relationship between various corporate political activities and organisational legitimacy in a weak institutional context. The rationale is to scrutinise and examine the impact of various CPA activities on a non-financial, non-market outcome, which is equally critical to firm success. Furthermore, this study additionally investigates the under-researched “how question”. That is, the mechanism responsible for the outcome(s) witnessed. The third and final empirical study (D) unpacks a frequently unaddressed CPA strategy, regulatory ties. The study examines its impact and the mechanism by which it can enhance firm legitimacy. Finally, the last chapter (E) provides conclusions that can be drawn from this research as a whole. In addition, it outlines the future research agenda for CPA research.

Chapter 2: Corporate Political Ties: A Systematic Review and Future Agenda

Abstract

Corporate political ties (CPT) remain a widespread phenomenon of prevalence, one of the most vibrant topics in the non-market strategy literature. Despite sustained attention, the growing fragmentation of studies in the field is observed. To address the fragmentation issue, the question, "what is the current state of knowledge on corporate political ties?" was asked. This study aims to provide an up-to-date assessment, review, and integration of studies on corporate political ties. To do so, a systematic review was conducted. Using this method, 91 final studies from leading journals were identified and synthesised into an integrating framework linking CPT with its antecedents, strategies, and consequences. The review revealed that current CPT research could be categorised along these dimensions. We further synthesised intellectual contributions, highlighted unresolved issues and provided recommendations for future research. In doing so, this systematic literature review offers a two-fold contribution. On the one hand, it helps to identify gaps that, if pursued, could enrich the literature and open promising avenues for future research. On the other hand, it provides practitioners with a knowledge repertoire that increases the quality of their decision-making.

Keywords: Corporate political ties (CPT), corporate political connections (CPC), Political Networks, Systematic review.

2.1 Introduction

The dominant mainstream firm view in the aftermath of the great recession was characterised as the "antiregulatory" or "limited government" view (Savage, 2018). This perspective was associated with the belief that free markets with minimal government roles benefit the firm and economy alike (Cavusgil et al., 2011; Bojar et al., 2021). This perspective often focuses on business interactions with governments to minimise government and reduce the costs and burdens on firms associated with government taxes, regulations and policies (Gittell et al., 2012; Savage, 2018).

However, with increasingly complex and intertwined non-market aspects of the firms' environment, spurred by fierce globalisation dynamics, there is increasing recognition of the role of "partnership" between political actors and firms (Liedong *et al.*, 2015; Marx, 2019). Firms continue to realise that their efforts in building sustainable businesses and maximising profits are hinged on favourable government policies and programs necessary to achieve their objectives (Doh & Lucea, 2013; Xiong et al., 2018). Similarly, the government need to incentivise business performance and investments with grants, tax credits and subsidies, as businesses are the major drivers of innovation, jobs and societal and economic well-being. This has increasingly created the mutual desire to develop and nurture corporate political relationships effectively. The motivation for this practice does not exclusively follow exploitation but increasingly for a mutually beneficial exchange (Goldman et al., 2009; Petersen, 2019).

Corporate political ties (CPT), which encompasses a wide range of individual and institutional interactions between firms and political actors (Mellahi et al., 2016; Okhmatovskiy, 2010), continues to gain prominence in both practice and research. Corporate political ties has been defined as political 'linkages' and 'connections' between firms and political actors. Political ties have been viewed as ‘connections’ (Cui *et al.*, 2018a; Okhmatovskiy, 2010; Wijantini, 2007), ‘influence’ (Desai, 2011; Sokolov & Solanko, 2017), ‘relationship’ (Hung *et al.*, 2012; Sobel and Graefe-Anderson, 2018) and/or ‘networks’ (Sun *et al.*, 2012; Daichi *et al.*, 2015). Firms increasingly seek highly skilled, politically connected political actors on their corporate boards or seek to develop a “relationship” or “tie” with such officials (Lamb & Roundy, 2016). Developing corporate political ties is accompanied by a great deal of uncertainty, with inconsistent and ambiguous results concerning the form, value, and outcomes (Aggarwal, Meschke and Wang, 2012a; Goldman et al., 2009). Although several determinants of corporate political strategies have been examined in prior research (Hillman, 2003), the outcomes posited have been firm, industry and institutional context specific (Hillman et al., 2004; Lamb & Roundy, 2016). Similarly, the relationships between the types of CPT strategies and their performance remain complex. Hence scholars have argued that the realisation of the potential benefits of CPT depends on the focal firm’s specific factors and institutional contingencies (Cui et al., 2018).

Three factors motivated this review and synthesis of the research stream. First, the last attempt at mapping the CPA terrain was (Lawton et al., 2012), which mainly focused on corporate political activities. Since then, there have been emerging themes in the CPA literature, one of those largely being “corporate political ties”, a subset of CPA. However, scholars in the management domain continue to add new and diverse insights to the already significant body of literature (Doh and Lucea, 2013; Rajwani and Liedong, 2015; Sun *et al.*, 2015; White *et al.*, 2014). The field would benefit from an overhaul of the progress made thus far. As such, there is a need for a comprehensive model to integrate the insights and provide direction for future research.

Second, notable findings in CPT research from related disciplines such as finance (Cooper et al., 2010; Gupta, 2005), Accounting (Berkman and Galpoththage, 2016; Gul, 2006; Mathur &

Singh, 2011; Wahab *et al.*, 2017), and Politics (Aggarwal et al., 2012a; Mcclurg, 2003; Wong and Huang, 2010), have not been integrated into the management literature. Findings from these alternative disciplines offer unique perspectives on CPT. Thus, we examine recent development and interpret gaps within and across disciplines.

Furthermore, there is a general cognition among scholars that research-based knowledge is under-utilised, especially by non-academic addressees (Schmeisser, 2013). Literature reviews represent a widely accepted tool in management research to overcome that deficiency in knowledge utilisation (Tranfield et al., 2003). Accordingly, this systematic literature review aims to refine and consolidate the existing evidence base to support and improve the decision-making processes of managers and policymakers alike.

This paper is structured as follows: In the following section, we briefly outline the systematic review methodology applied. After this is a detailed report and synthesis of the review results, which follows an "Antecedents-Phenomenon-Consequences-logic" and is the main part of this study. We close with a discussion of the review results and an outlook on avenues for future research. This is complemented by developing an integrating framework for the CPT literature.

2.2 Methodology

We could map and assess the body of knowledge on the CPT phenomenon using the narrative systematic review methodology approach posited by Tranfield et al. (2003) and Petticrew and Roberts (2008). According to Tranfield et al. (2003), systematic management reviews represent "rigorous scientific investigations of the literature". They include three main stages: (1) detailed prior planning of the review with a precise definition of the aim and research question to be approached in the course of the review, (2) a rigorous execution of the review itself comprising the identification of relevant literature using explicit, reproducible criteria for inclusion and exclusion supported by an appraisal of the quality of the reviewed studies and the strength of their findings, and (3) the reporting and dissemination of the review results. The objectives and motivation of our review (stage 1) has already been defined in the previous section. The remainder of this methodology section will focus on the techniques applied to identify and select the relevant literature (stage 2). Stage 3 builds on these previously selected research articles and particularly includes the synthesis of the individual studies using an explicit analytic review scheme as a guiding framework.

Article Selection Approach: Publication Outlets: The guiding “review question” (Tranfield et al., 2003) was: “What is the state of knowledge in the corporate political tie literature?”. In addressing the review question and ensuring comparability with prior corporate political activity (CPA) field reviews (Lawton et al., 2013; Rajwani and Liedong, 2015), we employed two databases in identifying the study’s eligibility for review, namely, EBSCO & ABI/INFORM ProQuest, both of which are vast business literature indexes. Prior CPA field review focused largely on CPA, whilst this review goes in-depth into CPT, a subset of CPA. These comprehensive databases above (Short, 2009b) contain relevant and high-ranking journal articles published in the domains of international business, general management, international marketing, small business management, management and entrepreneurship, public policy, politics, economics and finance. These are domains in which articles on CPT have appeared. We did not limit our article search to any specific academic disciplines.

Furthermore, we focused on publications from leading journals. Leading journals were first identified using the Chartered Association of Business Schools (ABS) ranking and then cross-examined the list with ranking journal studies (DuBois and Reeb, 2000; Podsakoff et al., 2003).

We took journal quality as an indicator of study quality (e.g. Narayanan, Zane & Kemmerer, 2011). Hence the journals consolidated into our search had to be at least 3*, using the ABS ranking. Table A in the appendix contains the journals of the final set of papers.

Identification and selection of relevant journal articles: In exploring CPT, we searched our databases (identified above), with keywords such as 'corporate political ties', and synonymous phrases such as 'corporate political networks' 'corporate political relationships', 'corporate political connections' (Cui *et al.*, 2018a; Sun *et al.*, 2012). Drawing on prior mapping studies, the term "political ties" also takes expression in other key terms such as political networks, influence, connections, and relationships (Sun et al., 2015). Search strings were developed from the combination of the key search phrases, as shown in Table 1. Key terms and phrases were developed from several seminal studies. They were computed in the databases highlighted in Table 2. This broadly generated 4,460 articles (before eliminating duplicates and filtering using the inclusion/exclusion criteria) about the subject matter, as shown in Table 2. Only peer-reviewed scholarly articles were consolidated into our search. Magazine articles, conference and seminar notes and book chapters were excluded as they have usually undergone less rigorous peer-review processes and are less readily available (Busenitz et al., 2003; Podsakoff et al., 2003).

Across the databases, we identified all articles containing the keywords above in their title, abstract and main text. Titles were screened, and Abstracts were then read and used as the basis for selecting papers (De Menezes and Kelliher, 2011). After the selection, there was a full-text screening to ensure that selected papers focused on corporate political ties before quality screening. More specifically, judgments were made about whether to include the article in the formal review based on if the focus of the study was on corporate political ties (as defined previously). Additionally, as our study focused on the political ties of business entities, we excluded non-profit entities such as non-governmental organisations (NGO's) and charities. There were no time frame restrictions. The earliest paper on CPT in the database was from 1929; the latest was 2022 to capture the earliest papers to the most recent papers. The search was updated in July 2022. Finally, we checked each article's references for other relevant papers. A snowball search technique was used, whereby additional studies were identified based on the references in the initial papers (Lamb and Roundy, 2016).

In many cases, after identifying a focal article, we also searched the papers that had cited that article to find additional papers. Finally, the search was limited to articles published in English; however, there were no country restrictions among journals published in English. Our search resulted in the final 91 papers, as observed in table 3 in the appendix, extracted and content-analysed to a standardised form design following Short (2009a) and Lawton et al. (2013).

Table 1
Search strings

Number	Keyword	String
1	Corporate political ties	("politic* connect*" OR "politic* ties" or "politic* link*" OR "politically connected boards" OR "corporate politic*invest*) (Fisman, 2001; Fan et al., 2007b; Hillman and Wan, 2005)
2	Corporate political connection	("business-government relations" OR "politic* ties OR politic*influence OR politic*connection OR politic* relationship) (Cui et al., 2018b; Shaffer and Hillman, 2000; Rusmin, Evans and Hossain, 2012)
3	Political networks	("portfolio* of political ties") (Do et al., 2012a; Sun et al., 2012)

Table 2
Search strings results per database

Search String	ABI-Inform	EBSCO	Total Searched String	Total after duplicates removal per string
String one	1464	1485	2949	2554
String two	607	689	1296	1001
String three	130	75	205	170
Total	2201	2249	4450	3725
Total (after eliminating all duplicates	3725			

2.3 Results

We focused on pattern-matching and explanation-building by identifying emerging themes and trends in the literature (Xiao & Nicholson, 2013; Lamb & Roundy, 2016). A meta-analysis approach was not possible because of the broad focus of our review and the heterogeneous methods used in the literature (Nijmeijer et al., 2014). In particular, we conducted both within- and across-article analyses. As we reviewed each article, we documented emerging patterns. Similar to how themes are identified in multi-case studies, each subsequent article was used to confirm or disconfirm the accuracy of the patterns identified in other articles (Strauss and

Corbin, 1998). This process led to identifying the themes and trends in the literature we present below.

The identified themes and trends are presented using the overarching framework "Antecedents-Phenomenon-consequences" logic (e.g. Narayanan et al., 2011). This framework acted as a guiding structure for the review process because it allows for the organisation of the reviewed studies in a comprehensible, coherent and pragmatic way by reference to their respective contributions. CPT represents the phenomenological anchor of the review element. Articles grouped under this category deal with the delineation and conceptualisation of the phenomenon ("How do we conceptualise corporate political ties?"). Furthermore, they address aspects of CPT strategies as sub-themes ("corporate political ties 'in action'").

The antecedents' category embraces articles that discuss the internal and external driving forces and motivations that lead and enable firms to engage in CPT ("what drives corporate political ties?"). Finally, the consequences category contains articles on the performance outcomes that CPT has on firms. I apply this "Antecedents-Phenomenon-Consequences"-logic as a guiding structure to systematically outline the synthesized contributions of the articles after they were allocated to one of the three review scheme categories. In the rest of this article, corporate political ties represent the focus of analysis and reference points for the systematic review process.

Antecedents of Corporate Political Ties: Drivers from firm and political actor perspective.

Corporate political tie research has majorly adopted one of the following two perspectives in examining the antecedents: the perspective of the firm or the perspective of the political actor. We structure our review according to these perspectives.

The drivers of CPT from a firm's perspective: The articles grouped under this category offer contribution to the factors that determine the emergence and diffusion of the CPT phenomenon from the lens of firms. *Necessity*- one of the factors cited or implied as a driver for firm engagement in CPT literature. These studies, primarily from economics and political science, adopt the "profit-maximizing approach" and typically assume that a firm will develop political ties because institutional characteristics require it (e.g., Mitchell et al., 1997, p.1098). In contrast, other studies with the same theme emphasise their motivation for engagement as crucial to the firm's survival (Banerjee and Venaik, 2017).

Starting with the latter, studies have capitalised on the resource dependency theory in advancing the notion that firms that depend on the government for key and critical resources will be inclined to manage their external dependence by engaging in political ties (Shirodkar & Mohr, 2015). e.g. firms that are dependent on the government for their revenues - sales or contracts - or firms in highly regulated industries in which regulation imposes a significant cost burden are more likely to develop and nurture political ties (Hansen and Mitchell, 2000; Hillman and Hitt, 1999; Schuler et al., 2002). From this perspective, governments are viewed as the main shapers of the institutional context in which domestic and multinational firms operate (Doh and Lucea, 2013). Barron and Andrew (2011) interviewed managers about their reasons for engaging in political activities and identified uncertainty reduction as the main factor. For example, diversified firms found it necessary to engage in political ties to manage risk (Hillman and Hitt, 1999; Schuler, 1996). Hence, these scholars argue that a diversified firm will have higher exposure to government policies and would deem it necessary to engage in political ties in the attempt to reduce uncertainty

Other studies have relied extensively on institutional theory to advance the necessity lens by proposing that the institutional lapses in weak institutional contexts and emerging nations imply that developing political ties with influential actors is crucial for sustaining access to the key resources required for survival in these regions (Liedong et al., 2019). This is perhaps the most prevalent and widely accepted perspective among the CPT studies analysed (Liedong et al., 2019; Sun et al., 2015). However, Lawton et al. (2013) and Rajwani & Liedong (2015) expressed concerns regarding the paucity of deep insights into how MNE political activities, and their efficacy, are shaped by institutional differences across jurisdictions.

In contrast to the first approach themed *necessit*y, the second set of articles emphasises the *discretionary* power of firms to participate in developing and nurturing CPT. These studies have mainly adopted the social capital, resource dependency, and agency theories in proposing that managers choose to engage in CPT when there are perceived benefits to doing so (Hillman et al., 2004) and will choose the "avoidance strategy,' i.e. to avoid being politically connected if there are perceived risks to doing so (Mellahi et al., 2016). An integral part of this approach, some studies have argued that firms choose their political strategy by estimating the effect of policy change on the firm's performance (Schuler and Rehbein, 1997). Indeed, numerous articles in this category have focused on internal, firm-specific characteristics which drive the managerial willingness to engage in political activity. For example, an important driving force identified is the presence of *slack resources* (Hillman et al., 1997; Meznar & Nigh, 1995; Schuler and Rehbein, 2004).

It has been argued that slack enables a firm to engage in CPT because the resources can be used for political donations, soft money contributions or setting up infrastructure such as political embassies for CPA activities. *Firm size* is another antecedent frequently cited in the literature. The argument is that a large firm will have more resources (Schuler and Rehbein, 1997) and greater political – due to having a larger number of stakeholders and thus a larger number of votes – and economic power. However, Cook and Fox's (2000) observation that smaller firms engage in political activity by collectively coming together provides a counter perspective on firm size. Political orientation and functional and educational background of top managers were other less developed determinants of CPT in the literature (Blumentritt, 2003a; Cook and Barry, 1995; Rudy and Johnson, 2016). Irrespective of the differences over the degree of managerial choice assumed in these types of studies, we find that they concede to discretionary factors driving CPT. Noteworthy is that studies in line with the discretionary approach are fragmented, there is inadequacy in terms of theoretical development, and there is a need for theoretical integration.

Drivers of CPT from the political actor's perspective: Emerging studies, albeit comparatively few, have challenged the dominant conceptualization of political ties from the firm's perspective. They have explored the antecedents of corporate political connections from the perspective of the political actors rather than the firms. Using the social exchange theory, these studies have conceptualised political ties as a mutually beneficial social exchange between businesses and political actors (e.g., Sun et al., 2012). This captures political actors' willingness and desire to initiate, engage and drive such exchange (Liu, Yang and Augustine, 2016). For example, lamb **and** Zajac (1988) argued that political actors join corporate boards to extend their social ties, receive higher financial compensation and acquire more contracts. Similarly, Stuart (2014) conceded that career advancement after their current political appointment ends drives politicians' desires to engage in CPT with well-connected firms. These connections are perceived as social capital that can be utilised in further career advancement (Hillman, 2009; Fan *et al.*, 2007b).

Table 3
Some antecedents of CPT

Papers	**Type of study**	**Journal**	**Perspective: Firm/ political actors**	**Research Focus**
Sun, Mellahi and Wright (2012)	Empirical	Academy of Management Perspectives	Firm	Focuses on personal and institutional linkages between firms and political actors
Blumentritt (2003b)	Empirical	Business and Society	Firm and political actors	The article develops hypotheses founded on resource dependence theory that examines organisational and environmental factors that might influence subsidiary government affairs activities
Cui *et al.* *(*2018b)	Theoretical	Global Strategy Journal	Firm	Contextualization of the CPT phenomenon. This paper comprehensively discussed the antecedents of Corporate political connection, alongside other important outcomes of CPC
Doh and Lucea (2013)	Empirical	Global Strategy Journal	Firm	Investigates and attempt to integrate the debates surrounding the market and non-market strategies. Their key finding was on the factors driving political strategies
Hillman, Keim and Schuler (2004)	Theoretical	Journal of Management	Firm	Developed an integrative framework for antecedents, strategies and outcomes of CPT.
White, Fainshmidt and Rajwani (2018)	Empirical	Journal of International Management	Firm	Highlighted that the political institutions in an MNE's parent's home country will influence the foreign subsidiary's political tie intensity.
Cai *et al.* *(*2012)	Empirical	Journal of Financial Economics	Firm	Provide evidence that board connectedness plays an important role in corporate investments and leads to greater value creation.
Zajac and Westphal (1996)	Empirical	Academy of Management Journal	Political actors	Agency theory and inter-organisational theories to study the driving forces of CPT from the political actor's perspective

The CPT phenomenon

The CPT phenomenon and strategies represent the central element of the review scheme (as shown in figure 1). Articles grouped under this category allow for clustering in two sub-groups. The first group of articles focuses on delineating and conceptualising the CPT phenomenon. The second group of articles centres on the strategies for developing CPT. Also, importantly, we made a note of the theories that have been frequently used. We present our findings in section 3.3.3. Compared to the volume of research on the antecedents of CPT, typology building in this field is significantly less studied. We observed that this aspect of CPT studies had received less attention since the foundation work of authors like Shaffer (1995).

CPT "in action.": Following the preceding, strategies adopted in developing political connections assume no formal grouping in the analysed studies. For our review, we adopt Brasher et al., (2006) broad grouping of direct or ind*irect action*. Direct action includes firms' unreserved and direct attempts at developing and maintaining ties with influential actors. An example would be recruiting past government officials on firm boards or executive positions (Lamb and Roundy, 2016). Studies mainly utilising social capital theories, focusing on connected boards as a strategy for developing political ties, have made the case that former politicians sitting on boards or running corporations have superior knowledge about the legislative process and superior access to key political factors that could be beneficial to firms (Gomez, 2003; Lamb and Roundy, 2016). These studies have argued that the politician's network will make it possible for the firm to access diverse opportunities more significant for organisational success. However, other studies analysed have challenged this by utilising the agency theory (Liedong and Rajwani, 2018). They argue that the interest of political actors may not be well-aligned with business priorities, which may negatively impact firm performance. Others posited that in the event of changes in political fortune or reputational damage, which is common in weak institutional contexts, firms associated with the impacted political actors could suffer as a result (Sun et al., 2015).

Other frequently cited *direct* approaches to developing political ties are businessmen deciding to go into politics or nurturing close relationships with the powerful via friendship at the managerial or organizational level (Faccio, Masulis and McConnell, 2005). Managerial ties were the dominant means of engagement in political ties in the analysed studies. 86% of empirical studies on CPT strategy were focused on this strategy. In the studies, a company was politically connected if at least one of its members (CEO, chairman, or any board member): belongs to a political party; has a key government position; is known for his/her political past; or is connected to a politician through direct family ties (Cheema et al., 2016; Cheikh and Taktak, 2017; Idris et al., 2020; Maaloul et al., 2018; Niazia et al., 2021; Sadiq et al., 2019; Saeed et al., 2016; Wang et al., 2019). Numerous cases of this approach emerged from the reviewed articles.

Silvio Berlusconi, a former Prime Minister of Italy who held office from 1994-1995 and 2001-2006, is an apt example. He also owned a media empire in the office, including three national commercial television stations, a prominent newspaper, and Italy's largest publishing company (Akcigit et al., 2017). This movement from private enterprise to government and vice versa was anecdotally referred to as 'the revolving door' in the United States or "pantouflage" in France (Unsal and Kabir, 2001). It is a direct attempt at developing ties. Other studies captured managerial relationships with government officials, not at the firm/organizational level, as described above (Bai et al., 2019; Li et al., 2008).

Furthermore, we group political action committees (PACs) and lobbying as *indirect* approaches. For example, a study by Ansolabehere et al. (2002) describes lobbying as the attempt by an organisation or a group of individuals to persuade the government, the congress (more generally, the federal legislature), or state legislators to support their goals and objectives in a manner that directly calls for defeat of a proposed law that is unfavourable to their cause (Ansolabehere et al., 2002 p.131). In one way, the firm may decide to hire an external lobbyist to cater to their needs and desires, or they may use their internal governmental connector to pursue their will (Capron *et al.*, 2007p. 98). We describe this approach as indirect as it represents firms attempt to develop political ties via influencing public policy.

In the studies, Zhang and Lin (2014) identify two additional strategies for the Chinese business system, namely, political participation and 'red hat', that firms in China use to develop political ties. In sum, the "red hat" involves cooperating with the state-owned enterprises of various government departments in terms of ownership or co-investment through payment of administrative fees. In contrast, political participation includes the political participation of managers in Chinese political institutions. Extant research has done well in uncovering several strategies that firms use to develop and nurture political ties, but less so in revealing whether these strategies are used in unison or whether some strategies are prioritised over others, depending on contexts. Moreover, there is a lack of contextualisation of strategies; it is unclear under what circumstances a strategy is more likely to be adopted.

Table 3
CPT strategies

Category	Strategies	Study
Direct action	Government officials elected on firm boards/executive positions	(Lamb & Roundy, 2016) (Sun *et al.*, 2012) (Hillman & Wan, 2005) (Goldman, Rocholl & So, 2009)
	Businessmen going into politics (revolving door/ pantouflage)	(Mahmood, Chung & Mitchell, 2017)
	Nurturing friendships with the powerful at the organizational or firm level	(Cheema et al., 2016; Saeed et al., 2016; Ben Cheikh and Taktak, 2017; Maaloul et al., 2018; Wang et al., 2019)
Indirect action	PAC (campaign donations)	(Milyo *et al.*, 2000) (Boas, Hidalgo & Richardson, 2015)
	Lobbying (external lobbyists and internal governmental connector)	(Cui *et al.*, 2018b) (Sheng, Zhou & Li, 2011) (Ansolabehere, Jr & Tripathi, 2002)

Theoretical Framework

We present the theoretical frameworks commonly referenced in conceptualizing the CPT literature. A total of sixty-one articles out of the ninety-one reviewed were grounded in a theoretical framework. In these articles, seven theoretical frameworks dominate Institutional theory (Cui et al., 2018b; Faccio et al., 2005; Scott, 2005), Resource dependency theory (e.g. Hillman & Wan, 2005; Pfeffer and Salancik, 1978), Resource-based view (e.g. Barney, 1991; Lawton et al., 2013), Agency theory (Jensen and Meckling, 1976; Liedong and Rajwani, 2018) and Social capital theories (e.g. Liu et al., 2018; Mahmood et al., 2017; Mcclurg, 2003). Some of these mechanisms were mentioned explicitly, while others were implied from the arguments put expressed in the

Social capital has been employed in alluding to CPT outcomes in emerging countries. Establishing political ties enables firms to build social capital so as to enjoy resources from political actors. It will be in the form of access to finance (Yeh et al., 2013) or contracts (Witko, 2011). Social or political capital is more evident in relationship-based capitalism (Adhikari et al., 2006; Fraser et al., 2006), where it is not unusual to witness cronyism (Johnson and Mitton, 2003) studies. Informal ties to political actors his contexts confer significant advantages to firms (Fraser etal., 2006). Firms' donations to campaign funds also aid in building social capital and enhances relationships with political actors (Kim, 2018; Witko, 2011).

Drawing on RBV, some studies argue that the firm's resources and capabilities will be the basis for its competitive advantage. Political ties can provide the firm with the non-market capability of gaining access to necessary information and resources (Zhou and Li, 2010). Other studies suggest that the inclusion of directors into corporate boards is a salient resource for firms (Hillman, 2005) which facilitates the ease of exploitation of policy contexts (Niessen and Ruenzi, 2010). While the positive outcomes of CPA more generally are defended utilizing social capital and RBV theories, agency theory is typically employed in opposing such arguments. For example, Hadani and Schuler (2013) have empirically validated the role of information asymmetry which occurs between managers and stakeholders when political spending are not divulged. They also posit that managers could pursue CPA for self-promotion. This misaligns with managerial and stakeholder interest Political connections may create an agency problem whereby politicians use corporate resources to pursue political and social goals to the detriment of shareholder value (Fan et al., 2007; Wu et al., 2012a). Additionally, Campaign contributions can be expensive, unprofitable, whose real value can be uncertain (Ansolabehere et al., 2004; Hersch et al., 2008).

In mitigating these risks, scholars recommend that firms direct their contributions to political actors with shared interests (Jayachandran, 2006). This allows for some guarantee that firm interests will be pursued. In relation to agency theory, some studies have also identified that CPA outcomes are dependent on corporate governance, especially in financial markets. For example, Bliss and Gul (2012) posit that due to perceived riskiness, firms with political connections may be disadvantaged with higher interest rates. Fraser et al. (2006) corroborates this finding by asserting that connected firms are even more heavily indebted. This increases the likelihood of bankruptcy (Bliss and Gul, 2012).

Ties act as substitutes for the effective rule of law and a reliable government that might otherwise provide a stable framework supporting business activities and transactions in the market (Jean et al., 2018; Peng and Luo, 2000). The institutional theory thus underlies most of the CPA studies in developing countries.

Institutional theory has also been used to explain why some political strategies are dominant in particular countries or why the benefits of CPA are more pronounced in some contexts

(Rajwani and Liedong, 2015). We go into greater detail on institutional theory in chapter 3. The theory of collection action (Olson,1965) has been additionally utilised in asserting the costs and benefits of CPA via individual vs collection action.

Resource dependency posits that firms co-opt external dependencies to reduce uncertainty (Hillman, 2005). However, the resource dependence logic used by studies to explain the mechanism through which CPA impacts performance is different. The mechanism used in CPA concerns the coercion or the yielding of other market actors to the demands of politically connected firms. The dependency of other market actors on government or politicians makes them yield to political pressures to extend favourable treatment to politically connected firms (Faccio et al., 2006).

Recently, scholars have called for a multi-theoretical approach in the study of non-market strategy (Mellahi et al., 2016). Concerning CPT, there is an advocacy for expansion into intellectual terrain covering extant theories (Getz, 1997). In conclusion, in the CPT-firm performance framework, a varied set of theories have been employed in investigating CPA.

Outcomes of corporate political ties

Here we group articles that focused on the impact of corporate political ties. Articles that fall into this category could be broadly grouped under stock market performance, policy performance and operating performance. Some studies (Wu et al., 2012) report multiple outcomes; hence, we make the point that the outcomes are not mutually exclusive. An event study is a frequently employed method. Using this method, researchers explore the implication of political events on the stock market. Political events include co-opting politicians to firm boards (Goldman et al., 2009), the unexpected death of government actors (Brown, 1996) or regime changes

(Jayachandran, 2006; Yeh et al., 2013). Stock market measures cited in the literature vary from cost of equity to cumulative abnormal returns. The event study methodology predominantly assumes the efficiency of capital markets, which may not be in the case all the time.

Operating performance draws on data contained present in annual reports. It draws on such measures sure return on sales and investment (Mathur and Singh, 2011), efficient taxes. The predominate remains (ROA) and Operating performance variables are "backward-looking" and are ineffective in conceptualizing political capital (Hillman, 2005). Hence, they could be misleading. Operating performance has most commonly been measured using cost of debt, return on investment, return on sales, interest revenue (Bliss and Gul, 2012).

Policy performance is a salient outcome of CPA. However, relatively not well explored in comparison to the other outcomes highlighted. Nascent studies on the subject matter explore policy performance with the following measures that include the voting patterns (Liedong, 2016), government bailouts (Boscon, 2006) or the outcomes of petitions (Marsh, 1998; Lee and Baik, 2010). Additionally, non-financial performance outcomes were generally less studied. Understandably may be due to the subjective nature of data. In the rest of the thesis, we advance the paucity in this area by focusing on the impact of political ties on a non-financial performance indicator legitimacy.

Financial outcomes: Studies investigating the implications of political ties on firm performance constitute an uninterrupted thread in the literature. Indeed, most studies have predominantly focused on financial outcomes of CPT. 76% of reviewed studies accentuates and affirms the positive impact on firm performance. Regarding the financial outcomes developed in the literature, lower taxes was observed in emerging economies (Adhikari et al., 2006; Wu et al., 2012), similarly in advanced economies (Richter etal., 2009) for firms who lobby. Additionally, facilitates easier access to finance (Claessens et al., 2008), higher stock returns (Chen et al., 2013), government bailout, higher sales were most commonly cited**.**

Non-financial outcomes: Apart from the financial outcomes of political ties on firm performance, comparatively fewer articles in the sample discussed the policy implication of political ties for firms. Despite this paucity, there appears to be a consensus or conjecture (in instances that it was not empirically validated) that politically connected firms benefit from lower administrative and regulatory barriers (including bribe taxes) and greater pricing power (Liedong **and** Rajwani, 2017a). Other studies have challenged this by empirically validating that political networking diverts efforts and resources from real investment into rent-seeking activities (for example, lobbying politicians and other bureaucrats). This is a negative-sum game for firms and a serious hurdle to growth in many countries (Morck **and** Yeung, 2003; Wijantini, 2007). Additionally, scholars, e.g. Mallin (2004), have highlighted that politically connected firms suffer from information asymmetry, requiring expensive monitoring to readdress the knowledge imbalance between the managers and politicians (shareholders). Whether the cost-to-benefit analysis is beneficial in the long-term for firms continues to be side-lined in most articles.

Table 4
Consequences of CPT

	Study	Type of study	Major Contribution
Stock market performance	Rudy and Cavich, (2017)	Empirical	Positive correlation between firm's CPA investment prior to its IPO and IPO performance
	Hoepner and Lin (2022)	Empirical	Firms' political donations have a long term effect of firm valuations
Operating performance	Werner (2017)	Empirical	Event study to evaluate CPA and firm abnormal returns
	Liedong and Rajwani (2018)	Empirical	The impact of CPA on cost of debt in an emerging market context.
Policy performance	Lin (2019)	Empirical	Utilizing corporate reputation as a measure of firm performance, it studies the impact of CPA on firm performance in this regard.
	Hadani et al., (2016)	Empirical	Negative impact of CPA on the public policy process

2.4 Discussion and Directions for Future Research

Our goal in this study was to map out the relevant literature in the corporate political ties field, highlighting the current state of knowledge. We applied the systematic review methodology introduced by Tranfield *et al.* (2003) to identify and synthesise the theoretical contributions and empirical evidence discussed in ninety-one articles. We analysed and synthesized these studies into an overarching framework of "Antecedents-Phenomenon-Consequences" logic to achieve a systematic synthesis, and we reported the findings in the section above. This section will discuss the findings and highlight promising areas for future research.

Delineation of the CPT Phenomenon: A key observation in most studies was that until recently, scholars had conceptualized a singular, monolithic notion of political ties. Most studies have conceptualized a singular perspective of “political ties”, often referring to political ties as firms’ connection with political actors (e.g., Grosse, 2004; Ramamurti, 2001). Two issues arise from this notion, “political actors” can be vague and have been used to represent governments at different levels in different studies. This not only limits comparability, but we know now that the outcome of ties may vary, whether it is the central or local government (Jin and Zhao 2019). Second, with increasing evidence to suggest that firms develop a portfolio of personal and organizational ties with political actors and institutions (Maksimov et al., 2017; Okhmatovskiy, 2010; Sun et al., 2015), studies that portray a singular and static version of the tie may not paint an accurate nor realistic picture.

“What is perhaps newly introduced in emerging studies is the multifaceted, globally-connected, and multidimensional nature of these relationships and the concurrent and reflexive role of a spectrum of actor types in multiple geographies and at all levels of analysis” (Doh & Lucea, 2013 p. 174). In response to a growing demand that CPT studies reflect the reality that many firms, particularly those operating in emerging economies, develop a multifaceted and dynamic relationship with various political actors and institutions, emerging studies are increasingly attempting to provide new typologies for a more nuanced understanding of CPT. For example, in their recent study, Han and Luo (2022) explicate the role of two types of business leaders’ domestic political ties, family ties and social ties, and test their opposing effects on firms’ capacity to cope with inter-state political risks. Similarly, Jin and Zhao (2019) used the China setting to distinguish between the central and local political ties. Other groups in the analysed studies include managerial, political and organizational ties (Guo et al., 2019; Peng & Luo, 2000).

However, we maintain that this is a less-developed aspect of the CPT literature that needs more attention. Explicating the role of varying political ties is long overdue, given the highly context-dependent nature and contingent value of political ties (Liedong, Aghanya and Rajwani, 2019). Furthermore, explicating and empirically validating the impact and strategies would explain when and under what circumstances the benefits of ties will be maximised (Peng & Luo, 2000).

Definition: Despite the increasing studies in the CPT research field, there is still a noticeable fragmentation and lack of conclusiveness on what having "political ties" entails. This is both at the managerial and organizational levels. Throughout the analysed studies, political ties have been explicitly referred to as, or implied as, 'connections' (Cui *et al.*, 2018a; Okhmatovskiy, 2010; Wijantini & M., 2007), 'influence' (Desai, 2011; Sokolov & Solanko, 2017), 'relationship' (Hung *et al.*, 2012; Sobel & Graefe-Anderson, 2018) and/or 'networks' (Daichi *et al.*, 2015; Sun *et al.*, 2012). Depending on how it is defined, it takes on a new meaning.

Further, most studies have used the term 'political strategies' and 'political ties' to mean the same thing. However, firms can engage political actors through strategies that do not necessitate having a 'relationship' or 'strong linkages' with them (e.g., through media campaigns) (Doh & Lucea, 2013). We make the point that it is the established 'links' and 'relationships' with the political actors that we refer to as 'ties' in our review (Mcclurg, 2003; Sun et al., 2012).

Additionally, most studies have used the subjective proxy of access to influential political actors via 'friendship' or 'revolving door' to identify political connections (Do et al., 2012b). In these studies, a company was politically connected if at least one of its members (CEO, chairman, or any board member): belongs to a political party; has a key government position; is known for his/her political past; or is connected to a politician through direct family ties (Cheema et al., 2016; Saeed et al., 2016; Cheikh and Taktak, 2017; Idris et al., 2020; Maaloul et al., 2018; Niazia et al., 2021; Sadiq et al., 2019; Wang et al., 2019). However, proxy to influential actors may not correspond to favourable outcomes in firm performance. Opportunities exist for CPT researchers to use a more objective measure and clarify what constitutes a political tie.

More recent studies have used firm donations to political campaigns to protest a more objective measure of firm ties (Akey, 2015a). The rationale is that this is a more objective measure of a firm's investment in developing political connections. We posit that how political ties are defined has implications for the observable outcomes

Opportunities for Diversity in Sample, Methodology and Strategy: Our literature review revealed that most published studies have focused on CPT activities in the USA and China. Indeed, out of the articles we identified that provided the geographic location of their sample, 69% used either the US or Chinese-based institutions. There have been some exceptions, with scholars examining political ties in countries such as Australia (Kiel and Nicholson, 2006), Columbia (Pombo and Gutiérrez, 2011) and Denmark (Johansen and Pettersson, 2013). However, no country other than the USA and China has received the attention of more than five studies (refer back to Table B in the appendix). We have established that cross-country variations affect not only the mechanisms through which political ties are created and exploited but also the validity of scales used to proxy or measure them (Cui et al., 2018b; Doh & Lucea, 2013). Hence, we advocate for deeper insight into the CPT activities in the countries less studied. Especially African countries.

Methodological diversity. In addition to the above, opportunities also exist for CPT researchers to use a more diverse set of methodologies. For instance, most studies use a deductive and primarily quantitative approach for analysing ties. However, inductive methods using data from qualitative methodologies (e.g., Liedong et al., 2019) may allow researchers to harness the power of these methods. For instance, qualitative methods would be well-suited to capture directors' life experiences and interpretations, to better understand complex process issues associated with the formation and operation of ties, and examine the narratives and discourse used in tie activities (Graebner et al., 2012).

Lastly, International political ties are created when a firm appoints a "non-national" director – a director from a country outside the firm's home – to its board. These types of political ties have received almost no academic attention, although there is evidence that they are increasingly widespread (Staples, 2007). For instance, Staples found that, in 2005, 75 per cent of the 80 largest transnational corporations had non-national board members. Presumably, this number has increased in the past decade. Important cross-national (and cross-cultural) implications of forming international interlocks may exist. Future research would be well-served to pay greater attention to this prevalent, but not a well-understood, phenomenon.

Outcome: As noted in the findings above, policy performance, which measures the performance of firms in the policy arena, is the least studied of all the outcomes in the literature. Studies examining this type of outcome either investigate the voting patterns of politicians (Liebman and Reynolds, 2006), the difference between proposed and adopted agency rules (McKay and Webb-Yackee, 2007), government bailouts (Faccio et al., 2006) or the outcomes of petitions (Marsh, 1998; Lee and Baik, 2010). More broadly, we noticed the paucity of research addressing the non-financial outcomes of firm engagement in political ties (Hillman et al., 2004; Lux et al., 2011); understandably, this may be due to the subjective nature of such analysis. However, a non-financial indicator of firm success, such as organisational legitimacy, remains less understood in the CPT literature. Therefore, in subsequent sections of this study, we add to the body of knowledge by focusing on the influence of political ties on a non-financial performance indicator — legitimacy.

2.5 Conclusion

To summarize, the motivation for the systematic review of the corporate political literature is to advance the understanding of the CPT phenomenon through a comprehensive synthesis of existing theoretical contributions and empirical evidence. This chapter has covered a systematic review of CPT, the processes, results and detailed findings. First, I highlight the increasing calls for theoretical integration. I then peer into the antecedents, strategies and outcomes of CPT. As our literature review suggests, CPT represents not only a longstanding phenomenon but an area of research that has been active for many decades. This research has produced a wealth of insights that increase our understanding of why firms create linkages with other firms and the implications of such activities. However, this review also reveals outstanding gaps in the literature. These questions represent exciting and potentially fruitful areas for future research.

In summary, managing uncertainty in a weak institutional context requires firms to develop political connections (Hillman and Hitt, 1999; Puck et al., 2013), which serve as a substitute for poorly functioning market-supporting institutions (Lashitew, 2014). According to Henisz and Zelner (2010), there are no effective checks and balances in weak institutional contexts. This highlights the power of government. Therefore, firms must establish and manage relationships with politicians and governments. Political connections are thus expected to be more prevalent in weak institutional contexts where social capital and networking relationships shape economic exchange (Acquaah, 2011; Peng and Heath, 1996; Peng and Luo, 2000). Although not limited to weak contexts as extensively dissected in the sections above, only exacerbated in those regions. We contribute to the paucity of research in this area by estimating and testing the impact of two influential political ties, political and regulatory, on a strong performance indicator in the rest of the thesis.

For academics, this systematic review offers a valuable reference point to effectively harness resources and efforts to further develop the field in those promising areas that regrettably only got scarce attention so far. Finally, for practitioners, the results of the systematic review represent a reliable knowledge base, as we have accumulated knowledge from a vast range of rigorous academic studies in a comprehensive manner.

Chapter 3: Corporate Political Strategies and Firm Legitimacy in Weak Institutional Environments: An Analysis of the Mediating Mechanism.

Abstract

This study examines the role of the mediating mechanism, strategic manipulation, and linking various corporate political activities (CPA) to firm legitimacy, in a weak institutional context. Relying on institutional and resource dependency theories, we hypothesize that firms use *"strategic manipulation"* to shape institutional perceptions and norms to justify their legitimacy. In addition, they act as change agents, employing the following political activities; financial incentive strategy, constituency building strategy, and managerial political ties leading to greater legitimacy. We find support for our hypotheses using survey data collected from 260 firms. Altogether the findings reveal that the implementation of CPA is not only a way to obtain legitimacy in institutionally challenging contexts but aids in simultaneously managing firm dependency and uncertainty by altering the conditions of the external institutional environment. In conclusion, our findings unpack a mechanism through which CPAs affect organisational legitimacy, hence contributing to a nuanced understanding of CPA, significant for better political and theoretical strategizing.

Keywords: Corporate political activities, Firm legitimacy, Strategic manipulation.

3.1 Introduction

There has been a proliferation of literature focusing on the impact of corporate political activities (CPA) on firm performance proxies (Sun et al., 2012; Lin, 2019). Corporate political activities (CPA) refer to “corporate attempts to shape government policy in ways favourable to the firm” (Hillman et al., 2004, p. 838). It is “any deliberate firm action intended to influence government policy or process” (Getz, 1997, pp. 32–33). Scholars have argued that politically connected firms pay lower tax rates, access preferential access to financing (Hassan et al., 2012; Hoepner and Lin, 2022), have longer debt maturities (Boubakri et al., 2012a; Liedong and Rajwani, 2018), enjoy increased sales and profitability (Ozcan and Gunduz, 2015), increased likelihood of government bailout, increased stock returns following positive political announcements (Chen et al., 2013; Lin 2019), and record higher market values and ROA (Muttakin et al., 2015; Rudy and Cavich, 2017).

However, it is increasingly observable that most studies have focused heavily on the empirical validation of market-related and financial outcomes of CPA (Venaik and Banerjee, 2017). This neglects the non-financial, non-market impact of CPA, e.g., organizational legitimacy, which is equally critical to overall firm performance and survival, especially for multinational firms (MNC) operating in foreign regions (Venaik and Banerjee, 2017). MNCs are considered collective entities of subsidiary organisations operating in varied local conditions (Luo, 2001a).

Organizational legitimacy is defined as ‘a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions’ (Suchman, 1995, p. 574). Scholars have highlighted that legitimacy generally matters for effective multinational political lobbying, accessing vital information and valuable resources, and building credibility, goodwill, and trustworthiness (Meyer and Scott, 1983; Suchman, 1995, Venaik and Banerjee, 2017). Arguably, successful MNC firms in this era, characterized by anti-globalization sentiments, will be those that prioritise the enhancement of their legitimacy in host countries (Globerman, 2017; Guo et al., 2014). Reiterating the importance of legitimacy, institutional theorists posit that scholars need to broaden their mandate and equally focus on investigating non-financial goals, such as legitimacy, that can threaten subsidiary survival and success (Venaik and Banerjee, 2017).

Second, traditional CPA and IB studies have long conjectured the need for MNCs to employ political strategies in gaining and sustaining firm legitimacy (Hillman and Hitt, 1999; Hond et al., 2014; Lui, 2001; Nell et al., 2015). However, no attention was drawn to its empirical validation until Banerjee and Venaik (2017). Although this is a pivotal advancement in the literature stream, Banerjee and Venaik's (2017) research remains an exception, focusing solely on the context of advanced economies. Hence, whether the same arguments hold in weak institutional environments remains uncertain and un-researched.

This context is significant for two reasons; first, weak institutional environments are often plagued with additional layers of complexity and pressures of absent or inefficient market-supporting institutions (Liedong et al., 2019; Zhu and Sardana, 2020). Whilst the theory around institutional voids is not new in the management literature (Khanna and Palepu, 2010), examining its role in the CPA-legitimacy literature could have consequences for our understanding of the nuance and context-dependent nature of the value of CPA. Second, it is imperative to investigate the weak institutional context present in African economies context, separate from those of other emerging economies (Liedong, 2020). This is because the institutional contexts in which firms in developing economies operate are often taken for granted in the literature, or at best, theorised away as a part of 'emerging market contexts', which has not resulted in further unpacking (Liedong et al., 2019).

Recent arguments have been advanced to show that emerging market institutions have strengthened to the extent that firms can use a wider array of western-oriented political strategies fairly well (Shirodkar and Mohr, 2015a). Indeed, while it may be the case for India, China, and other advanced emerging countries, it may not be the same for developing countries (in Africa), that are still battling with basic institutional voids (Liedong et al., 2019). Consequently, there is a research gap and limited understanding of the strategic implications of firms' political strategies in developing economies.

Third, the contextualisation of CPA is further limited by the extensive focus on the form and outcomes (Sun et al., 2012; Wu et al., 2012), without enough studies addressing the underlying mechanisms responsible for the outcomes witnessed (Guo et al., 2014). For example, researchers have emphasized from the RDT perspective that firms manage environmental dependency and uncertainty by utilising CPA (Schafer, 2007). This process can enhance firm legitimacy (Banerjee and Venaik, 2017). However, the underlying connection (i.e., mediators) between political activities and legitimacy remains unclear and untested (Banerjee and Venaik; 2017; Peng & Luo, 2000). Understanding how political activities are connected to firm legitimacy will help firms effectively use CPA. These unresolved issues lead us to examine the following research questions: How does CPA affect legitimacy in a weak institutional context? What mechanism mediates the relationship between political ties and firm legitimacy?

This study integrates the resource dependency theory (RDT) (Pfeffer & Salancik, 1978) and institutional theory in deriving its arguments for empirical investigation. The value of this approach lies in the consensus that institutional and resource-dependency theories are individually limited in demonstrating the above (Sutton et al., 2021). Undoubtedly, resource dependency theory (RDT) is generally rising in framing strategy research in developing economies (Guo et al., 2014). Additionally, it has provided a reason for firm engagement in CPA more widely. That is, to better cope with environmental uncertainties and firm dependency (Hillman et al., 2009; Pfeffer & Salancik, 1978), especially in weak institutional contexts institutions (Liedong et al., 2019; Zhu and Sardana, 2020). Hence, similarly, we draw on resource dependency theory (Pfeffer & Salancik, 1978), in investigating the effect of varying political strategies on the CPA-legitimacy outcome, in weak institutional contexts

Additionally, we integrate the above with Institutional theory to better understand the underlying mechanism connecting CPA with firm legitimacy. We test the role of *"strategic manipulation"* as a mediator. Oliver (1991), in her influential paper titled 'strategic responses to institutional process', identifies *"manipulation*" as one of the five strategies organisations may adopt to respond to institutional pressures. Institutional theorists have argued that firms can actively benefit from influencing and manipulating the perceptions and normative demands of the social context in managing environmental uncertainties (Guo et al., 2014 Hillman et al. 2019; Kuratko et al., 2017; Prefer and Salancik, 1978; Zimmerman and Zeitz, 2002). Hence, we integrate institutional theory to investigate how organizations can change perceptions and norms to justify their legitimacy by utilising varying political strategies.

In conclusion, in empirically testing the above, the study relies on formulating and testing hypotheses based on data collected from 260 Nigerian firms. Test results show that corporate political strategies enhance the legitimacy of firms in institutionally weak contexts. Our findings also reveal that "strategic manipulation" is important in mediating the relationships above. Hence, we find support for our hypothesis.

Altogether, this study has three primary contributions; first, it extends Banerjee and Venaik's (2017) study into a new institutional context, weak institutional contexts, by testing the effectiveness of corporate political strategies in enhancing firm legitimacy in this context. As expressed earlier, this remains relatively unexplored in CPA literature streams and limits our understanding of the holistic nuance around the subject matter. Second, our study helps unpack the mechanism through which CPAs affect organisational legitimacy, hence providing a nuanced understanding of CPA, which is significant for better political and theoretical strategizing. Third, a multi-theoretical approach to studying non-market strategy deepens knowledge and extends theory beyond single lenses and paradigms (Mellahi et al., 2016).

The rest of the paper is structured as follows. First, we review relevant literature and theory in the next sections before developing the hypotheses. We then describe the methodology, present the results, and discuss the study's contributions. Finally, we conclude with a note on limitations and suggestions for future research.

3.2 Literature Review and Theoretical Background

Our study integrates the resource-dependency theory (RDT) (Pfeffer and Salancik, 1978) and institutional theory (Meyer and Rowan, 1977; Scott, 2005) in unpacking the nuance around the CPA-legitimacy process in weak institutional contexts. In particular, we draw on RDT in examining the effect of varying political strategies, on legitimacy, in weak institutional contexts. We integrate this with institutional theory to understand the underlying mechanism by which firms shape and influence perceptions and norms to justify their legitimacy.

3.2.1 Resource Dependency Theory and Corporate Political Activities

According to the resource dependency theory, firms depend on the contingencies in their external environments. As a result, they will attempt to reduce the uncertainty associated with such dependency, with their actions reflecting this (Hillman et al., 2009). They do so to maximize their autonomy (Davis and Cobb, 2010). Extant research has established that due to their regulatory power, political actors remain crucial sources of dependency for firms (Hillman, 2005; Hillman et al., 2000; Keim and Zeithaml, 1986; Lester et al., 2008; Meznar and Nigh, 1995; Schuler, 1996). This is especially true in weak institutional contexts where politicians wield stronger control over access to critical resources and valuable information (Guo et al. 2014; Peng and Luo, 2000; Acquaah, 2007). This is an important motivation for firms to choose the least-constraining strategy to govern relations with political actors (Hillman, Keim, and Schuler, 2004; Pfeffer and Salancik, 1978).

In Nigeria particularly, institutional voids suggest that subsidiary experience is met with severe constraints such as information asymmetry, high transaction costs (Khanna and Rivkin, 2001; Meyer, 2001; Tong et al., 2008), restrictive regulatory environments (Acquaah, 2007) and governments' prominence in resource allocation (Acquaah, 2007; Park and Luo, 2001; Peng and Luo 2000). Amid these conditions, firms are inclined to depend on political actors for competitive resources (Guo et al. 2014) and preferential treatment in capital and policy markets (Dieleman and Sachs, 2008; Fisman, 2001; Johnson and Mitton, 2003; Khwaja and Mian, 2005). Essentially, CPA will be crucial in obtaining critical resources and facilitating economic exchange (Acquaah, 2012), thus the need to establish and nurture them. Pfeffer and Salancik (1978) first proposed "political action" as one of the approaches organizations may use to manage environmental dependency. They argued that with political action, firms actively seek to "create" their environment by trying to shape government regulations that produce a more favourable environment.

Hillman et al. (1999) laid the foundation by introducing the most commonly cited political strategy typology in the literature stream (Barron, 2011; Shirodkar and Mohr, 2015b; Wan and Hillman, 2006). They advanced three main typologies, which are financial incentive strategy (FIS), Information strategy (IS) and constituency building strategy (CBS). The financial incentive strategy utilises financial incentives such as campaign election funds to lobby politicians or political parties, whilst the Information strategy deploys information. On the other hand, the Constituency-building strategy focuses on a bottom-up approach by building coalitions to affect policy issues (Hillman and Hitt, 1999; Liedong et al., 2019). In this paper, we will focus on the impact of constituency building and financial incentive strategies on legitimacy. We unpack information strategy in great detail in the next paper.

In addition to the two strategies above, we investigate the impact of managerial and political ties (MPT) on legitimacy. Pre-existing research has defined managerial ties as "executives' boundary-spanning activities and their associated interactions with external entities" (Geletkanycz and Hambrick, 1997, p. 654). More specifically, political strategy researchers have defined managerial and political ties as the personal and social relationships managers develop and maintain with government officials (Guo et al., 2014; Park and Luo, 2001). This political strategy was first proposed by Geletkanycz & Hambrick (1997) to monitor external contingencies and manage changing environments. Over time, it has become a more recognized and investigated CPA in the literature. Resource dependency theory argues that firms will form ties with influential government actors to reduce firm dependencies on scarce resources controlled by external entities (Pfeffer & Salancik, 1978). It has been argued that managerial and political ties can provide firms with access to scarce & valuable resources, enhance firm perception, provide them with the ability to influence policymaking, and effectively manage the complexity in uncertain environments

(Ambler and Witzel 2004; Peng 2003). Unlike Hillman and Hitt's (1999) typology described above, MPT relies solely on the strength (and intensity) of managerial or organizational level relationships with influential actors (Sun et al., 2015), as opposed to providing beneficial incentives.

We have included this in our research for the following reason. First, there appears to be a consensus in CPA research that weak institutional contexts have relationship-based institutional structures owning to their collectivist culture (Acquaah, 2007; Fraser et al., 2006; Sun et al., 2011). Hence informal and personal ties to political actors are the main ways of influencing government policy (Liedong and Frynas, 2018; Peng and Luo, 2000; White et al., 2015). However, this is in opposition to the popularly held belief that firms will need to go beyond merely "building ties" with influential actors to "oiling palms" in such a context (Liedong et al., 2019). Oiling palms have been implied in the literature as a mutually beneficial exchange with political actors (Liedong, Aghanya and Rajwani, 2019). In assessing the role and significance of relationships vis-a-vis incentives in this context, we include MPT in our assessment.

3.2.2 Institutional Theory and Legitimacy

According to institutional theory, firms are constrained by the pressures, uncertainty, and demands of their institutional environment (Meyer and Scott, 1983; Oliver, 1999). Institutions include government agencies, regulatory structures, etc. (Oliver, 1999; Scott, 1987). Consequently, they must manage institutional dependency (Kostova and Zaheer, 1999; Zaheer and Mosakowski, 1997). Multinational firms (MNC) are additionally constrained by the burden of 'liability of foreignness' in host countries (Banerjee and Venaik, 2017; Kostova and Zaheer, 1999) in an era laced with perpetual anti-globalization sentiments and nationalistic rhetoric (Kristensen, 2019). Hence to minimize regulatory stringency and intensify institutional support (Oliver, 1996), firms will deploy activities aimed at gaining and maintaining legitimacy with influential legitimisation actors. In this study, we focus on firms gaining socio-political legitimacy. Socio-political legitimacy stems from the approval of government officials, key opinion leaders and the general public (Ahlstrom et al., 2008).

Legitimacy can help a firm thrive, avoid significant meddling from outside parties in its institutional environment (Zimmerman & Zeitz, 2002), and obtain access to resources and markets needed to prosper (Dowling & Pfeffer, 1975) in a weak institutional context (Ahlstrom & Bruton, 2001). Further, traditionally, the primary focus of institutional theory (Dieleman and Sachs, 2008; DiMaggio and Powell, 1983; Doh et al., 2012; Scott, 2001) has been on how organizations better secure their positions and legitimacy by complying with the rules and norms of the institutional environment (DiMaggio & Powell, 1983; Meyer & Rowan, 1991). However, in addition to shaping an organization's institutional constraints, institutions can play more active roles in deploying evocative strategies and instrumentally manipulating the external environment (Ahlstrom et al., 2008; Bruton & Ahlstrom, 2003; Oliver, 1991; Scherer et al., 2013). We discuss the latter, strategic manipulation, in great detail in the next section. In this study, we examine the effects of three CPA strategies on subsidiary legitimacy in a weak institutional context. The CPA strategies include financial incentives, constituency building and managerial and political ties. The explanation for these strategies was provided in the prior section. Based on the logic of institutional change, institutional theory suggests these types of legitimacy-seeking strategies for MNC subsidiaries (Dorobantu et al., 2017; Hillman and Hitt, 1999; Luo, 2001).

3.3 Hypothesis Development

3.3.1 The Impact of Managerial Political Ties on Firm Legitimacy

As defined earlier, managerial Political ties (MPT) refers to personal and social relationships managers develop and maintain with government officials (Guo et al., 2014; Park and Luo, 2001). Such ties can be formed at the personal or organizational level (Sun et al., 2015). In weak institutional contexts such as Nigeria, governments hold significant authority and power amidst weak checks and balances to arbitrarily formulate or apply regulations (Henisz 2004; Liedong and Frynas, 2017; White et al., 2015) and control the allocation of critical resources. Hence developing relationships with said politicians can yield net positive outcomes for firms (Guo et al., 2014; Ismail et al., 2013; Li et al., 2009; Peng & Luo, 2000).

By nurturing political ties with influential stakeholders, firms can build institutional advantages and support (Li & Zhou, 2010). First, institutional support gained from political tie utilization often indicates that the government will be more inclined to enable rather than constrain organizational activities, thus greatly reducing resource dependence on the institutional environment. Additionally, it has been conjectured that policymakers favour those firms that are willing to work with them and can be seen as professional and reliable (Coen and Willman, 1998, p. 36), thus, enhancing their legitimacy in the host environment. Second, nurturing political ties may also facilitate the awareness, access and recognition of entrepreneurial opportunities and proposed institutional changes, thereby allowing participation in shaping government regulations (Bruton et al., 2010; Rao et al., 2000). A more proactive role in taking advantage of environmental uncertainties.

However, unlike Hillman and Hitt's (1999) political strategies that involve the exchange of incentives crucial to political actors, MPT relies primarily on the strength/intensity of relationships to deliver firm performance goals (Banerjee and Venaik, 2017). For example, using Hillman and Hitt's (1999) political strategy typology, financial incentive strategy involves luring political actors with financial incentives such as campaign donation funds, whilst information strategy, as the name suggests, utilizes information to lobby politicians. Whilst constituency-building strategy involves the exchange of votes. These incentives can aid in shaping political actors' perceptions, help firms gain a reputation as valuable and reliable sources of information (Schuler et al. 2002), and build goodwill. However, whether the strength and intensity of relationships with said political actors can be relied upon to deliver similar outcomes, irrespective of a beneficial exchange, remains questionable.

We propose that developing close ties with the host government may facilitate understanding and response to the institutional environment's cognitive and normative domains (Baneerjee and Venaik, 2017). Second, developing political ties may send political actors a signal that the firm has the ability and the motivation to satisfy their pragmatic and moral expectations. From an institutional viewpoint, such activities can help build legitimacy (Ahlstrom et al., 2008). However, it has been argued that politically connected firms and governments can exert an undue and unfair influence on a country's politics and policies due to their unethical and unfair advantage (Claessens et al. 2008).

H1 There is a positive relationship between managerial political ties and organizational legitimacy

3.3.2 The Impact of Financial Incentive Strategy on Firm Legitimacy

Financial incentive strategy primarily involves any attempts to influence public policy by directly aligning policymakers' incentives through financial inducements (Hillman et al., 1999;

Liedong et al., 2019). These could be through the provision of dependable sources of finance for election campaigns (Schuler et al., 2002), soft money contributions (Alakent and Ozer, 2014), the appointment of political actors as consultants, directors, managers, or hiring political decision makers' relatives (Getz, 1993; Hillman et al., 1999) and offering pro bono services to host government (Baneerjee and Venaik, 2017). In weak institutional contexts, these tactics may negotiate and influence the acceptance and legitimacy of the subsidiary's practices and views among political actors in the host country (Hillman et al., 1999). For example, direct contributions to political parties or decision makers can consolidate subsidiaries' position with key political actors as credible and trustworthy suppliers of necessary funding (Schuler et al., 2002). Soft money contributions can aid in swaying legitimacy in favour of donors and help mitigate any negative public image (Alakent and Ozer, 2014). On the other hand, appointments to boards may aid in building goodwill with relevant stakeholders who can be effective allies in the social construction process of projecting a positive image about the subsidiary and aid build legitimacy.

Despite these, it has been reiterated that financial incentive strategy can be very expensive, with uncertain outcomes (Nell et al., 2015), and distort the public debate on policy issues (Chen et al., 2010). Others have argued its inevitability because of institutional and competitive pressures, especially in weak institutional contexts (Lawton et al., 2013). Additionally, due to the increased volatility observed in weak institutional contexts, it has been argued that the market for political influence is highly competitive, where one firm's political investments cancel out another firm's activities. Therefore, despite substantial managerial resources deployed, zero-sum games are probable (Gray and Lowery, 1997; Hadani and Schuler, 2013). Additionally, the process may be marred with corruption (Liedong and Frynas, 2017) due to the institutional fragility present in weak institutional contexts.

Despite these, to the extent that financial incentive strategy can be carried out legally and ethically, we posit that political financing may be unavoidable and effective in aligning firm goals with political actors. Hence creating an interdependency can help ensure that the policymakers can be relied upon to shape subsidiaries' acceptance in the host country.

H2a. There is a positive relationship between financial incentive strategy and organizational legitimacy

3.3.3 The Impact of Constituency Building Strategy on Firm Legitimacy

Constituency building strategy (CBS) is debatably one of the more complex political strategy typologies suggested by Hillman and Hitt (1999). It involves firms' attempts to influence public policy by gaining the support of individual voters and citizens, which is crucial to political actors' votes, elections and careers (Baysinger et al., 1985; Hilman et al., 1999). These could be through grassroots mobilization of employees, customers, suppliers, retirees, or other individuals connected to the firm (Hillman et al., 1999). It also manifests in advocacy advertising (Hillman et al.; 1999; Banerjee and Venaik, 2017), wherein a particular policy position is advertised to the public (Sethi, 1982), public image or public relations advertising, press conferences on public policy issues, and economic or political education (Hillman et al., 1999).

Unlike the other strategies discussed above, the constituency-building strategy differs in at least two ways. First, it involves the indirect attempt at influencing political actors through stakeholders relevant to political actors' survival in power or the stakeholders whose welfare political actors aim to enhance (Banerjee and Venaik, 2017; Scherer et al., 2013). Second, CBS has the potential to balance varying stakeholder interests beyond political actors alone and being conferred legitimacy across multiple actors (Mellahi et al., 2016; Scherer et al., 2013). The implication of this strategy, especially in weak institutional contexts, stems from MNC subsidiaries developing goodwill and a base of dependable supporters without solely depending on "political actors" as its sole legitimising actor. This is particularly important for managing institutional uncertainties across multiple channels in complex institutional environments (Mellahi et al., 2016).

Additionally, erratic political shocks present in weak institutional contexts can yield negative consequences for politically connected firms in adverse political events (Mellahi et al., 2016). Negative consequences include 'negative cascades of discrimination, resource exclusion, and even expropriation and sabotage' (Siegel, 2007, p. 625). Therefore, the consistency-building strategy may represent a more complex but risk-averse political strategy that can confer favourable social judgement across many grassroots stakeholders, able to confer legitimacy (Banerjee and Venaik, 2017) in the event of political uncertainty and volatility. Further, because policymakers and elected officials pay close attention to grassroots feedback and respond to it in order to secure re-election or their interests (Lord, 2003), positive social judgements of MNC subsidiaries by grassroots constituents with the ability to confer legitimacy can result in legitimacy being conferred by all stakeholders. (Zimmerman and Zeitz 2002).

Despite our projections, prior research has highlighted the complexity and time involved in developing this strategy compared to the financial incentive strategy (Wan and Hillman, 2006). Additionally, it will be impractical not to acknowledge the short-termism mindset that multinational firms engaging in the African continent have (Goldin and Lamy, 2014), which may make this strategy undesirable. Further, understanding and predicting the performance of CBS may be complex (Hadani & Schuler, 2013), especially in weak institutional contexts characterised by turbulence and uncertainty.

In conclusion, we hypothesise the significance of this strategy for businesses seeking legitimacy to the extent that it provides the opportunity to reduce their reliance on government officials as the sole actor in the legitimisation process (Baneerjee and Venaik, 2017). In addition, it can also assist in enhancing their reputation among various stakeholders (Zimmerman and Zeitz, 2002).

H2b. There is a positive relationship between constituency-building strategy and organizational legitimacy.

3.3.4 The mediating role of manipulation

In her influential paper on 'strategic responses to institutional process', Oliver (1991) identified manipulation as one of the five strategies organisations may adopt to respond to institutional pressures. "Manipulation" or "Strategic manipulation" (as commonly referred to in the literature) refers to firms' attempts at altering the conditions of the external institutional environment in managing environmental complexity and uncertainties (Guo et al., 2014; Hillman et al., 2019; Kuratko et al., 2017; Prefer and Salancik, 1978; Zimmerman and Zeitz, 2002). Under complex institutional conditions, it has been argued that firms can sustain legitimacy by manipulating the perceptions and normative demands of the social context so that their corporate practices (i.e., structures, processes and outcomes) are perceived to fit with societal expectations (Oliver, 1996; Suchman, 1995), thereby enhancing their legitimacy.

We propose that managerial political ties (MPT) can lead to firm legitimacy through the process of strategic manipulation. The use of firm's political ties can increase firm legitimacy through the deliberate manipulation of firm perceptions and normative demands so that their corporate practices (i.e., structures, processes and outcomes) are perceived to fit with societal expectations (Oliver, 1996; Suchman, 1995). Firms deliberate manipulation of its perceptions and normative demands will aid firms in assuming the locus of control, and shaping how key political actors perceive its legitimacy, rather than subjecting the firm to surrounding institutional pressures and routines, subsequently maximizing their autonomy (Scherer, Palazzo and Seidl, 2012). Additionally, by developing political ties, firms can proactively shape and manipulate their key with key image with political actors.

Furthermore, pre-existing studies have proposed that "political action" can be an effective approach that firms may employ to proactively shape their environment and achieve legitimacy (Pfeffer and Salancik, 1978). Hillman and Hitt's (1999) developed the foundational typology of political action that firms can use in shaping their environment. Namely: financial incentive strategy (FIS), constituency building strategy (CBS) and information strategy (we focus on the first two in this paper and discuss the third in greater detail in chapter 4).

We propose that firms can employ financial incentive and coalition building, as incentives in their engagement with political actors, to proactively create a favourable public image so that influential stakeholders (political actors) perceive the corporation as beneficial (Barley, 2010; Fombrun, 2001; Oliver, 1991). This will aid in maintaining institutional support and actively influencing social expectations by swaying the perceptions of key actors or policymakers in their environment (Barley, 2010; Child and Rodriguez, 2011; Oliver, 1991). This, in turn, leads to greater legitimacy.

Altogether, firms act as change agents, changing their perceptions and norms to justify their legitimacy. MNCs face increasing institutional uncertainty and dependency in host environments. Institutional uncertainty stems from heterogenous legislation, bureaucracy, varying social expectations, and governments wielding significant control over critical resources, hence, merely adapting to the host institutional environment may not prove effective (Palazzo and Scherer, 2006). Scholars have argued that MNCs can benefit from actively influencing and manipulating the perceptions and normative demands of the social context in managing environmental uncertainties (Guo et al., 2014; Prefer and Salancik, 1978, Zimmerman and Zeitz, 2002).

Although intuitively appealing, we recognize that this type of image management may be difficult, time-consuming, and can entail the aggressive promotion of the business or its procedures to regulatory bodies, policymakers and society in general (DiMaggio, 1988; Fligstein, 1997; Garud & Ahlstrom, 1997; Van de Ven and Guard, 1994). However, to the extent that weak institutional environments remain increasing complex and uncertain, we propose that MNCs will need to rise to the challenge of managing their dependency (Ahlstrom et al., 2010).

H3. The positive relationship between managerial political ties and organizational legitimacy is mediated by strategic manipulation.

H4a. The positive relationship between financial incentive strategy and organizational legitimacy is mediated by strategic manipulation.

H4b. The positive relationship between constituency building strategy and organizational legitimacy is mediated by strategic manipulation.

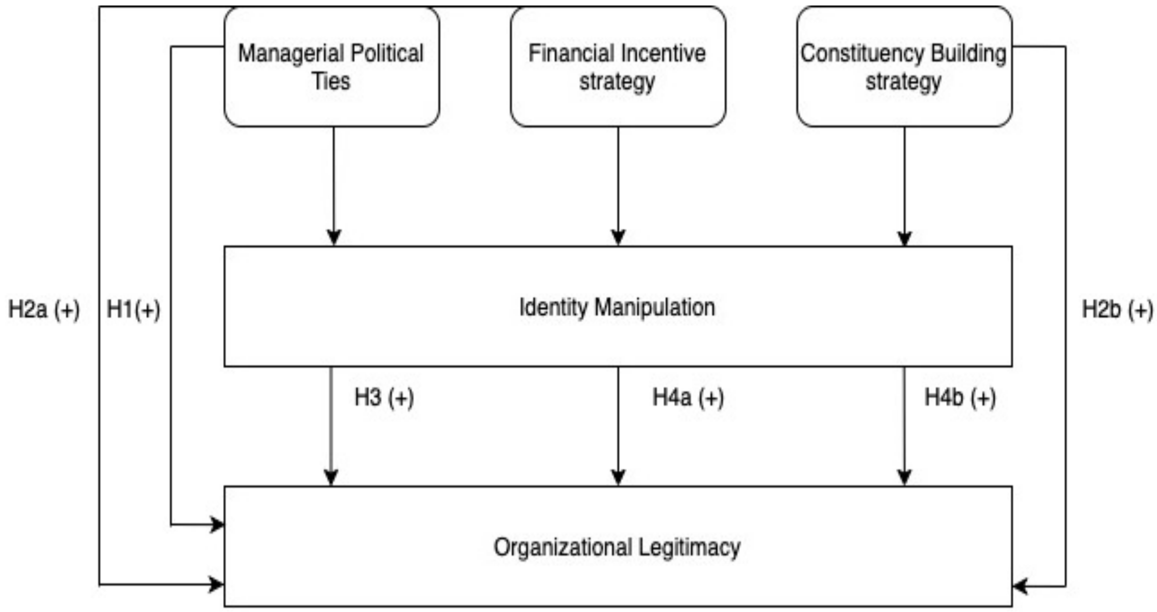

Figure 1
The theoretical framework

3.4 Method

3.4.1 Measures

In the following sections, the variables and measures used in this paper are described.

Dependent Variable:

Organizational legitimacy: Following Suchman (1995), Zimmerman and Zeitz's (2002), and adapted by Banerjee and venaik (2018), we measure organizational legitimacy as the extent to which subsidiary conduct is perceived to concur with society's expectations for business behaviours and outcomes (Johnson et al. 2006; Wood, 1991). Using three items that reflect acceptance and endorsement of subsidiary behaviour, we asked respondents to state the extent to which subsidiary firm behaviour leads to a) justification of strategic choices, b) greater legitimacy within Nigeria, and c) greater conformity with societal expectations. These were measured on a scale ranging from (1) "strongly disagree" to (7) "strongly agree".

Independent Variables:

Managerial Political ties: Without an objective measure of managerial and political ties, we followed Li and Atuahene- Gima (2001), Li and Zhang (2007), Guo et al. (2014), White et al. (2015) and Liedong and Rajwani (2018), and asked respondents to indicate their level of agreement with (a) investing in building ties with government officials (b) spending time dealing with government officials and (c) making efforts to ensure good relations with government officials. We asked respondents to use the past three years as a reference point. These were measured on a scale ranging from (1) “strongly disagree” to (7) “strongly agree”. This measure identifies the “overall level of interaction a firm has with government officials” (White et al. 2015, p. 348).

Financial Incentive strategy: Following Hillman and Wan (2005) and Banerjee and Venaik (2018), we measure financial incentive strategy by asking respondents to indicate the extent to which their firms a) Appoints executives who serve in a political position b) Employs individuals with political or professional experience c) Makes financial contributions to candidates or parties. These were measured on a scale ranging from (1) “strongly disagree” to (7) “strongly agree”, and respondents were asked to use the past three years as a reference point. This construct captures firms use of the tactic in influencing political actors.

Consistency Building strategy: Similarly, following Hillman and Wan (2005) and Banerjee and Venaik (2018), we measure consistency building strategy by asking respondents to indicate the extent to which their firms a) Engages in advocacy advertising in the media b) Mobilizes grassroots political programs c) Engages in public relations advertising in the media. These were measured on a scale ranging from (1) “strongly disagree” to (7) “strongly agree”, and respondents were asked to use the past three years as a reference point. This construct captures firms use of the tactic in influencing political actors.

Mediator

Manipulation: Adapted from Zimmerman and Zeitz (2002), Drayer and Martin (2010), O'Kane et al. (2015), Johnson et al. (2018), this construct reflects the active attempt to make changes/alter the content of institutional requirements in the Nigerian environment and influence political actors to achieve consistency between the firm and its local environment (Kuratko et al., 2017; Pache and Santos, 2010, p. 463; Zimmerman and Zeitz, 2002). Respondents were asked to measure their level of agreement with the following three statements on a scale ranging from (1) "strongly disagree" to (7) "strongly agree". a) Lobbing for changes in existing regulations to which the subsidiary is subject b) proactive in changing existing environmental norms or values c) Altering existing models and practices in the environment.

Control Variables

We test our hypothesis by controlling for variables identified in prior studies as related to corporate political strategies. Our choice of controls, namely, Subsidiary age, subsidiary size, Ownership (1 = Foreign ownership, 0 otherwise)**,** Regulation (1= highly regulated, 0 otherwise).

Our choice of control variables is guided by Hillman et al. (2004), Hillman and Wan (2005), Acquaah (2007) and Hadani & Schuler (2013). First, subsidiary age and size reflect host country experience and visibility and are considered important factors that affect subsidiary legitimacy (Hillman and Wan, 2005). Second, firm ownership can have implications for the choice of legitimization strategy. Third, the liability of foreignness is well documented in international business literature (Bell et al., 2012; Wocke and Moodley, 2015). Among other things, it is believed that foreign firms have high exposure to risk, particularly discrimination and expropriation (Puck et al., 2013), hence an increased need for legitimacy building. Therefore, it is included as a control variable. Lastly, following Hadani & Schuler (2013), regulation is defined by a dummy, coded 1 for firms operating in highly regulated industries (telecommunications, mining, oil and gas, chemicals, pharmaceuticals, utilities), while 0 is for all other industries.

3.4.2 Construct Reliability and Validity

Validity and reliability are of salient importance in research. Reliability refers to the consistency of a measure of a concept, while validity refers to how well an indicator (or set of indicators) gauge or measures a concept (Bryman, 2012). We robustly design our questionnaires (Brace, 2013), following that survey studies will typically examine latent constructs using scales. Several tests were conducted to ensure the reliability and validity of constructs. First, almost all of the measures for the constructs were adapted from the literature, thus ensuring reliability and validity (Murray et al., 2005). The questionnaires were additionally only completed by senior managers. This methodology ensured that the appropriate respondents who were in the position to provide accurate information completed the survey (Peng and Luo, 2000). On average, respondents were at their companies for 6 years, suggesting that they know their firms' ties and legitimacy.

3.4.3 Common Method Variance

CMV is "variance attributable to the measurement method rather than the constructs the measures represent" (Podsakoff et al., 2003, p.879). Harman's one-factor test was first conducted to evaluate the potential common method bias (Podsoff & Organ, 1986). The results show that no single factor accounted for more than the recommended 50% threshold. Hence there is no problem with common method bias.

Further, as this study measures, all constructs using items in a questionnaire completed by a single respondent, to deal with this issue, we employ Harman's single-factor test method (According to this method, a factor analysis that includes all the items should yield a single factor if CMB exists. Instead, the analysis extracts five distinct factors that account for 71% of the total variance, with the first factor explaining about 29%. Thus, there was no sole factor, nor does anyone-factor account for a large portion of the variance

Second, the study applies a CFA approach to test for CMB. The study does this analysis by testing a model loading all items onto a common method factor and a model loading the items onto their theoretical con- structs. Pairwise tests for all factors show that, in all cases, a two-factor model fits the data better. For example, comparing a two-factor model involving managerial, political ties and legitimacy to a one-factor model yields a significant change in chi-square. Overall, these results indicate that CMB is unlikely a threat to the findings of this study.

Table 5

Summary of Variables and Measures

Variable	Measure	Source
Managerial Political Ties	Indicate the extent to which the subsidiary agrees with the following:	Peng & Luo (2000); Guo et al. (2014); Li et al. (2008)
	Investing heavily in building relationships with government	
	Spending time dealing with gov't affairs	
	Maintaining good relationships with influential government officials	
Manipulation	Indicate the extent to which the subsidiary	Developed from literature: Zimmerman and Zeitz (2002); O'kane, Mangematin, Geoghegan and Fitzgerald (2015)
	Lobbies for changes in existing regulations to which the subsidiary is subject	
	proactive in changing existing environmental norms or values	
	Altering existing models and practices in the environment	
Organizational Legitimacy	The extent to which subsidiary's behaviour leads to:	Ryan et al. (1987); Zimmerman and Zeitz (2002); Banerjee and Venaik (2018)
	Justification of strategic choices	
	Greater legitimacy within Nigeria	
	Greater conformity with societal expectations.	
Financial Incentive strategy	Indicate the extent to which the subsidiary:	Hillman and Wan (2005); Banerjee and Venaik (2018)
	Appoints executives who serve in a political position	
	Employs individuals with political or professional experience	
	Makes financial contributions to candidates or parties	
Constituency Building strategy	Indicate the extent to which the subsidiary:	Hillman and Wan (2005); Banerjee and Venaik (2018)
	Engages in advocacy advertising in the media	
	Mobilizes grassroots political programs	
	Engages in public relations advertising in the media	
Firm Age	Years the firm has been operational in Nigeria	Hillman (2003)
Firm Size	Natural log of number of employees	Acquaah (2007); Boso et al. (2013)
Ownership	Binary whereby 1 = foreigner owning more than 50% of firm and 0 = otherwise	Adapted from Acquaah (2007)
Industry Regulation	Binary whereby 1 = highly regulated industry and 0 = otherwise.	Hillman et al. (2004), Hillman and Wan (2005), Hadani & Schuler (2013)

Table 6

Construct measures reliability and validity analysis

Construct	Items	Standardized Item Loading	AVE	CR	Cronbach's Alpha
Subsidiary Legitimacy			0.82	0.93	0.74
Subsidiary behaviour leads to justification of strategic choices	LEG1	0.99			
Subsidiary behaviour leads to greater legitimacy	LEG2	0.99			
Subsidiary behaviour leads to greater conformity with societal expectations	LEG3	0.71			
Managerial Political Ties			0.61	0.82	0.78
Investing heavily in building relationships with government	MPT1	0.86			
Spending time dealing with gov't affairs	MPT2	0.79			
Maintaining good relationships with influential gov't officials	MPT3	0.69			
Manipulation			0.55	0.78	0.73
Lobbies for changes in existing regulations to which the subsidiary is subject	MAN1	0.87			
Is proactive in changing existing norms or values in alignment with societal norms	MAN2	0.71			
Altering subsidiary's existing models and practices	MAN3	0.62			
Constituency Building strategy			0.61	0.82	0.71
Advocacy advertising in the media	CBS1	0.94			
Mobilizes grassroots political programs	CBS2	0.68			
Engages in public relations advertising in the media	CBS3	0.76			
Financial Incentive strategy			0.58	0.81	0.74
Appoints executives who serve in a political position	FIS1	0.75			
Employs individuals with political or professional experience	FIS2	0.76			
Makes financial contributions to candidates or parties	FIS3	0.78			

Chapter 3.5 Results

The means, standard deviations, and correlation coefficients are shown in **Table 3**. The correlation matrix reveals significant correlations between the variables. To mitigate the potential threat of multi-collinearity, all independent variables constituting interaction terms were mean-centred (Aiken and West, 1991). Variance Inflation Factor (VIF) scores are less than 2, hence supporting the absence of multicollinearity (Myers, 1990). Furthermore, the Cronbach alphas for the constructs are well above the minimum threshold of 0.70 (Nunnally, 1978) and thus support internal consistency and reliability. I followed the approach of Ambos et al. (2010) and checked discriminant validity by comparing the square root of the average variance extracted (AVE) of each construct (Table 2) with the correlation between construct pairs. The AVE values are consistently larger than the correlations between the constructs, indicating that each construct has more internally extracted variance than the variance it shares with other constructs (Fornell and Larcker, 1981). This indicates satisfactory discriminant validity and confirms that each construct differs from the others. We first employed hierarchical regression analysis to test the research hypotheses, checking our results' robustness using SEM. First, to assess the explanatory power of each set of variables, we include the variables in the model block by block. The regression results are reported in Table 4**.**

In H1, we expect managerial and political ties (MPT) to positively affect legitimacy. Our results support H1 because Model 1 in Table 4 shows that the effect of managerial and political ties on legitimacy ($b = 0.117$, $p < 0.01$) is positive and significant. Thus, it is suggested that managerial and political ties would be beneficial in legitimizing subsidiary multinationals. For H2a, we posit that a financial incentive strategy (FIS) will also positively affect legitimacy. The empirical results support this hypothesis. As shown in Table 4 (Model 2), FIS also has a positive and significant impact on legitimacy ($b = 0.161$, $p < 0.001$). Similarly, H2b proposes that constituency-building strategy positively and significantly affects subsidiary legitimacy. Results in Model 3 shows to support this hypothesis ($b = 0.081$, $p <0.10$).

To test mediation, we followed the general recommendations of Baron and Kenny (1986) in conducting a three-step mediated regression. The mediator (strategic manipulation) was first regressed on the independent variables (managerial, political ties, financial incentive strategy, consistency building strategy). The dependent variable (legitimacy) was then regressed on the independent variables. Finally, the dependent variable was regressed simultaneously on the independent variables and the mediator. Mediating effects exist if the independent variable is related to the mediator and dependent variable, and the mediator affects the dependent variable (Baron and Kenny, 1986). When the mediator is included, relationship between the independent and dependent variables must be weaker, as opposed to when it is not. Complete mediation exists if the relationship between independent and dependent variables becomes insignificant when the mediator is controlled for. Partial mediation exists if the significant relationship between the independent and dependent variables becomes smaller when the mediator is controlled for. The results presented in Table 4 show the results of the hierarchical regression.

In Table 4 (Models 4, 5, 6), Managerial political ties (MPT), financial incentive strategy (FIS) and consistency building strategies (CBS) are significantly related to strategic manipulation (IM), thus meeting the first requirement to infer mediating effects ($b = 0.330$, $p < 0.001$; $b = 0.250$, $p < 0.001$, $b = 0.139$, $p < 0.01$). In Models 1-3, MPT, FIS and CBS are significantly associated with legitimacy ($b = 0.117$, $p < 0.01$; $b = 0.161$, $p < 0.001$, $b = 0.081$, $p < 0.10$), thus meeting the second requirement to infer mediating effects. When identity manipulation was added to the regression models, the relationship between MPT and CBS and the dependent variable legitimacy became insignificant (see Table 4, models 7 and 9). These findings indicate that there is full mediation. That is, strategic manipulation fully mediates the relationship between MPT and legitimacy. In addition, strategic manipulation also fully mediates the relationship between CBS and legitimacy. Hence, we find support for hypotheses 3 and 4b. However, when strategic manipulation was added to the regression model, the relationship between FIS and legitimacy became weaker. These findings indicate that strategic manipulation partially mediates the relationship between FIS and legitimacy, supporting H4a.

Furthermore, in justifying the mediation effect, mediation occurs when "the effect of the independent variable on the dependent variable is less... when the mediating variable is controlled" (Baron and Kenny, 1986, p. 1177). In our results, we find that the size of MPT, FIS and CBS on LEG became lower when it is estimated together with the mediator; strategic manipulation. The results depict a change in the coefficient of the independent variables, hence in-addition to the interpretation above, provide further support for mediation.

To further probe and check the robustness of the results, we conducted Structural Equation Modelling (SEM) without the controls. SEM is an advanced statistical technique that has two significant advantages over traditional multivariate techniques: First, and importantly, it allows for the estimation of latent (unobserved) variables via observed variables; thus accounting for measurement error. Second, it permits model testing, and the evaluation of the overall model fit of the sampled data (Byrne, 2011, Kaplan, 2013, Hartwell et al., 2019). We have additionally utilised structural equation modelling in testing our results as multivariate techniques, as used above, do not account for measurement error by not modelling it explicitly, "whereas SEM models estimate these error variance parameters for both independent and dependent variables" (Byrne, 2011), which is critical to our findings. Checking the robustness of regression results using SEM was similarly used by Liedong and Rajwani (2018) in their paper "The impact of managerial political ties on corporate governance and debt financing: Evidence from Ghana". It is a notable and well cited paper in the CPA field, published in a leading 3 star international journal in the field of strategic management. Following in similar fashion, Table 5 displays the model fit results. Model fit statistics revealed an adequate fit of the data to the model, with all indices meeting the higher cut-offs for incremental fit measures recommended by Hu and Bentler (1999). We followed the general SEM recommendations laid out in (Gunzler et al., 2013), also followed by (Liedong and Rajwani, 2018). Table 6 displays the direct, indirect, and total effects between the independent and mediating variables and the dependent variable. Consistent with our hypotheses 3, 4a, and 4b, MPT, FIS and CBS all have significant indirect effects on LEG, validating the mediation of IM. ($b = 0.099$, $p < 0.001$; $b = 0.071$, $p < 0.001$, $b = 0.046$, $p < 0.01$). However, because the direct effect of FIS on LEG is also significant ($b = 0.205$, $p < 0.001$), the result suggests the presence of partial mediation. In contrast, MPT and CBS both have insignificant direct effects ($b = 0.102$, $p > 0.10$; $b = 0.085$, $p > 0.10$), suggesting the presence of full mediation. These results using SEM confirms the earlier results using SPSS. Taking the results together, we found support for hypotheses 1-4.

Table 7

Descriptive statistics correlation matrix

		Mean	SD	1	2	3	4	5	6	7	8	9
1	Legitimacy	17.11	2.68	1								
2	Managerial Political ties	14.01	4.03	0.21**	1							
3	Manipulation	15.36	3.35	0.28**	0.42**	1						
4	Consistency Building strategy	13.78	4.92	0.13*	0.27**	0.09	1					
5	Financial Incentive strategy	10.98	4.33	0.28**	0.42**	0.34**	0.30**	1				
6	Firm Age	43.57	26.28	-0.11	-0.06	-0.12	-0.05	0.04	1			
7	Firm size	4379.53	13951.30	0.06	0.16**	-0.00	-0.02	0.04	0.20**	1		
8	Ownership	0.52	0.52	-0.15*	-0.13*	-0.17**	-0.12*	-0.15*	0.26**	0.05	1	
9	Industry regulation	0.50	0.50	-0.04	-0.03	-0.053	-0.05	-0.01	-0.23**	-0.01	-0.22**	1

* a = 0.05; ** a = 0.01

Table 8

Mediation results

	Dependent Variable								
	Legitimacy			Manipulation			Legitimacy		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8	Model 9
Independent variable									
MPT	0.117**			0.330***			0.059		
FIS		0.161***			0.250***			0.123**	
CBS			0.081†			0.139**			0.054
Mediator variable									
Manipulation							0.175**	0.151**	0.193***
Control variables									
Firm Age	-0.540	-0.857	-0.808	-0.755	-1.474†	1.411**	-0.408	-0.635	-0.535
Owners	-0.653†	-0.538	0.670*	-0.761*	-0.720†	-0.910†	-0.520	-0.430	-0.494
Industry	-0.409	-0.464	-0.508	-0.499	-0.710†	-0.779†	-0.322	-0.357	-0.358
Firm Size	0.086	0.132	0.156	-0.211	-0.057	-0.018	0.123	0.141	0.160
Model summary									
F value	3.365**	5.540***	2.450*	12.604***	8.906***	3.966**	4.698***	6.210***	4.673***
Adjusted R2	0.062	0.098	0.046	0.199	0.149	0.072	0.100	0.128	0.100

†a = 0.10; * a = 0.05; ** a = 0.01; *** a = 0.001

Mediation results

Table 9
Model fit results

Statistic	**Value**
CMN	298.204
GFI	0.909
AGFI	0.878
NFI	0.933
CFI	0.974
IFI	0.974
RMSEA	0.047
PCLOSE	0.664

Table 10
Path coefficients of variables and their significance

			S.E	**P value**	**Significant**	**Result**
Hypothesis 3	MPT-> IM-> LEG	Total effect	0.201	P < 0.01	Significant	Full Mediation
		Indirect effect	0.099	P < 0.001	Significant	
		Direct effect	0.102	P> 0.10	Not significant	
Hypothesis 4a	FIS-> IM-> LEG	Total effect	0.276	P < 0.001	Significant	Partial mediation
		Indirect effect	0.071	P < 0.001	Significant	
		Direct effect	0.205	P < 0.001	Significant	

Hypothesis 4b	CBS-> IM-> LEG	Total effect	0.132	P < 0.05	Significant	Full Mediation
		Indirect effect	0.046	P < 0.01	Significant	
		Direct effect	0.085	P > 0.10	Not significant	

Chapter 3.6 Discussion and Conclusion

This study contributes to the existing literature in at least four ways. First, the findings help to open the black box regarding the intriguing relationship between managerial and political ties and firm legitimacy by examining the specifics of the mediating force by which political strategies become relevant. Unlike other applications of the contingency perspective (e.g., Li and Zhang, 2007; Peng and Luo, 2000; Sheng et al., 2011; Sun et al., 2010a, 2012; Wu et al., 2012), this study provides insight into the complex process linking political strategies to legitimacy. Concerning improving firm legitimacy, political strategies possess advantages (Peng and Luo, 2000; Hillman and Wan, 2005; Banerjee and Venaik, 2017) and disadvantages (Ahva, 2020; Li et al., 2008; Okhmatovskiy, 2010; Sun et al., 2010a). Acknowledging and departing from this fact, the study determines that political strategies positively impact firm legitimacy. This finding helps to confirm the active role such ties continue to play in institutionally challenging contexts such as Nigeria.

More importantly, the findings uncover a fundamental mediating mechanism that can translate political ties into legitimacy: strategic manipulation. Specifically, political ties contribute to improved firm legitimacy by unleashing the benefits of various forms of strategic manipulation, i.e., strategically manipulating the perceptions and normative demands of the institutional, exerting control over institutional pressures, garnering societal support, and influencing policy implementation. Strategic manipulation, which entails actively influencing the conditions of the external environment as opposed to merely adapting to them, will assist companies in shaping public policy, managing institutional complexities, and establishing interdependence with legitimisation actors (Kuratko et al., 2017; Zimmerman and Zeitz, 2002). All these are particularly important given the challenging institutional context in Nigeria. The results support Oliver's (1999) notion that the successful management of legitimacy by *strategic manipulation* is regarded as one of the preconditions for the long-term survival of organizations, especially under conditions of high complexity. The study provides new insights into CPS research by transferring the stream of outcome-based research to one that is process-based (e.g., Guo et al., 2014; Peng & Luo, 2000).

Second, reliance on the resource dependence theory results in reasonable explanations of the meanings and functions of political strategies for firm legitimacy in weak institutional contexts. Extant studies have depended on interpretations of political ties in more developed contexts based on theories such as social capital theory (Acquaah, 2007; Li & Zhang, 2007), social network theory (Peng & Luo, 2000), agency theory (Liedong and Rajwani, 2018) and the resource-based view (Lu et al., 2010). Recognizing the significance of resource dependency theories for conducting strategy research in challenging environment contexts (Guo et al., 2014; Liedong et al., 2019) and the need to capture the degree of certainty and interdependence that necessitates political ties, this study interprets the legitimacy implications of political ties in Nigeria using insights from the resource dependence theory. Furthermore, these findings enrich the resource dependence theory (Pfeffer & Salancik, 1978) by proactively treating managerial and political ties as an instrument for managing the institutional environment. It also enriches the theory by postulating and empirically testing strategic manipulation as an instrument for organization adaptation to dependencies.

Third, the study contributes to the literature on legitimacy by identifying the processual aspects that lead to firm legitimacy. Firm legitimacy has long been recognised as a fundamental outcome for social organisations (Zelditch, 2001). Understanding the general processes that underlie legitimacy has remained a difficult and persistent problem (Johnson et al., 2006). This is partly attributable to the empirical focus on the outcomes of legitimacy, rather than the processes that explain the legitimacy. By finding that firms can use political ties and political strategies (Oliver & Holzinger, 2008) to help create strategic manipulation in challenging institutional environments, the study contributes to the processual aspects that lead to firm legitimacy (Johnson et al., 2006; Suddaby and Greenwood, 2005). It also enriches our understanding of firm legitimisation strategies (Zimmerman and Zeitz, 2002)

Fourth, given the context-dependent nature of CPA, these finding helps to confirm the active role such strategies play in legitimacy building in weak institutional environments. This context has remained under-explored in the literature (George et al., 2016; Liedong et al., 2019). The theory around institutional voids is not new in the management literature (Khanna and Palepu 2010). However, the institutional contexts in which firms in developing economies operate are often taken for granted or, at best, theorised away as a part of 'emerging market contexts', which has not resulted in further unpacking. Research has conceptually mooted that CPA is influenced by national government systems and managers' cultural socialization (Barron, 2011; Hillman and Keim, 1995; Liedong et al., 2019). Our study examines the African contexts more closely for better CPA theorization because of its peculiar institutional realities and constraints.

Lastly, we make the point, albeit weakly, that far less attention has been drawn to how the manipulation process and strategies can have far greater consequences on the external environment. Specifically, how this process simultaneously shapes the host environments. Although strategic manipulation is not good or bad in normative terms, it will be intellectually dishonest not to acknowledge that its deployment in weak institutional contexts can often be fraught with unethical practices, bribery, and social ills (Liedong et al., 2019). Weak institutional contexts often lack the mechanism required for the processes to be transparent. E.g., the electoral laws are not effectively enforced to ensure that campaign financing is transparent (Liedong, 2017). This has been referred to as "checks and balances" in the literature (Liedong et al., 2019).

Second, MNCs operating on the African continent tend to have a short-termism approach in their engagements. Coupled with the truth, the strategies that prioritise the greater development of the institutions may not necessarily be those that deliver the optimal results most favourable to firms. Overall, although we recognise that our findings in this study will not be able to establish an ethical boundary or emphatically establish the appropriateness of strategic manipulation as a legitimisation strategy, we hope that additional discussions will emerge.

3.6.1 Managerial Implications

The findings of the study reveal two key managerial implications. First, firms in weak institutional contexts possess the capacity to effectively use political ties to attain useful government support. Specifically, for firms in such environments, political ties can result in various benefits, for example, beneficial policies, simplified and improved regulatory processes, and access to useful information and resources (Li & Zhang, 2007). Thus, firms should make strong efforts to secure informal institutional support through cultivating and utilising the political ties possessed by firm managers.

We acknowledge that the process of cultivating CPA in weak institutional contexts can be fraught with unethical practices, as the institutional checks and balances required to support its ethical deployment are often missing. Notwithstanding these issues, engaging may be unavoidable due to the host country's institutional pressures (Lawton et al., 2013). To the extent that these CPS remain an ethically viable option in shaping firm legitimacy, we recommend their use. Additionally, we do not underestimate the complexity and time involved in sustaining these strategies (Wan and Hillman, 2006).

3.6.2 Limitations and Future Research Directions

The study has several limitations. First, the results of this study are context specific. A natural extension would be to examine the roles of managerial, and political ties in legitimacy building in other frontier economies. Second, some of the measures adopted in this study require further improvement. In particular, while organizational legitimacy has been one of the hot points in strategy and entrepreneurship research, most existing studies tend to examine its nature and effects theoretically (e.g., Ahlstrom et al., 2008; Suchman, 1995; Zimmerman and Zeitz, 2002). The result is that, although scholars have articulated the concept of strategic manipulation, they have not yet developed either an objective or a subjective operational measure. This study has developed an exploratory measure for strategic manipulation to examine the mediating mechanisms that transfer political ties into firm legitimacy. However, the measure is a self-report rather than a direct one, because of the difficulty and impracticality of asking various government agencies to evaluate firms' legitimacy. Thus, despite the acceptable validities that this study reveals, this perceptual-based measure cannot ensure firm managers make accurate and rational judgments, which might have affected the study's findings. Hence, future research should endeavour to improve the measure for strategic manipulation and, by extension, the other legitimisation strategies.

Third, the potential for common method bias is always a concern in survey data. Because this study collects perceptual data on independent and dependent variables through the same survey, this fact may have introduced common method bias. This study uses several procedures to reduce and evaluate this potential problem. This has been extensively discussed in the research methodology section to avoid repetition. Finally, some scholars insist that tie utilization is dynamic (Chen and Chen, 2004; Guo et al., 2014). Thus, future research should potentially explore the complex relationship between political ties and legitimacy, particularly in a dynamic sense, by conducting longitudinal or other appropriate experimental studies.

The study also highlights two additional directions for future research. First, the “dark side” of political ties needs further examination. This study weakly conjectures the ethical boundaries of strategic manipulation solely by the effect on the external environment. However, we acknowledge that the ethical boundary of strategic manipulation needs more depth and further insights. Additionally, an interesting and important question is to examine specific mediating mechanisms underlying which political ties could undermine firm legitimacy. Lastly, this study provides a basis for further investigations on the mediating effect of strategic manipulation. We suggest that the mediating role of strategic manipulation will vary across institutional contexts. Thus, this study calls for further exploration.

3.6.3 Conclusion

The study's findings portray the functions of managerial and political ties in weak institutional contexts, as viewed from the perspective of resource dependence theory. Although previous research has indicated the importance of political ties for legitimacy, systematic investigation into the paths of political ties in promoting firm legitimacy has been lacking. Drawing on resource dependence theory, this study helps unpack the process that links political ties to firm legitimacy in a weak institutional context, an important but still largely unexplored issue.

The study finds that strategic manipulation plays an important mediating role in the process by which managerial and political ties enhance firm legitimacy. These findings lend support to the contingency perspective of political ties. Beyond this, our study further provides new insights into CPA research by transferring the stream of contingency-based research to a process-based one (e.g., Peng and Luo, 2000; Guo et al., 2014). In conclusion, the study suggests that in future research, scholars should emphasize the processes by which firm managers utilize their political ties within weak institutional contexts.

Chapter 4. The Impact of Managerial Regulatory Ties on Firm Legitimacy: Evidence from Nigeria.

Abstract

In unpacking the ‘‘black box’’ regarding the process by which firms build legitimacy from regulatory ties, this study utilizes institutional theory in investigating the underlying mechanism of regulatory tie's effect on legitimacy in a weak institutional context. We posit that conformance mediates the relationship above. We additionally investigate the moderating effects of regulatory autonomy and information strategy. The empirical results indicate that managerial regulatory ties have a positive and significant impact on firm legitimacy, and the firm’s conformance mediates this to the external environment. In addition, our study empirically validates firms’ use of information strategy to strengthen ties with regulators and achieve institutional conformance in weak institutional contexts. Finally, we find that regulatory autonomy does not significantly affect firms’ decision to develop regulatory ties in this institutional context. Altogether, our findings provide important insights into the effective use of regulatory ties in enhancing firm legitimacy in a weak institutional context.

Keywords: Managerial regulatory ties, Firm legitimacy, Conformance, Information strategy

4.1 Introduction

Despite the extensive research into corporate political activities generally, research on firm-regulator strategy remains under-researched, fragmented, and sparse. (Wang and Yu, 2017; Liu et al., 2018). This is partly due to the preoccupation of current CPA studies with dissecting firm ties with "government officials", often referred to as managerial and political ties (Guo et al., 2014; Park and Luo, 2001). Other times, pre-existing CPA research has theorised regulatory ties as part of managerial and political ties, teaming government and regulators as "political actors" (Sun et al., 2015). Consequently, there has been no further unpacking of the value of firm-regulator ties in particular. This distinction is important for two reasons: first, regulatory and political ties capture two distinct facets of social capital and provide access to different resources (Guo et al., 2014; Park and Luo, 2001; Sun et al., 2015). This is discussed in great detail in section 2. Second, we cannot dispute that governments remain critical and powerful for firms seeking legitimacy in weak institutional contexts (Liedong et al., 2019; Zhu and Sardana, 2020).

However, noteworthy are the regulatory agencies operating under legislative oversight, frequently responsible for interpreting, implementing, and enforcing statutes through the design of administrative regulations in a wide range of industries (Holburn and Vanden Bergh, 2008). They establish, monitor, and enforce administrative rules on various policy dimensions (Buchholz, 1990). In many industries, firm performance depends on managers' ability to shape their regulatory environment and their ability to succeed directly in the marketplace (Mahon and Murray, 1981; Marsh, 1998). Hence, the importance of regulatory ties cannot be overlooked, and there remains a research gap in differentiating relational ties to explicate their roles. Particularly in examining its role in legitimacy building, regulators appear to be arguably and relatively a more stable alternative to political actors (Ahlstrom et al., 2008).

Firm-regulatory ties have been defined as channels and relationships that firms have established and maintained with various regulatory actors to access information and policy favours on regulatory issues (Liu et al., 2018). Such ties can be formed at the personal or the organizational level, such as the informal relationship between firm executives and local regulatory officials, or formal working channels allow information transmission between a regulated enterprise and the regulatory agency (Li et al., 2008; Liu et al., 2018; Marquis and Qian, 2014). In addition, firms' prior reputation in the eyes of regulators could also be considered another facet of regulatory ties since it could facilitate mutual trust and cooperation between regulators and regulatees (May and Wood, 2003). Finally, regulatory ties can become an asset for firms in responding to regulatory demands and institutional pressures (Crilly et al., 2012), particularly prevalent in weak institutional contexts (Liedong et al., 2019).

Despite the postulated benefits of regulatory ties, there is a research gap and, observably, limited understanding of the strategic implications of firms' regulatory strategies in weak institutional environments (Liedong et al., 2019). Extant research has shown that firms might strategically use regulatory ties, a unique type of firm resource (Lu et al., 2010), to better cope with environmental complexity (Hillman et al., 2009; Pfeffer & Salancik, 1978). However, the predominant study context in the literature remains strong institutional contexts that enjoy clear and uniform rules and regulations (Ahlstrom et al., 2008; Liedong et al., 2019). Weak institutional contexts, especially in the African context, are characterised by unclear rules and regulations (Acquaah, 2007), weak enforcement, contradicting rules and a lack of "checks and balances" (Liedong et al., 2019). As such, MNC subsidiaries with operations in weak institutional contexts need to deal with unpredictable actors at various levels that can interpret (and reinterpret) regulations to extract resources from them (Gold et al., 2002; Tung and Worm, 2001; Wank, 1996). Therefore, understanding the strategic use and implication of regulatory ties in managing regulatory weaknesses in a weak institutional context is crucial to subsidiary survival in these regions (Liedong et al., 2019).

Following the research gap highlighted above, MNCs face the burden of "liability of foreignness" (Baneerjee and Venaik, 2017) in host countries. With regulators being key facilitators, mediators, and enforcers of legitimacy, ties with regulators offer a pathway to nurturing firms' perceived regulatory legitimacy in this region (Ahlstrom et al., 2008; Zimmerman and Zeitz, 2002;). However, although traditional management studies have long conjectured the need for regulatory ties in sustaining firm legitimacy (Lui, 2001; Zimmerman and Zeitz, 2002), not enough studies have empirically tested this relationship nor investigated the foundational mechanisms that help firms convert regulatory ties into firm legitimacy. Understanding how regulatory ties are connected to firm legitimacy can help firm subsidiaries operating in weak institutional contexts effectively deploy this strategy.

We employ institutional theory in investigating the role of *"conformance"* as a mediator to better understand the underlying mechanism connecting regulatory ties with firm legitimacy. Oliver (1991), in her influential paper titled 'strategic responses to institutional process' identifies *"conformance*" (formerly referred to as 'compromise') as one of the five strategies organisations may adopt to respond to institutional pressures. Conformance refers to firms' seeking legitimacy by achieving compliance with the demands and expectations of the existing social structure (Oliver, 1999; Zimmerman and Zeitz, 2002). Conformance is useful when firms are confronted with "conflicting institutional demands or with inconsistencies between institutional expectations and internal organizational objectives related to efficiency or autonomy" (Oliver, 1999).

We propose that due to the inconsistencies between institutional expectations and institutional weaknesses that characterise weak institutional contexts, firms operating in these contexts can develop regulatory ties by identifying the most important rules and regulations, the areas where interpretation is flexible, and the anticipated future direction of the laws and regulations agency (Li et al., 2008; Liu et al., 2018; Marquis and Qian, 2014). This will put firms in a better position to achieve conformance via adhering to regulative measures and thus obtain legitimacy (Crilly et al., 2012; Scott, 1995a). Second, regulatory ties can allow for participation in forming and modifying regulations so that such firms will be seen as legitimate in their rulemaking and rule-abiding behaviours (Rao et al., 2008; Scott, 1995).

Further, some scholars have empirically protested that institutional weaknesses and complexity will diminish firm's interest in engaging in any form of "ties" in these regions (Siegel, 2007). Largely due to the fear of reputational damage, expropriation, or retribution when regime changes are prevalent in weak institutional contexts (Li et al., 2008; Li et al., 2009; Okhmatovskiy, 2010; Sun et al., 2015). Hence, some firms adopt an 'avoidance strategy' to militate against possible risks of ties (Mellahi et al., 2016). Whilst pre-existing studies have largely attributed firms' non-engagement to institutional weaknesses, others have argued that these institutional weaknesses necessitate a firm's desire for engagement (Li et al., 2008; Li et al., 2009; Okhmatovskiy, 2010; Sun et al., 2015). The contradicting view opens an avenue for further investigation into the contextualisation of the antecedents preceding firm engagement in individual types of ties. In the context of this study, we move beyond institutional characteristics to political actor characteristics shaping engagement. We investigate the role of "regulatory autonomy" in firms' decision-making to nurture ties with regulators.

Prior antecedents have focused on institutional characteristics shaping managerial decision-making regarding engagement (Judge, Douglas and Kutan, 2008). However, less is known about how salient factors such as political actor characteristics shape firms' decision to engage (Judge, Douglas and Kutan, 2008). In this study, we conceptualise regulatory autonomy and its impact on moderating the impact of regulatory ties on organizational legitimacy, thus, responding to Mcallister (2009)'s call for more insight into the social effects of regulatory characteristics and approaches. This conceptualization, he explained, will aid in improving regulatory outcomes. Moreover, these insights will be important

These unresolved issues lead us to examine the following research questions: What impact do regulatory ties have on firm legitimacy in a weak institutional context? What mechanism mediates the relationship between regulatory ties and firm legitimacy? Additionally, do regulatory characteristics strengthen a firm's decision to nurture regulatory ties? Does information strategy strengthen regulator ties when conforming in a weak institutional environment?

In summary, this study utilises institutional theory in unpacking the "black-box" regarding regulatory ties in weak institutional environments. This was empirically tested using data collected from 260 subsidiary firms. We find that regulatory ties enhance firm legitimacy in weak institutional contexts. This is through firm adherence and conformance to regulatory demands. Additionally, utilizing information strategy aids in strengthening firm-regulatory relationships and establishing conformance with institutional demands. Further, regulatory autonomy does not influence a firm's decision to engage in regulatory ties in this region.

Our study makes the following valuable contributions. First, it explicates regulatory ties, a distinct type of tie, and unpacks their value for firms seeking legitimacy. This is significant given that prior studies have typically lumped firm relationships with regulators and government as "political actors". However, to reiterate, regulatory and political ties capture two distinct facets of social capital and may enhance legitimacy differently (Guo et al., 2014; Park and Luo, 2001, Sun et al., 2015). We contribute to the literature by demonstrating empirically that both ties are interdependent and lumping both actors may be inadequate (Nell et al., 2015).

Second, we also contribute to the legitimacy literature by investigating the processual aspects that lead to firm legitimacy (Suddaby and Greenwood, 2005; Johnson et al., 2006). We find support for "conformance" as a mediator in fully understanding the relationship between regulatory ties and legitimacy in weak institutional contexts—a difficult and understudied aspect of the legitimacy process. Third, we explore the implication of legitimacy seeking in a weak institutional context, an often ignored and under-studied institutional context (Johnson et al., 2006).

Finally, we advance the debate on the contextualisation of the strategy advancing the outcome of firm engagement in regulatory ties. We find that by utilizing information strategy, firms can achieve conformance with their institutional context. Our paper provides nuanced and holistic discussion on regulator ties, deepening our knowledge for better political strategizing and theorizing. The rest of the paper is as follows. We review related literature and theory in the next sections before developing the hypotheses. We then describe the methodology, present the results, and discuss the study's contributions. We conclude with a note on limitations and suggestions for future research.

4.2 Literature Review and Hypotheses

In this study, we employ institutional theory positing that managerial regulatory ties can enhance firm legitimacy. To avoid repetition, we have extensively discussed Institutional theory as utilised in this study in chapter 3, and the summary is further discussed in the introduction chapter (chapter 1) and conclusion chapter (chapter 5). Figure 1 depicts the conceptual model, which highlights the mediating effects of conformance and the moderating effects of regulatory autonomy and information strategy.

4.2.1 Managerial Regulatory Ties

The management literature defines managerial ties as "managers' boundary-spanning activities and their associated interactions with external entities" (Peng and Luo, 2000, pp.

486–501). As a subform of managerial ties (Peng and Luo, 2000; Walls and Hoffman, 2013), managerial regulatory ties are channels and relationships that firms have established and maintained with various regulatory actors in order to access information and policy favours on environmental issues (Liu et al., 2018). In addition, firms' reputation in the eyes of regulators could also be considered as another facet of regulatory ties (May and Wood, 2003). In sum, the aforementioned elements of regulatory ties become an external business asset expected to confer legitimacy on firms.

Firms develop and sustain regulatory ties by entertaining regulatory stakeholders' demands; they may also develop close and regular interactions with regulators to assist them in becoming better informed of the regulatory demands in making independent compliance decisions. Furthermore, they may build relational rapport by submitting technical reports or providing testimony to regulators (Birnbaum, 1985). Other strategies include joining a government-sponsored voluntary program. In firm–regulator interactions, firms trust that compliance is monitored moderately and evaluated fairly. Alternatively, the relational rapport with regulators will lead to strategic advantages such as gaining more favourable policy rulings, particularly in hostile regulatory environments, avoiding regulatory red tape and securing a speedier audit. In addition, it has been proven to help reduce information asymmetry, reduce regulatory stringency, avoid punishment for non-compliance and intensify institutional support (Kostova and Zaheer, 1999; Oliver, 1996). In this study, we examine its influence on establishing legitimacy.

Furthermore, managerial regulatory ties have largely been theorised as part of managerial, political ties, or both government and regulatory actors, which have been referred to as "political actors" in the CPA literature. This has not resulted in further unpacking the role of regulatory ties. Additionally, there are observable differences between the two types of social ties. For example, Regulatory and political ties differ with respect to their time horizons.

In regulatory ties, ongoing interactions and collaborations cultivate trust, commitment, and mutual dependence between regulators and multinational firms (Morgan and Hunt, 1994; Poppo et al., 2008). Second, it allows behavioural norms to be informally established. Such relational norms and time reduce uncertainty in predicting whether one or both parties will act opportunistically. Reducing uncertainty or clarity in an exchange relationship may substitute for trust, reduce the perceived risks and transactional costs in the relationship, and encourage long-term cooperation (Ganesan, 1994).

In contrast, political ties lack an effective mechanism to ensure long-term cooperation. For example, Nigeria's institutional setting in this study; has its political system characterized by considerable volatility and frequent regime changes to government officials. Consequently, when erratic political rivalry leads opponents to dominate the political process, firms linked with the incumbent political group are at considerable risk of suffering from "negative cascades of discrimination, resource exclusion, and even expropriation and sabotage" (Siegel, 2007, p. 625). This is because while socio-political pluralism is present in developed economies, developing market political institutions experience a key institutional weakness: a lack of institutional checks and balances that effectively constrain the discretion and opportunism of interest groups in power (Henisz and Zelner, 2010). In anticipation of such bureaucratic volatility, firms may be less committed to long-term political relationships. Moreover, government officials regularly rotate their positions across different departments and geographic locations, which may weaken or terminate a firm's political connections. Therefore, political ties tend to be more transient than regulatory ties. When a limited time horizon exists in a relationship, exchange parties, especially if they possess greater power (i.e., government officials), are more likely to engage in opportunistic behaviours (Rokkan et al., 2003).

4.2.2 Managerial Regulatory ties and firm Legitimacy

Organizational legitimacy has been argued to be critical to MNCs' survival and success in foreign markets (Becker-Blease and Sohl, 2015; Delmar and Shane, 2004). This is because it reflects the opinion of key stakeholders who observe the firm's behaviour and assess if its presence is socially desirable and aligned with established institutional norms, values and beliefs (DiMaggio and Powell, 1983; Suchman, 1995). Scholars have defined legitimacy as a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995: 574). Hence, institutional acceptance has been argued to be valuable for firms operating in host environments (Kostova and Zaheer, 1999).

From the institutional theory perspective, a firm's institutional environment will significantly influence the firm's strategic actions (Dacin et al., 2007). The dynamics in the institutional environment are influenced by both formal and informal institutional factors (North, 1990; Scott, 1995). Formal institutional factors include laws and regulations (Powell and DiMaggio, 1991; Scott, 1995), and regulators are key facilitators, mediators and enforcers of regulative legitimacy (Ahlstrom et al., 2008). The traditional view has been that firms organise to conform to institutional and regulatory demands to obtain legitimacy (Scott, 1995). Although, other legitimisation strategies have naturally developed since then (Bai et al., 2019; Zimmerman and Zeitz, 2002).

A firm's ability to shape its regulatory environment has been argued to be critical for its functioning (Holburn and Vanden Bergh, 2008). Therefore, we posit that regulatory ties can help firms shape their regulatory environment to enhance their legitimacy in two ways. First, regulatory ties confer firms with an information advantage so that they are in a better position to respond to regulative measures and thus obtain legitimacy (Wang et al., 2003; Xin & Pearce, 1996). Second, regulatory ties will allow for participation in formulating and modifying regulations (Ahlstrom et al., 2008). So, such firms will be seen as legitimate in their rulemaking and rule-abiding behaviours, enhancing their legitimacy (Ahlstrom et al., 2008; Liu et al., 2018).

H1. There is a positive relationship between managerial regulatory ties and organizational legitimacy

4.2.3 The Mediating Role of Conformance

Institutional theorists have long identified "conformance" as one of the influential legitimacy-building strategies that can facilitate a firm's acceptability with relevant stakeholders (Ahlstrom et al., 2008; Dimaggio & Powell, 1983; Oliver, 1999; Zimmerman and Zeitz, 2002). Conformance refers to firms' attempts at adapting to and complying with institutional procedures, structures, and personnel (Ahlstrom et al., 2008; Suchman 1995), societal practices (Barley, 2010; Child and Rodriguez, 2011; Oliver, 1991), institutional norms, beliefs and rules (Zimmerman and Zeitz, 2002).

We propose that regulatory ties can lead to firm legitimacy through the process of conformance. Regulatory ties can enhance firm's acceptability by enhancing the perception of their willingness to adapt to regulatory routines and build institutional support (Scherer et al., 2012). The conformance view builds on the assumption that the corporation is subject to surrounding institutional pressures and routines, and following a willingness to adapt to it, firms can enhance its acceptability with key actors, and build institutional support (Scherer et al., 2012). Additionally, it has been argued that by developing close relationships with regulators, firms are indicating an interest and willingness to be both beneficial and compliant (Rodriguez, 2011). Consequently, "regulators will favour those firms that appear to want to work with them and can be seen to be professional, reliable and compliant'' (Coen and Willman, 1998, p. 36).

Additionally, another method by which firms develop regulator ties is by active participation in public policy. Active participation in public policy can enhance firm legitimacy, as it can signal firm's willingness to work with regulators and their willingness to participate in the public policy process. It has been argued that this will aid in gaining trust, and building goodwill and institutional support that can confer positive reputational benefits (Banerjee and Venaik, 2017), and enhance regulative legitimacy in the host country. Active participation in the public policy process can aid in creating a generalized sense that the firm is committed to operating and enhancing the letter and the spirit of laws and regulations (conformance), which is important in maintaining its reputational image before regulators and enhancing its legitimacy (Ahlstrom et al., 2008).

Lastly, regulatory environments in weak institutional contexts are often characterised by unclear rules and regulations (Ahlstrom et al., 2008), weak enforcement (Acquaah, 2007), areas of flexibility in the interpretation of rules, competing and contradictory rules subject to interpretation and reinterpretation (Ahlstrom et al., 2008; Gold et al., 2002, Wank, 1996). It has been argued that subsidiaries can endeavour to provide policymakers with valuable information in interacting with government under an environment of incomplete or inaccurate information (Schuler et al., 2002). Such interactions between subsidiary firms and policymakers can be expected to deepen cooperation and relationships and confer legitimacy on the subsidiary (Ahlstrom et al., 2008).

H2. The positive relationship between managerial regulatory ties and organizational legitimacy is mediated by identity conformance.

4.2.4 The moderating role of Regulatory Autonomy

Regulatory autonomy is the ability of the regulator "to determine its regulatory goals ... and to adopt and implement policies to pursue those goals" (Mitchell et al., 2017). The degree of regulatory autonomy reflects the extent to which regulators are insulated from external influences, exercise operational independence, and can be mission-dominated (Cohen, 2008; Mitchell et al., 2017). As applied to regulatory agencies that formulate and implement regulatory policy, the term "regulatory autonomy" is used herein. Much of the literature on regulatory autonomy has focused on the regulator's ability to intervene to facilitate economic and institutional resources (Rueschemeyer and Evans, 1985; Schwartz, 2003).

We posit that regulatory autonomy makes regulators appear credible, stable and trustworthy partners when seeking legitimacy from the MNC's perspective. Institutional theorists have argued that firms in weak institutional contexts will prefer to pursue legitimacy with credible entities (Deephouse, 1996; DiMaggio and Powell, 1983), not least because of the reputation damage that can ensue from untrustworthy engagement in these contexts (Siegel, 2007). Second, from the principal-agent perspective, regulators with a high degree of autonomy have been argued to be typical office seekers who wish to retain their jobs, prestige, and independence. As a result, they want to ensure that their mandates are fulfilled to keep legislators' interference at bay (Singer, 2004, 2007). Hence, regulatory autonomy may reinforce information advantage deriving from the ties and enhances rule-making participation, leading to high organisational legitimacy (Grundmann, 2002).

Additionally, multinational firms will find them credible and can be confident that there will be a return on the investments deployed in engaging with such regulators (Mitchell et al., 2017). Finally, pre-existing relational governance studies suggest that relational characteristics of exchanges relied on trust and decreased the uncertainty to incentivize both parties to engage (Reed, 2008). Our proposition indicates that autonomy will increase a firm's trust, and the less frequent changes will decrease the uncertainty that often dominates social ties in weak institutional contexts. Hence, we posit that regulatory autonomy can enhance firms' desire to develop ties with regulators when seeking legitimacy.

H3. The positive relationship between managerial regulatory ties and organizational legitimacy will be positively moderated by regulatory autonomy.

4.2.5 The Moderating Role of Information Strategy

Information strategy involves efforts by "company executives to establish communication channels with regulatory bodies, regulators and their staff" (Keim and Zeithaml, 1986, p.830). This could be through the provision of information about policy or favourable policy provisions (Hillman and Hitt, 1999), tradeoffs of varying policy issue outcomes (Alpin and Hegarty, 1980), reporting and commissioning research (Banerjee and Venaik, 2017; Hillman and Hitt, 1999), petitions (Marsh, 1998), lobbying (Lou, 2003) and political, technical and economic assessment (Banerjee and Venaik, 2017), which are beneficial for policymaking. Firms typically utilise information strategy to monitor their regulatory environment and influence policies favourably (Liedong et al., 2019).

Information strategy was first operationalised by Hillman and Wan (2005), and subsequently adapted in most CPA studies, such as Banerjee and Venaik (2018) and Liedong (2015). Information strategy is measured by the extent to which firms a) Develop relations with regulators at the state level b) Discuss with regulators at the national level c) Approach regulators to support company programs d) Contacts, initiates discussion or provides information e) Includes viewpoints in the reports sent to government f) Engages with government at the local level g) Makes government officials aware of research results.

Institutional theory views regulators as principal agents in establishing norms through coercive and regulatory methods (Oliver, 1999). Hence firms may utilise information strategy strategically in communicating and establishing their adherence to regulatory demands (Oliver 1999; Zimmerman and Zeitz 2002). Institutional theorists have argued that firms in volatile institutional contexts prefer to pursue conformance with well-understood and stable entities (Ahlstrom et al., 2008), such as regulators (Judge et al., 2008).

Second, information-based exchanges can reduce environmental uncertainty. Such information-based exchanges can reduce environmental uncertainty as subsidiaries can monitor and even drive changes in public policy to either gain advantages or mitigate disadvantages arising from the business environment (Ahlstrom, Bruton and Yeh, 2008). As a host country, environmental uncertainty also stems from social influences; by undertaking regulatory ties, subsidiaries can engage with the wider community on emerging and realised issues to minimise uncertainty. Thus, environmental uncertainty increases the likelihood of MNC subsidiaries investing proactively in regulatory ties to influence political and public opinion (Hillman & Wan, 2005).

Additionally, firms' deployment of information strategy can aid in advancing the policymaking roles of regulators (Banerjee and Venaik, 2017) and in cultivating relationships with regulators. Establishing ties with important decision-makers has been argued to be crucial in achieving normative conformance to the demands of the institutional context (Ahlstrom et al., 2008). Further, utilising information strategy can aid firms in gaining trust and building goodwill and credibility with key decision makers, which is particularly valuable in weak institutional contexts (Hillman and Hitt, 1999). Relationship ties remain prevalent in influencing policy in these contexts (Liedong and Frynas, 2018; Peng and Luo, 2000; White et al., 2015). Hence, developing ties with regulators can aid in the flexible interpretation of rules and regulations when these firms are concerned and provide information advantage on the expected future direction of the laws and regulations (Ahlstrom et al., 2008). Therefore, regulatory ties become an asset for firms in responding to regulatory demands and institutional pressures (Crilly et al., 2012).

Noteworthy are contradictory takes on the use of information strategy in weak institutional contexts. Its use has been debated to be fraught with poor corporate governance and corruption (Johnson and Mitton, 2003; Liedong and Rajwani, 2018; Okhmatovskiy, 2010), not useful in weak institutions (Liedong, 2017). However, we argue that to the extent that information strategy can be deployed ethically and strengthen firms' ties with regulators in conferring regulatory benefits, utilising this strategy can allow firms to conform naturally to the institutional environment.

H4. The positive relationship between managerial regulatory ties and conformance will be positively moderated by information strategy.

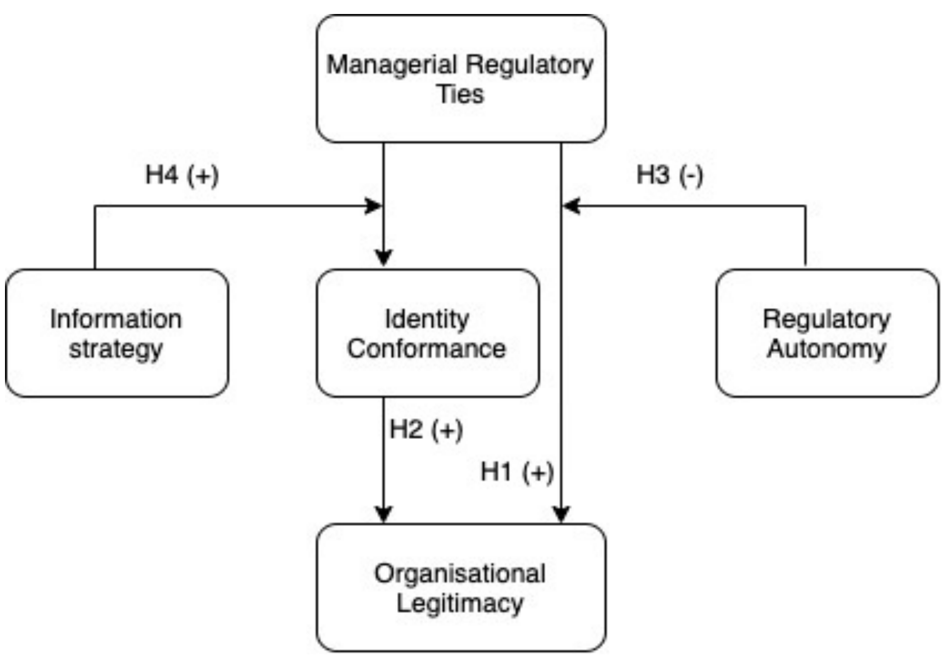

Figure 2
Conceptual model.

4.3 Method

4.3.1 Measures

In the next sections, I describe the variables and measures used in this paper.

Dependent Variable:

Organizational legitimacy: Following Suchman (1995), Zimmerman and Zeitz's (2002), and adapted by Banerjee and venaik (2018), we measure organizational legitimacy as the extent to which subsidiary conduct is perceived to concur with society's expectations for business behaviours and outcomes (Johnson et al. 2006; Wood 1991). Using three items that reflect acceptance and endorsement of subsidiary behaviour, we asked respondents to state the extent to which subsidiary firm behaviour leads to a) justification of strategic choices, b) greater legitimacy within Nigeria, and c) greater conformity with societal expectations. These were measured on a scale ranging from (1) "strongly disagree" to (7) "strongly agree".

Independent Variables:

Managerial Regulatory ties: The independent variable for this study is *managerial regulatory ties*. Our conceptualization of this variable has its root in the works of Peng and Luo (2000). We define managerial regulatory ties "as the extent managers invest time to nurture and maintain beneficial relationships with regulators" (Peng and Luo, 2000). We followed Peng and Luo (2000) and Guo et al. (2014) and developed a three-item scale to measure this variable. Because of the sensitive nature of our inquiry, detailed questions about a managerial relationship with regulators could have easily triggered nonresponse. Similarly, the name-generator approach typically utilised in social network analysis—asking respondents to name their contacts (Burt, 1997)— was found to be ineffective in our field study because managers' personal ties were regarded as a personal and business secret, and some respondents were reluctant to disclose such contacts. Given these conditions, we followed Peng (1997), Xin and Pearce (1996), Yeung and Tung (1996) and Peng and Luo (2000) and asked more general questions to obtain reliable responses. Specifically, ties with regulators were decomposed into relationships with officials in regulatory and supporting organizations such as (1) economic regulators, (2) financial regulators (3) and standard regulators. Respondents were asked to assess their ties with these parties on a seven-point scale, ranging from (1) “very little” to (7) “very much”.

Mediator

Conformance: Developed by Zimmerman and Zeitz (2002), Drayer and Martin (2010), O’Kane et al. (2015), and Johnson et al. (2018), this construct reflects firms seeking legitimacy by achieving conformity with the demands and expectations of the existing social structure in Nigeria, in which the organizations are currently positioned. Respondents were asked to assess their level of agreement with the following three statements on behalf of their firms, on a scale ranging from (1) “strongly disagree” to (7) “strongly agree”. a) Consistently follows the laws, filing articles of incorporation b) Conforms to existing environmental rules or norms c) Adjusts its identity to ensure alignment with dominant societal norms and values

Moderators

Information strategy: Following Hillman and Wan (2005) and Banerjee and Venaik (2018), we measure information strategy by asking respondents to indicate the extent to which their firms a) Develops relations with regulators at the state level b) Discusses with regulators at the national level c) Approaches regulators to support company programs These were measured on a scale ranging from (1) “strongly disagree” to (7) “strongly agree”, and respondents were asked to use the past three years as a reference point. This construct captures firms' use of the tactic in influencing political actors.

Regulatory Autonomy: was operationalized to capture the extent to which firms developed ties with regulators when there was perceived regulatory autonomy and independence from government interference. Developed by Cukierman et al. (1992) and

Gilardi (2002), we used a four-item scale to measure this variable. Respondents were asked to indicate on a scale of (1) “very little” to (7) “very much” the extent to which they developed informal and personal ties to regulators when there is perceived a) Stability of the regulatory head (e.g., longer office term of over 5years) b) Independence of the members of regulatory board c) Independence of regulators from government interference d) regulatory financial and organizational autonomy

Control Variables

We test our hypothesis by controlling for variables identified in prior studies as related to corporate political strategies. Our choice of controls, namely,

(1) Subsidiary age,

(2) Subsidiary size,

(3) Ownership (1 = Foreign ownership, 0 otherwise)

(4) Regulation (1= highly regulated, 0 otherwise)

Our choice of control variables is guided by Hillman et al. (2004), Hillman and Wan (2005), Acquaah (2007) and Hadani & Schuler (2013). Subsidiary age and size reflect host country experience and visibility and are considered important factors affecting subsidiary legitimacy (Hillman and Wan, 2005). Firm ownership can have implications in the choice of legitimization strategy. The liability of foreignness is well documented in international business literature (Bell et al., 2012; Wocke and Moodley, 2015). Among other things, it is believed that foreign firms have high exposure to risk, particularly discrimination and expropriation (Puck et al., 2013), hence an increased need for legitimacy building. Therefore, it is included as a control variable. Lastly, following Hadani and Schuler (2013), regulation is defined by a dummy, coded 1 for firms operating in highly regulated industries (telecommunications, mining, oil and gas, chemicals, pharmaceuticals, utilities), while 0 is for all other industries.

4.3.2 Reliability and validity

Reliability and Validity tests remain crucial in research tests. Reliability measures the consistency of construct, whilst validity measures the effectiveness of a set of indicators in measuring the concept (Bryman, 2012). Hence, the importance of comprehensively designing questionnaires in measuring latent constructs, employing scales of several items (Brace, 2013). I was particular and intention about ensuring the reliability and validity of the constructs utilized in this study. First, all with a few exceptions of the constructs utilised were adapted from the literature. This approach is general considered to ensure reliability and validity (Murray et al., 2005). To reiterate, only senior managers were the target for completing the questionnaire, so as to ensure that the best agents with the most accurate information were the targeted respondents.

The study implements several tests for the validity of the above measures. First, this study estimates internal consistency reliability using Cronbach's alpha. Typically, reliability coefficients of 0.70 or higher are adequate (Nunnally, 1978). Appendix A shows that Cronbach's alpha values for all constructs are well above this benchmark of 0.70. Second, convergent validity is qualified when the factor loading value is 0.7 or higher (Fornell and Larcker, 1981). Convincingly, 22 out of 23 loading values are above this threshold. The only exception is the third item measuring political ties. This loading value is 0.62, still acceptable. In addition, the average variance extracted (AVE) of 0.50 or greater for each construct also ensures convergent validity. Results show that all AVE values surpass the recommended threshold of 0.50. Finally, the study estimates discriminant validity in two ways. First, the AVE of each construct exceeds the squared correlation between construct pairs, demonstrating discriminant validity between the latent factors (Fornell and Larcker, 1981). Second, this study conducts chi-squared difference tests using confirmatory factor analysis (CFA) (Bagozzi, 1980). A means by which this test occurs is first to allow for a correlation between regulatory legitimacy and political ties and then to disallow such correlation by fixing the correlation at 1.0.

Table 11

Summary of Variables and Measures

Variable	Measure	Source
Managerial Regulatory Ties	Indicate the extent to which the subsidiary has developed informal and personal ties to:	Original, but developed from literature Peng and Luo (2000)
	Financial regulators	
	Standards regulators	
	Economic regulators	
Conformance	Indicate the extent to which the subsidiary:	Developed from literature: Zimmerman and Zeitz (2002); O'kane, Mangematin, Geoghegan and Fitzgerald (2015)
	Consistently follows the laws, filing articles of incorporation	
	Conforms to existing environmental rules or norms	
	Adjusts its identity to ensure alignment with dominant societal norms and values	
Organizational Legitimacy	The extent to which subsidiary's behaviour leads to:	Ryan et al. (1987); Zimmerman and Zeitz (2002); Banerjee and Venaik (2018)
	Justification of strategic choices	
	Greater legitimacy within Nigeria	
	Greater conformity with societal expectations.	
Information strategy	Indicate the extent to which the subsidiary:	Hillman and Wan (2005); Banerjee and Venaik (2018)
	Develops relations with regulators at the state level	
	Discusses with regulators at the national level	
	Approaches regulators to support company programs	
Regulatory Autonomy	Indicate the extent to which the subsidiary has developed informal and personal ties to regulators when there is perceived:	Cukierman et al. (1992); Gilardi (2002)
	Stability of the regulatory head (e.g., longer office term of over 5years)	
	Independence of members of regulatory board	
	Independence of regulators from government interference	
	Regulatory Financial and organizational autonomy	
Firm Age	Years the firm has been operational in Nigeria	Hillman (2003)
Firm Size	Natural log of number of employees	Acquaah (2007); Boso et al. (2013)
Ownership	Binary whereby 1 = foreigner owning more than 50% of firm and 0 = otherwise	Adapted from Acquaah (2007)
Industry Regulation	Binary whereby 1 = highly regulated industry and 0 = otherwise.	Hadani and Schuler (2013)

Table 12

Construct measures reliability and validity analysis

Construct	Items	Standardized Item Loading	AVE	CR	Cronbach's Alpha
Subsidiary Legitimacy			0.82	0.93	0.74
Subsidiary behaviour leads to justification of strategic choices	LEG1	0.99			
Subsidiary behaviour leads to greater legitimacy	LEG2	0.99			
Subsidiary behaviour leads to greater conformity with societal expectations	LEG3	0.71			
Managerial Regulatory Ties			0.55	0.78	0.79
Financial regulators	MRT1	0.76			
Standards regulators	MRT2	0.74			
Economic regulators	MRT3	0.72			
Altering subsidiary's existing models and practices	MAN3	0.62			
Conformance			0.62	0.83	0.70
Consistently follows the laws, filing articles of incorporation	CON1	0.83			
Conforms to existing environmental rules or norms	CON2	0.78			
Adjusts its identity to ensure alignment with dominant societal norms and values	CON3	0.75			
Information strategy			0.58	0.81	0.77
Develops relations with regulators at the state level	IS1	0.76			
Discusses with regulators at the national level	IS2	0.76			
Approaches regulators to support company programs	IS3	0.77			
Perceived Autonomy			0.68	0.88	0.968
Stability of the regulatory head (e.g., longer office term of over 5years)	RA1	0.957			
Independence of members of regulatory board	RA2	0.955			
Independence of regulators from government interference	RA3	0.943			
Regulatory Financial and organizational autonomy	RA4	0.957			

Chapter 4.4 Results

The means, standard deviations, and correlation coefficients are shown in **Table 3**. The correlation matrix reveals significant correlations between the variables. To mitigate the potential threat of multi-collinearity, all independent variables constituting interaction terms were mean-centered (Aiken and West, 1991). Variance Inflation Factor (VIF) scores are less than 2, hence supporting the absence of multicollinearity (Myers, 1990). Furthermore, the Cronbach alphas for the constructs are well above the minimum threshold of 0.70 (Nunnally, 1978), thus supporting internal consistency and reliability. I followed the approach of Ambos et al. (2010) and checked discriminant validity by comparing the square root of the average variance extracted (AVE) of each construct (Table 2) with the correlation between construct pairs. The AVE values are consistently larger than the correlations between the constructs, indicating that each construct has more internally extracted variance than the variance it shares with other constructs (Fornell and Larcker, 1981). This indicates satisfactory discriminant validity and confirms that each construct differs from the others. We first employed hierarchical regression analysis to test the research hypotheses, checking the mediation results' robustness using SEM. To assess the explanatory power of each set of variables, we include the variables in the model block by block. The regression results are reported in **Table 4.**

In H1, we expect managerial regulatory ties (MRT) to positively affect legitimacy. Our results support H1, because Model 2 in Table 4 shows that the effect of managerial regulatory ties on legitimacy ($b = 0.128$, $p < 0.05$) is positive and significant. Thus, it is suggested that managerial regulatory ties would be beneficial in legitimizing subsidiary multinationals. For H2, we posit that conformance will mediate the relationship between managerial regulatory ties and legitimacy. To test mediation, we followed the general recommendations of Baron and Kenny (1986) in conducting a three-step mediated regression. The mediator (conformance) was first regressed on the independent variables (managerial regulatory ties). The dependent variable (legitimacy) was then regressed on the independent variable. Finally, the dependent variable was regressed simultaneously on the independent variables and the mediator. Mediating effects exist if the independent variable is related to the mediator and dependent variable, and the mediator affects the dependent variable (Baron and Kenny 1986). Relationships between the independent and dependent variables must be weaker when the mediator is added than when it is not. Complete mediation exists if the relationship between independent and dependent variables becomes insignificant when the mediator is controlled for. Partial mediation exists if the significant relationship between the independent and dependent variables becomes smaller when the mediator is controlled for. The results presented in Table 4 show the results of the hierarchical regression.

In Table 4 (Model 2), Managerial regulatory ties (MRT) are significantly related to conformance, thus meeting the first requirement to infer mediating effects ($b = 0.1778$, $p < 0.001$). In Model 1, MRT is significantly associated with legitimacy (LEG) ($b = 0.0872$, $p < 0.05$), thus meeting the second requirement to infer mediating effects. However, when conformance was added, these findings indicate that there is full mediation. That is, conformance fully mediates the relationship between MRT and legitimacy. Hence, we find support for hypothesis 2.

To further probe and check the robustness of the results, we conducted Structural Equation Modelling (SEM) without the controls. SEM is an advanced statistical technique that has two significant advantages over traditional multivariate techniques: First, and importantly, it allows for the estimation of latent (unobserved) variables via observed variables; thus accounting for measurement error. Second, it permits model testing, and the evaluation of the overall model fit of the sampled data (Byrne, 2011, Kaplan 2013, Hartwell et al., 2019). We have additionally utilised structural equation modelling in testing our results as multivariate techniques, as used above, do not account for measurement error by not modelling it explicitly, "whereas SEM models estimate these error variance parameters for both independent and dependent variables" (Brrne, 2011), which is critical to our findings. Checking the robustness of regression results using SEM was similarly used by Liedong and Rajwani (2018) in their paper "The impact of managerial political ties on corporate governance and debt financing: Evidence from Ghana". It is a notable and well cited paper in the CPA field, published in a leading 3 star international journal in the field of strategic management. Following in similar fashion, Table 5 displays the model fit results. Model fit statistics revealed an adequate fit of the data to the model, with all indices meeting the higher cut-offs for incremental fit measures recommended by Hu and Bentler (1999). We followed the general SEM recommendations laid out in (Douglas et al.; 2013), also followed by (Liedong and Rajwani, 2018). Table 6 displays the direct, indirect, and total effects between the independent, mediating and dependent variables. Consistent with the findings from using hierarchical regression, MRT has significant indirect effects on LEG, validating the mediation of IM ($b = 0.096$, $p < 0.001$). Furthermore, MRT has an insignificant direct effect ($b = 0.059$, $p > 0.10$), suggesting the presence of full mediation. These results using SEM confirms the earlier results using SPSS. Taking the results together, we found support for hypothesis 2.

H3 hypothesizes that the relationship between managerial regulatory ties and legitimacy will be stronger when the level of regulatory autonomy is higher. The data does not support H3. Model 3 shows that the interaction between MRT and regulatory autonomy is not significant ($b = 0.025$, $p > 0.10$). Finally, H4 hypothesizes that the relationship between managerial regulatory ties and conformance will be stronger when the level of information strategy is higher. Model 6 shows that interaction between managerial regulatory ties and information strategy positively relates to conformance ($b = 0.12$, $p < 0.05$). Hence the data supports H4. This significant moderating effect is illustrated in Fig. 2.

Table 15

Descriptive statistics correlation matrix

		Mean	SD	1	2	3	4	5	6	7	8	9
1	Legitimacy	17.11	2.68	1.								
2	Regulatory Autonomy	14.03	8.67	-0.11	1							
3	Managerial Regulatory ties	13.58	3.94	0.16*	0.26**	1						
4	Conformance	15.45	2.94	0.38**	-0.22**	0.26**	1					
5	Information strategy	16.63	2.70	0.12	0.18**	0.17**	0.10	1				
6	Firm Age	43.57	26.28	-0.11	0.01	0.02	-0.22**	-0.05	1			
7	Firm size	4379.53	13951.30	0.06	-0.15*	-0.01	0.02	0.04	0.20**	1		
8	Ownership	0.52	0.52	-0.15*	0.07	-0.24	-0.20**	-0.13*	0.26**	0.05	1	
9	Industry regulation	0.50	0.50	-0.04	-0.07	0.04	0.10	0.02	-0.23**	-0.01	-0.22**	1

* a = 0.05; ** a = 0.01

Table 13
Mediation results.

	Dependent Variables		
	Legitimacy	Identity Conformance	Legitimacy
	Model 1	Model 2	Model 3
Independent variable			
Managerial Regulatory ties	0.0872*	0.1778***	0.0284
Mediator variable			
Conformance			0.3306***
Control variables			
Firm Age	-0.7943	-1.7262*	-0.2235
Owners	-0.5895†	-0.5305	-0.4141
Industry	-0.5063	0.2136	-0.5769†
Firm Size	0.1556	-0.3271	0.2638
Model summary			
F value	2.5536	7.3645***	8.2099***
Adjusted R2	0.0479*	0.1266	0.1630

†a = 0.10; * a = 0.05; ** a = 0.01; *** a = 0.001

Table 14
Direct and moderated regression results

	Legitimacy			Identity Conformance		
	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
Firm Age	-0.072	-0.080	-0.098	-0.14*	-0.16*	-0.16*
Owners	-0.149*	-0.115†	-0.091	-0.16*	-0.09	-0.08
Industry	-0.095	-0.095	-0.111†	0.04	0.04	0.05
Firm Size	0.039	0.040	0.062	-0.08	-0.08	-0.07
Managerial Regulatory ties		0.128*	0.178**		0.24***	0.21***
Regulatory Autonomy			-0.157*			
Information strategy						0.07
Managerial Regulatory ties X Regulatory Autonomy			0.025			
Managerial Regulatory Ties X Information strategy						0.12*
Model statistics						
R^2	0.032	0.048	0.071	0.07	0.13	0.14
F value	2.137†	2.554*	2.766**	5.05***	7.36***	5.96***
R^2 change		0.015	0.023		0.05	0.02
F test for R^2 change		4.115*	3.186*		15.49***	2.26

†a = 0.10; * a = 0.05; ** a = 0.01; *** a = 0.001

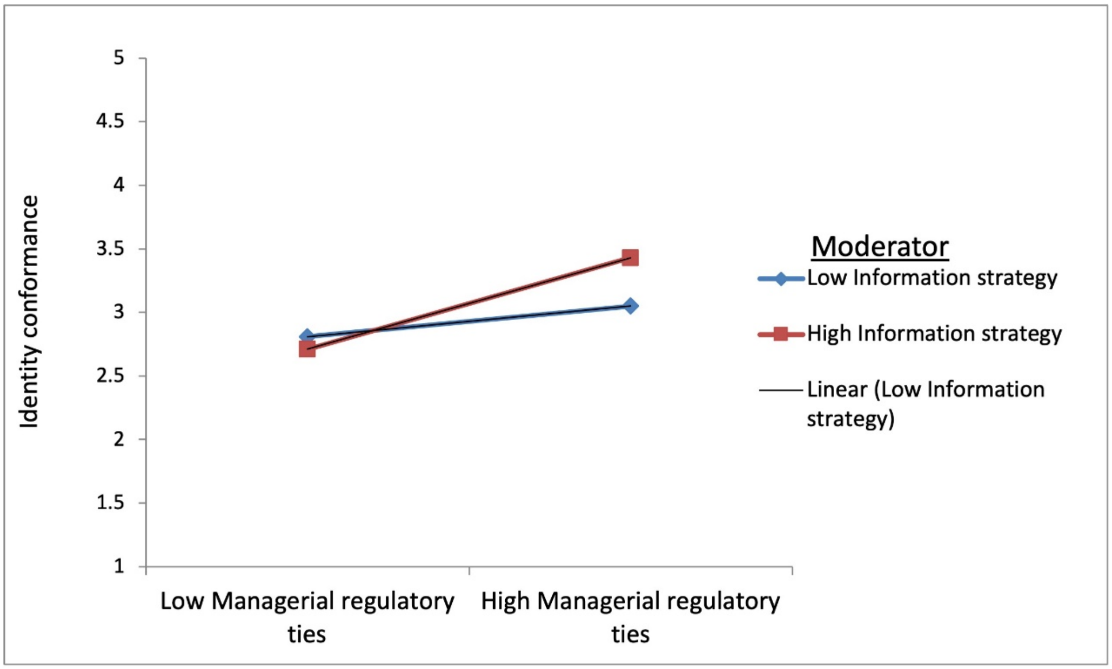

Figure 3
The moderating effect of Information strategy on the relationship between Managerial Regulatory Ties and Conformance

Mediation results using SEM

Table 15
Model fit results

Statistic	Value
CMN	283.714
GFI	0.911
AGFI	0.880
NFI	0.932
CFI	0.976
IFI	0.976
RMSEA	0.044
PCLOSE	0.811

Table 16

Path coefficients of variables and their significance

			S.E	**P value**	**Significant**	**Result**
Hypothesis 2	MRT-> IC-> LEG	Total effect	0.155	$P < 0.05$	Significant	Full Mediation
		Indirect effect	0.096	$P < 0.001$	Significant	
		Direct effect	0.059	$P > 0.10$	Not significant	

Chapter 4.5 Discussion and Conclusion

This study has explored a nascent topic and has shed light on the under-explored role and mechanisms of regulatory ties in legitimacy building. The findings reveal a positive relationship between regulatory ties and firm legitimacy. Additionally, it validates that information strategy will aid in strengthening firm-regulatory ties and achieving firm conformance in this region. Essentially, firms will develop regulatory ties to align key regulators' interests with their own, thereby reducing the uncertainty of problematic public policy changes present in complex and uncertain business environments (Pfeffer and Salancik, 1978; Hillman et al., 2004; Pfeffer and Salancik, 1978). Firms develop regulatory ties by entertaining regulatory stakeholders' demands; they may also develop close and regular interactions with regulators to assist them in becoming better informed of the regulatory demands in making independent compliance decisions. Furthermore, they may build relational rapport by submitting technical reports or providing testimony to regulators (Birnbaum, 1985).

These strategies create a mutually beneficially exchange with regulators who are also office seekers who wish to retain their jobs, prestige, and independence and, as a result, want to ensure that their mandates are fulfilled to keep legislators' interference at bay (Singer, 2004, 2007). Overall, the interdependency relationship will confer legitimacy via unleashing the benefits of conformance to firms. Benefits such as the generalized sense that the firm is operating according to the letter and the spirit of laws and regulations are important in maintaining its reputational image before regulators. Being monitored moderately and evaluated fairly, the relational rapport with regulators will lead to strategic advantages such as gaining more favourable policy rulings, particularly in hostile regulatory environments, avoiding regulatory red tape and securing a speedier audit (Zimmerman and Zeitz, 2002). It has been proven to help reduce information asymmetry, reduce regulatory stringency, avoid punishment for non-compliance and intensify institutional support (Kostova and Zaheer 1999; Oliver 1996).

Furthermore, contrary to our prediction, regulatory autonomy does not significantly affect firms' decision to develop regulatory ties when seeking legitimacy. Cognizant of Nigeria's institutional and governance challenges, it is perhaps still early for firms to factor in regulatory autonomy into their legitimacy-building strategies. Especially for regulators in Nigeria who are prone to experience interference from government officials (Nakpodia and Olan, 2022). The firm's decision to build regulatory ties may not be influenced by regulatory autonomy to the extent that regulatory ties can still deliver other benefits. It is also possible that firms do not develop regulatory ties in isolation or as a stand-alone corporate political strategy in this region. Hence, they already mitigate for the eventuality or risks accompanying regulatory interference. There is increasing evidence in the literature to suggest that firms develop a portfolio of ties in managing their dependency and environmental complexities (Sun et al., 2015). Hence, regulatory ties may just be one of the constituents in their tie portfolio strategy. Hence, they may develop regulatory ties and ties with other legitimisation actors (such as government officials and the wider public) when building legitimacy to reduce their dependency on a single actor. Moreover, arguably, most regulators in Nigeria may not be completely free from government interference, even if it is occasional (Nakpodia and Olan, 2022). Hence, firms may not expect regulators to be autonomous before deciding to build ties with them.

This study contributes to CPA literature in significant ways. First, it extends CPA research to regulatory ties, an unexplored facet of social ties, in an empirically under-researched context. The effect of regulatory ties in legitimacy-building has not received adequate attention in the literature. This is despite its recognition in accruing regulatory benefits to firms. Pre-existing CPA research has often theorised regulatory ties as a part of managerial and political ties or jointly referred to government officials and regulators as “political actors” (Sun et al., 2015). Our findings contribute to further unpacking regulatory ties and explicating their value on firm legitimacy. This is important because regulatory and political ties capture two distinct facets of social capital and provide access to different resources. Moreover, differentiating the relational ties to explicate their role in weak institutional contexts aid in a better understanding of the varying dimensions of social ties (Sun et al., 2015).

Second, the findings help to open the black box regarding the intriguing relationship between regulatory ties and firm legitimacy by examining the specifics of the mediating force by which regulatory ties become relevant. Unlike other applications of the contingency perspective (e.g., Liu et al., 2018), this study provides insight into the complex process linking regulatory ties to legitimacy. Concerning improving firm performance, regulatory ties have been conjectured to possess both advantages (Hillman and Hitt, 1999; Lui, 2001; Wu et al., 2016) and disadvantages (Holburn and Bergh, 2008). Besides this fact, the study empirically validates that beyond being an avenue to manage firm dependency on regulatory resources, regulatory ties are an important strategy that can enhance institutional acceptance and regulative legitimacy of firms (Kostova and Zaheer, 1999; Reed, 2008). It also confirms that this will be achieved through conformance to the external environment, which will aid in conferring regulatory legitimacy (Guo et al., 2014). Conformance is the process of achieving legitimacy via firm compliance to constraints, demands and expectations in the existing institutional environment. This finding helps to confirm the active role such ties and strategy play in institutionally challenging contexts such as Nigeria.

Third, whilst Resource dependency theory has been utilised in a prior study in explaining the interdependence that necessitates ties (Liedong et al., 2019), Social capital has been utilised in capturing beneficial networking relationships that have a significant positive impact on firms (Coleman, 1988b; Moran, 2005; Nahapiet and Ghoshal, 1998a). Especially in weak institutional environments, where the importance of social capital is higher (Sheng et al., 2011; Talavera et al., 2012). This study develops on the theoretical advancements in the literature in utilising institutional theory in providing reasonable explanations of the meanings and the functions of regulatory ties for firm legitimacy in institutionally challenging contexts. Institutional theory helps in uncovering the role of the underlying mechanism capturing the regulator-legitimacy process. Specifically, this study argues that managerial regulatory ties will enable firms to access legitimacy via conformance. Since firms' behaviour needs to conform to rules and expectations for social acceptance or fitness (Oliver, 1991), regulatory ties can be an effective non- market instrument to achieve legitimacy (Ahlstrom, Bruton and Yeh, 2008). Additionally, firms will develop regulatory ties by trusting that compliance leads to being monitored moderately and evaluated fairly (Ahlstrom et al., 2008; Liu et al., 2018) amidst other strategic regulatory advantages (Banerjee and Venaik, 2017; Liu et al., 2018).

Further, It is widely argued that social networking relationships are a substitute for the fledgling market supporting institutions in weak institutional contexts (Li and Zhang, 2007; Park and Luo, 2001; Xin and Pearce, 1996). The link is also important because, in these contexts, a lack of legitimacy poses significant obstacles to firm survival and growth (Baneerjee and Venaik, 2017). Hence, our study represents an attempt to assess how the role of ties depends on the institutional environment. Furthermore, these findings enrich the institutional theory by empirically validating the role of uncovering the role of "*conformance*" in responding to institutional pressures. It enriches the theory by postulating and empirically testing conformance as an instrument for organization adaptation to dependencies. We additionally treat managerial regulatory ties as an instrument for managing the dependency of firms in their institutional environment.

Fourth, our study empirically validates the salient role of information strategy as a tool for strengthening ties with regulators and achieving conformance in this region. This is important for two reasons. First, some studies have conjectured the potential ineffectiveness of information strategy in institutionally challenging contexts such as Africa (Liedong et al., 2019). They have conjectured that this will be due to prioritising quicker, more short-term fixes such as financial incentive strategy (Liedong, Aghanya and Rajwani, 2019). Second, information strategy has been described as a mainly western oriented strategy, and there may be hardly any interface for its deployment in weak institutional contexts (Liedong et al., 2017). Our findings dispute this empirically. Findings from the study reveal that firms in highly regulated industries, e.g., banking and telecommunications, more frequently deployed information strategies toward their regulators. These industries are known to have relatively competent regulators overseeing the industries' activities.

Furthermore, we conjecture that organizational adaptation to regulatory uncertainty using conformance may have far greater positive consequences on the external environment than strategic manipulation, as discussed in paper 2. We acknowledge this is a loose conjecture, as legitimisation strategies are neither good nor bad in normative terms. Moreover, CPA is a self-interested activity; it is not necessarily wrong if all sides present their cases and make decisions to maximize benefits while respecting rights and ensuring the just distribution of costs and benefits (Hamilton and Hoch, 1997). However, given that research has shown that CPA is unethical if its goal is to benefit at the expense of the greater good (Hamilton and Hoch, 1997; Liedong, 2020), we assume that conformance on the ethical spectrum will be more beneficial to institutions than strategic manipulation.

Beyond the mutual benefits to participant actors, legitimacy via conformance aids in ensuring firm compliance with wider societal values. This is in sharp contrast with strategic manipulation, where firms alter the conditions of the environment in a manner most favourable to them (Zimmerman and Zeitz, 2002). We understand that the output from this study alone is limited in making this conjecture, but we hope that future studies will build on this further. Conjecturing is a good step towards theorization (Liedong and Rajwani, 2018), even if we cannot authoritatively assert or determine the ethical boundaries of the legitimisation strategies in this study.

4.5.1 Managerial Implications

The findings of the study reveal two key managerial implications. First, firms in weak institutional contexts possess the capacity to effectively use regulatory ties to attain useful regulatory support. Specifically, for firms in such environments, regulatory ties can result in various benefits, for example, regulatory legitimacy, in addition to other well-established benefits such as improved regulatory processes, reducing information asymmetry in government policy discourses, protection through lenient regulatory enforcements (Wu et al., 2016), overcoming administrative obstacles such as bureaucracy and red tape constraints (Li & Zhang, 2007). Thus, firms should make strong efforts to secure informal institutional support through the cultivation and utilization of the regulatory ties possessed by firm managers. Second, information strategy represents an effective avenue for firms to achieve legitimacy by conformance. Hence, its deployment is valuable.

Cultivating regulatory ties in weak institutional contexts can be time-consuming and expensive. Additionally, deploying the exact information required by regulators may require extra resources (Wan and Hillman, 2006). Notwithstanding these, engaging in CPS, generally in these contexts, may be unavoidable due to host country institutional pressures (Lawton et al., 2013). On a spectrum of ethicality, developing regulatory ties via information strategy is a relatively less risky CPS strategy (Liedong, 2020). It confers regulatory legitimacy while ensuring compliance and adaptation to the wider societal goals. Therefore, we recommend its use to the extent that regulatory ties remain an ethically viable option in shaping firm legitimacy.

4.5.2 Limitations and Future Research Directions

The study has several limitations. First, the results of this study are context specific. A natural extension would be to examine the roles of regulatory ties in legitimacy building in other developing economies. Second, some of the measures adopted in this study require further improvement. In particular, while organizational legitimacy has been one of the hot points in strategy and entrepreneurship research, most existing studies tend to examine its nature and effects theoretically (e.g., Ahlstrom et al., 2008; Suchman, 1995; Zimmerman & Zeitz, 2002). The result is that, although scholars have articulated the concept of conformance, they have not yet developed either an objective or a subjective operational measure. This study has developed an exploratory measure for conformance to examine the mediating mechanisms that transfer regulatory ties into firm legitimacy. However, the measure is a self-report rather than a direct one, because of the difficulty and impracticality of asking various regulators to evaluate firms' legitimacy. Thus, despite the acceptable validities that this study reveals, this perceptual-based measure cannot ensure firm managers make accurate and rational judgments, which might have affected the study's findings. Hence, future research should endeavour to improve the measure for conformance and by extension, the other legitimisation strategies.

Third, the potential for common method bias is always a concern in survey data. Since this study collects perceptual data on independent and dependent variables through the same survey, this fact may have introduced common method bias. This study uses several procedures to reduce and evaluate this potential problem. This has been extensively discussed in the research methodology section to avoid repetition. Finally, some scholars insist that tie utilization is dynamic (Chen and Chen, 2004; Guo et al., 2014). Thus, future research should potentially explore the complex relationship between regulatory ties and legitimacy, particularly in a dynamic sense, by conducting longitudinal or other appropriate experimental studies.

The study also highlights two additional directions for future research. First, the ethical boundary of regulatory ties and political ties need examination. This study weakly conjectures the ethical boundaries of conformance by comparing its use to strategic manipulation. It does so solely by the effect on the external environment. However, we acknowledge that the ethical boundary needs more depth and further insights.

Furthermore, an interesting and important question is to examine the mechanisms underlying which regulatory ties could undermine firm legitimacy and the value of regulatory ties in delivering a wide set of firm performance outcomes. Also, studies compare the contingent value of regulatory ties to other social ties. Lastly, this study provides a basis for further investigations on the mediating effect of conformance. We suggest that the mediating role of conformance will vary across institutional contexts. Thus, this study calls for further exploring.

4.6 Conclusion

The study's findings portray the functions of managerial regulatory ties in weak institutional contexts, as viewed from the perspective of social capital and resource dependence theory. Although previous research has indicated the importance of regulatory ties more generally, systematic investigation into its value for legitimacy building and the paths that mediate regulatory ties in enhancing firm legitimacy has been lacking. Drawing on social capital and resource dependence theory, this study helps unpack the process linking regulatory ties to firm legitimacy in a weak institutional context, an important but still under-researched context. We also unpack the role of information strategy in enhancing legitimacy via conformance.

The study finds that conformance plays an important mediating role in how firm-regulatory ties enhance firm legitimacy. In-addition, we find that regulatory autonomy does not influence firms' decision to develop regulators ties when seeking legitimacy. These findings lend support to the contingency perspective of regulatory ties. Beyond this, our study further provides new insights into CPA research by transferring the stream of contingency-based research to a process-based one (e.g., Guo et al., 2014; Peng and Luo, 2000). In conclusion, the study suggests that in future research, scholars should emphasize the processes by which firm managers utilize their regulatory ties within weak institutional contexts.

Chapter 5. Conclusions

The three studies presented in this thesis provide empirical evidence and add new insights into the corporate political activities (CPA) literature stream. Therefore, this chapter intends to integrate and provide a summary of the key findings across the three studies. Particularly, this section focuses on the research findings, implications, and future research gaps.

5.1 Key findings

Overall, this thesis examined the relationship between varying corporate political activities and legitimacy in a weak institutional context. It also investigated the mediating and moderating mechanisms in the CPA-legitimacy relationship. The entire thesis was positioned following a systematic review of the literature which revealed the paucity of research into; non-financial, non-market outcomes of CPA (Banerjee and Venaik, 2017), the paucity of research into the mechanisms of CPA (Lux et al., 2011; Peng and Luo, 2000), inadequate research examining political actor characteristics shaping firms' decision to engage in CPA (Judge et al., 2008); the lack of strategy studies in weak institutional contexts, especially Africa (Klingebiel and Stadler, 2015; Liedong et al., 2019; Mellahi and Mol, 2015; Hoskisson et al., 2000; Wright et al., 2005) and insufficient studies explicating the value of ties (Guo et al., 2014; Mellahi et al., 2016; Park and Luo, 2001).

Integrating resource dependency theory (Pfeffer and Salancik, 1978) and Institutional theory (Dieleman and Sachs, 2008; Doh et al., 2012; North, 1990; Scott, 2001), this thesis hypothesizes compelling and nuanced relationships and employs quantitative data from 260 firms operating in Nigeria. It further employs robust quantitative techniques to extract empirical evidence and obtain insightful conclusions that make significant contributions to knowledge.

Regarding the relationship between corporate political activities and organizational legitimacy, the thesis findings show that the varying political strategies tested enhance firm legitimacy. The findings confirm the critical role of "relationships" and "incentives" in helping to shape firm legitimacy in weak institutional contexts (Acquaah, 2007; Fraser et al., 2006; Liedong et al., 2019; Sun et al. 2011). It upholds the role of incentives; financial, information, and constituency building, in building institutional support, goodwill and credibility with key stakeholders, in the social construction process of projecting a positive image, and in building legitimacy (Zimmerman and Zeitz, 2002; Ahlstrom, Bruton and Yeh, 2008). In further explicating the value of political ties separate from regulatory ties, our findings reveal that they capture distinct facets of legitimacy (Ahlstrom, Bruton and Yeh, 2008) and provide access to different political and regulatory resources, respectively (Guo et al., 2014; Liu, Wing-Hung Lo and Zhan, 2018).

With respect to the mediators in the CPA-Legitimacy framework, our findings reveal that "*manipulation*" mediates the relationship between managerial political ties and firm legitimacy. Additionally, *"conformance"* mediates the relationship between managerial regulatory ties and firm legitimacy. Central to our findings is Oliver's (1991) typology of the five strategies organisations adopt in responding to institutional pressures. We empirically tested the effect of two strategies; manipulation, and conformance, in a weak institutional context. The findings indicate that firms will develop managerial political ties in their bid to actively *manipulate* the perceptions and normative demands of the social context so that their corporate practices (i.e., structures, processes and outcomes) are perceived to fit with societal expectations (Oliver, 1996; Suchman, 1995). We also find that as well as "political ties", firms use "incentives" (financial and constituency building) in strategic *manipulation*, i.e. in actively swaying and mitigating any negative image when shaping their legitimacy in this way (Alakent and Ozer, 2014). In contrast, firms will adopt managerial regulatory ties in communicating *conformance* and adherence to regulatory demands to obtain legitimacy (Oliver, 1999; Zimmerman and Zeitz, 2002). Our study confirms Pfeffer and Salancik's (1978) position that "political action" remains an effective approach that firms may employ in proactively shaping their institutional environment.

Regarding regulatory ties, in particular, our findings also reveal that information strategy is an effective strategy in cultivating relationships with regulators in weak institutional contexts and aids in achieving *conformance* with the regulatory environment. This finding is significant because prior conjecture expressed that information strategy may be a mainly western oriented strategy and that there may be hardly any interface for its deployment in weak institutional contexts (Liedong et al., 2017). Lastly, we found that regulatory autonomy does not impact a firm's decision to engage in ties with regulators in this research context.

We suspect that cognizant of the institutional weaknesses present in weak institutional contexts, it may be too early for firms to expect and factor in regulatory autonomy into their legitimacy-building strategies. It may also be possible that firms do not develop regulatory ties in isolation, but will developing other influential ties to mitigate regulatory interference. It has been argued that there is increasing evidence to suggest that firms build a portfolio of ties, particularly in weak institutional contexts (Mellahi et al., 2016). As previously discussed, this thesis significantly contributes to knowledge by integrating resource dependency and institutional theories in advancing the CPA-Legitimacy literature. It helps in additionally unpacking the underlying mechanisms that explain the process, which has remained nascent in the CPA literature

5.2 Contributions

In this section, I discuss how this thesis contributes to knowledge. As the entire thesis comprises distinct but interrelated studies with overlapping implications for theory, I have organized my claims to knowledge according to themes, not studies. In this respect, the discussion in this section will focus on the thesis' overall contribution to 1) CPA and nonmarket strategy literature, 2) Resource dependency theory, and 3) institutional theory.

5.2.1 CPA and Non-Market Strategy Literature

This thesis advances the CPA literature specifically, and the non-market strategy literature, more generally. To reiterate, the systematic review sheds light and enriches our understanding of the CPT-firm performance relationship. It integrates and synthesizes the fragmented literature to offer deep insights on the antecedents, strategies and outcomes of CPT. It is also the first to use the "Antecedents-Phenomenon-consequences" framework (e.g. Applying this framework helps to link corporate political ties with its antecedents, strategies, and outcomes. This review aids in consolidating, offering a knowledge base, and highlighting unresolved issues in the research field.

Second, this thesis investigates the CPA-legitimacy process, in a weak institutional context. The effect of CPA on legitimacy had long been conjectured but received very little attention until its empirical validation by Banerjee and Venaik (2017) in the context of advanced economies. While this remains a pivotal advancement in the literature stream, Banerjee and Venaik (2017) research remains an exception, focusing solely on the context of advanced economies. My thesis extends Banerjee and Venaik (2017) and attempts to clarify the contested effect of political ties on firm legitimacy in a weak institutional context. The results show that varying CPA aids in enhancing firm legitimacy in weak institutional contexts. This thesis, therefore, extends the contingent value of CPA (Li and Zhang, 2007; Peng and

Luo, 2000; Sheng et al., 2011) and provides evidence to back up the value-adding potential of CPA on a non-market, non-financial outcome (Goldman et al., 2009; Hersch et al., 2008; Hillman, 2005; Peng and Luo, 2000), in a weak institutional context (Liedong et al., 2019). Overall, contributing to a nuanced understanding of CPA is significant for better political and theoretical strategizing.

This contribution is significant because it aids in examining the role of institutional voids (present in weak institutional context) in the CPA-legitimacy process, thereby enriching the discussion on the nuance and context dependent nature of the value CPA (Liedong, Aghanya and Rajwani, 2019; Zhu and Sardana; 2020). This finding affirms the much debated contingent value of CPA in weak institutional context. Additionally, it aids in unpacking the value of CPA in weak institutional contexts, separate from 'emerging countries'. Prior studies have mostly theorised away weak institutional contexts as a part of 'emerging market contexts', which has not resulted in further unpacking (Liedong, Aghanya and Rajwani, 2019). This thesis contributes to the nascent literature on the impact of CPA in weak institutional context.

Third, this thesis unpacks the underlying mechanisms linking CPA to legitimacy. One of the notable shortcomings in the CPA literature is the limited studies on the mediating mechanisms (Guo et al., 2014; Lux et al., 2011). In the past, most researchers were mainly interested in answering the "what" questions but not the "how" questions (Liedong et al., 2015). In recent times, however, studies have begun to explore how CPA impacts firm outcomes (Mellahi et al., 2016; Peng and Luo, 2000). However, most of these studies do not contain empirical validation. This thesis addresses a salient issue in the literature by empirically examining the mediating role of *conformance* and *manipulation* in the CPA-legitimacy relationship. Our study goes beyond simple conjecture of mediation as is commonly done in existing research and uncovers two important mediators that translate political ties into firm legitimacy. Specifically, CPA enhances legitimacy because firms proactively engage in manipulating or conforming to institutional structures, processes and outcomes (Oliver, 1996; Suchman, 1995) using political strategies. Thus confirming the link between CPA and institutional contexts and how they influence legitimacy outcomes. Altogether, this study provides new and deeper insights into the effect of CPA on legitimacy by shifting the focus from contingency to process (Guo et al., 2014; Peng and Luo, 2000).

Fourth, this thesis contributes to the CPA literature by explicating two distinct types of ties: managerial political ties, and managerial regulatory ties, and unpacking their distinct values for legitimacy seeking firms. Pre-existing CPA literature has often jointly theorised both government and regulators as "political actors" (Sun et al., 2015), which has not led to unpacking the value of regulators, in particular. The contribution is significant to the non-market strategy field as it unpacks two distinct facets of social capital that capture legitimacy differently and provide access to different political and regulative resources separately (Guo et al., 2014; Park and Luo, 2001, Sun, Mellahi, Wright and Xu, 2015). The explication of regulators from government is also significant as it responds to the call for differentiating relational ties to explicate their roles in the CPA literature (Mellahi et al., 2016).

5.2.2 Theoretical Contributions

This thesis integrates resource dependency theory (Pfeffer and Salancik 1978) and institutional theory (North, 1990; Scott, 2001; Dieleman and Sachs, 2008; Doh et al., 2012) in reaching its conclusion. Therefore, the contributions to institutional theory will be discussed first, and then the contributions to Resource dependency theory (RDT).

This thesis extends the knowledge on institutional theory in meaningful ways. First, extant literature has suggested that in institutional contexts with weak regulations and enforcement (Henisz and Zelner, 2010; Khanna et al., 2005; Puck et al., 2013), relationship-based institutional structures dominate and substitutes for institutional voids (Acquaah, 2007; Luo et al., 2008; North, 1990). This thesis affirms and upholds the aforementioned views. The thesis results emphasize the crucial role of ties in advancing value in weak institutional contexts. The findings show that the development of political ties leads to enhanced firm legitimacy (Guo et al., 2014; Hillman, 2005), where an organization's political strategies conforms or strategically manipulates its institutional environment (Suchman, 1995; Zimmerman and Zeitz, 2002). These legitimisation strategies targeted at influential political actors (Pfeffer and Salancik, 1978; Rao et al., 2008), is particularly relevant for firms seeking legitimacy in weak institutional environments (Ahlstrom et al., 2008). Therefore, this thesis supports the view that high political and regulatory legitimacy levels could positively affect organizational outcomes. Seeing the bigger picture, this thesis recognizes the importance of institutional context for dictating firm legitimacy building strategies, and consequently, firm outcomes (Hoskisson et al., 2000; Peng, 2003).

Additionally, a significant contribution reveal from our findings is that the aptness of political strategies to enhance firm legitimacy outcomes is not dependent on the larger institutional development of the country alone, but on the level of institutional advancement of the political actor to whom is the target for legitimacy. To argue this, our thesis proposes that "political actors" within a specified country context may be at different levels of advancement. In Nigeria, for example, whilst both regulators and government vary in their level of autonomy and perceived competence, regulators are generally perceived to be more stable and credible in comparison to government actors (Acquaah, 2007; Ahlstrom, Bruton and Yeh, 2008). Hence whilst manipulation strategies may work best with government actors, conformance strategies may be best suited for regulators. We acknowledge that extant literature have argued that institutional forces are the main drivers of corporate engagement with institutional actors (Schaefer, 2007). Institutional theorists have also largely suggested that in institutional challenging contexts, firms might sustain their legitimacy by presenting an image of compliance with the social norms, values and expectations of the firm. They have largely conjectured the conformance strategy irrespective of the targeted political actors. They argue that these norms are mainly determined by the regulations of the nation-state. These assumptions are customary in organization studies, both in economic (Friedman, 1970; Sundaram and Inkpen, 2004) and sociological approaches (DiMaggio and Powell, 1983; Giddens, 1984; Meyer and Scott, 1983; Strand, 1983). This study extends the theory by advancing that the nature of the political actor, who is the focus of legitimacy, will determine how firms choose to adapt, as opposed to the complexity of the institutional development of the country alone. To conclude, this thesis contributes to refining a tenant of institutional theory, by de-scaling from the commonly argued macro-view of institutional development.

Finally, and to a lesser extent, this thesis makes a methodological contribution. It introduces and unpacks new constructs – regulatory ties and regulatory autonomy into the CPA-Legitimacy discourse – which could be employed in future research. Furthermore, this thesis highlights the context dependent nature of survey scales. Respondents in Nigeria were unwilling to respond to the popular scale for CPA (Hillman and Hitt, 1999; Hillman and Wan, 2005; Puck et al., 2013). This highlights how institutional contexts impact the measurement of CPA. We had to utilise the "soft" versions, similarly to other African researchers (Liedong, 2017). The context-relevant measures from this study will be helpful in future CPA studies in weak institutional context.

Generally, this thesis extends non-market political research to sub-Saharan Africa, where there is an observably paucity in strategy and management research (Mellahi and Mol, 2015). Pre-existing research has expressed the need for CPA research in weak institutional environments such as Nigeria (Puck et al., 2013; Liedong, Aghanya and Rajwani, 2019). Indeed, political ties have been argued to be significant in emerging countries (Rajwani & Liedong, 2015). However, most emerging-country political activity studies have been conducted in Asian countries, limiting generalizations across the developing and frontier economies. This thesis answers the calls for strategy research to be extended to Africa (Hoskisson et al., 2000; Wright et al., 2005), with the research setting in Nigeria, in sub-Saharan Africa. The Nigerian context allows for plausible generalization to other countries within the sub-region and aids in the introduction of new constructs that contribute to "knowledge through the exploration of African phenomena that are beyond the scope of extant theory" (Liedong, 2016).

In addition to institutional theory, this thesis advances the resource dependency theory. Resource dependency theory helps capture the interdependence that necessitates firm ties (Pfeffer and Salancik, 1978). Hence, our study represents an attempt to assess how the role of ties depends on the institutional environment. Furthermore, these findings enrich the resource dependence theory (Pfeffer & Salancik, 1978) by treating managerial regulatory and political ties as an instrument for managing the institutional environment. It also enriches the theory by postulating and empirically testing legitimisation strategies (conformance and manipulation) as instruments for organization adaptation to dependencies.

5.2.3 Managerial and Policy Implications

In-addition to the theoretical contributions discussed above, this thesis has managerial and policy implications. First, it informs managers of the value of CPA in weak institutional contexts. It is especially of use to MNC's with subsidiaries in those environments. The research suggests that politically connected firms in weak institutional contexts are advantaged in legitimacy-seeking. Therefore, managers of politically connected firms should strengthen CPA in building institutional support and access to crucial political and regulatory benefits often associated with network relationships in weak institutional environments. Importantly, managers must ensure that they ethically deploy information, and financial and constituency-building incentives to advance their quest. This will facilitate information advantages between firms and regulators (Liu et al., 2018), consolidate subsidiaries' position with key political actors as credible and trustworthy suppliers of necessary funding (Schuler et al., 2002) and confer favourable social judgement across a large number of grassroots stakeholders (Banerjee and Venaik, 2017) respectively. We advocate for the use of information strategies particularly, e.g., petitioning. We postulate its efficiency in advancing policy and regulatory influence and strategically shaping firm outcomes in favourable ways. However, noteworthy is that in most weak institutional contexts, the policy-making process may offer limited opportunities for firms to be involved (Rajwani and Liedong, 2015).

Alternatively, firms could establish and nurture social ties with managers of political and regulatory institutions. Such ties will breed trust, credibility, and goodwill.

Third, we encourage managers to begin by assessing the sort of risk that the firm is most suspectable to. This will be the first and significant path in the decision making of the appropriate political actor to target, and how best to target them in managing their risk. The findings of this study suggest that creating and maintaining vibrant regulatory ties effectively reduces regulatory and institutional risk. These findings imply that regulatory ties can aid firms to effectively manage their dependency relationships with regulators, when firms constantly battle with unpredictable and complex regulatory contexts.

In addition, this thesis posits a responsibility for multinational firms operating in weak institutional context. We advocate that there is a responsibility for them, as much as it is for institutional political actors, to act responsibly to support institutional development and promote good corporate governance. Their CPA actions do not merely confer advantages to the firms, but if deployed appropriately and ethically can have positive outcomes for institutional development in these contexts (Alzola, 2013; Scherer et al., 2013). We acknowledge that often the institutional weakness dictates the actions of the firms but advocate for corporate citizenship which is vital for socio-economic growth. For instance, MNC's may actively deploy information strategies in participating policy making. This strategy is also mutually beneficial and relevant for institutional development.

We acknowledge the possible dark side of firm participation in CPA, which could be manifested through institutional lapses such as bribery and corruption (Doh et al., 2012). These lapses have the potential to incite negative consequences and expose the firms to political liabilities e.g., discrimination in the event of a political change and witch-hunting. Therefore, Institutional actors in weak institutional contexts have an important role in legitimizing and controlling the CPA process, to ensure it is transparent and fair. There should be clearer rules and enforcement of those rules in controlling campaign donations for example. Furthermore, maintaining databases accessible to the general public showing firms involvement in CPA (Jun et al., 2014). This will go a long way in legitimizing and minimizing the dark side of CPA and enhance and further improve its participating in these contexts.

5.3 Limitations

This thesis reveals extensive findings that contribute to the CPA and legitimacy literature reviews. However, it is not without some limitations. First, it is a survey-based study that employs self-reported and cross-sectional data. A major limitation of the survey method is the restriction in collecting high level quantitative analysis such as instrumental variable (IV) regressions. However, the benefits includes being able to collect varying data on "firm ties" which are "soft" in nature. It was additionally useful in its capacity to collect relevant information on constructs that were not readily available in Nigeria nor were there secondary databases containing them. In the analyses, endogeneity was minimised by the absence of autocorrelation of the residual errors. We acknowledge that measurement errors and omitted variables could also constitutes endogeneity from other sources, which is well able to impact the results. Further, objective data for some constructs were attempted, but to no avail. To reiterate, this is not unusual for studies conducted in weak institutional contexts, especially in emerging economies (Acquaah, 2007; Park and Luo, 2001; Peng and Luo, 2000).

In addition, we acknowledge that there may be a probability of measurement errors for the constructs utilised in this research, despite the best efforts to counter this by developing the variables from the literature and subjecting the data to intensive validity and reliability tests. We therefore suggest caution in all results exposition and generalisations. Second, due to the nature of data collection via a single questionnaire, this thesis may potentially be at risk for of CMV (Podsakoff et al., 2003; Liedong 2016). Fundamentally, data collected in stages, may have minimised this risk. For example, utilising a one-year or two-year lag for survey data collection would have been ideal (Boso et al., 2013). This allows for the assessment of the effect of the independent variable on the dependent variable. Ultimately, we acknowledge the importance that a lagged research design would have had on our study, it would have granted the time to objectively observe the impact that varying corporate political activities have on legitimacy. However, despite its benefits, because of the limited time available for data collection, we employed the methodology most adopted by scholars in the field (Mesquita and Lazzarini, 2008; White et al., 2015), which attempts to capture lagged effects by employing a three-year frame for the survey questions. This methodology had the added benefits of minimizing causal ambiguity.

Additionally, the result of our study is not completely free from the possibility of reverse causality, hence we advise caution in results interpretation. This is particularly in the CPA-legitimacy study. Finally, our findings are highly context dependent. Data was essentially collected from firms operating in Nigeria. We acknowledge that Nigeria in-fact shares institutional characteristics with many countries in Sub-Sharan Africa, and many frontier economies more broadly (Acquaah, 2007; Boso et al., 2013). However, there are undoubtedly idiosyncratic and institutional elements that differ. As a result, we prescribe caution in generalizing the findings to other weak institutional contexts. In-spite of the highlighted limitations, this thesis makes beneficial contributes, salient to the CPA-legitimacy literature.

5.4 Directions for Future Research

This thesis uncovers new avenues for future research into non-market strategy. First, this thesis focused on a selected range of CPA, there is an opportunity to evaluate the legitimacy value of other types of social ties and political strategies. It would therefore be beneficial to expand this study to other CPA, whilst making the comparison of the outcome value on firm legitimacy. We propose longitudinal analyses in tracking "how firms may abandon or vary the intensity of their strategies to levels necessary and sufficient to obtain legitimacy" (Liedong, 2016). Additionally, we advocate for comparative analysis of CPA on legitimacy amongst varying weak institutional contexts. This will be significant for observing institutions-based effects. Arguably, the value of CPA may differ with country. Therefore, studies that employ comparative analysis across country could contribute to the holistic understanding of the effects of CPA on legitimacy.

Second, we advocate for an extension and development of the measures of legitimacy. Subsidiary legitimacy is a complex construct, and most studies have only examined a limited facet of the construct (Suddaby et al., 2017), of which we empirically examine a small subset. "Whereas our three measures examine the evaluative aspects of legitimacy in terms of its conformity with the socio-cognitive environment, measuring finer aspects of legitimacy in terms of its properties and processes, and using objective measures would help extend and strengthen the research on the effects of different types of CPA on diverse aspects of subsidiary legitimacy" (Banerjee and Venaik, 2017). Third, it would also be insightful for future studies to explore why politically connected firms are more likely to dismiss regulatory ties, even when such ties have been valuable in these contexts (Fortin and Pittman, 2007). To do this, a qualitative approach will be required to gather information about managers' rationales and thought-processes.

Fourth, whilst pre-existing studies have largely focused on the impact of varying types of "ties" on organizational outcomes (Acquaah, 2007; Chung, 2012; Li et al., 2009), fewer studies have investigated the combinative effects of the different types of social capital. We posit that the value of a distinct tie studied may be different when combined with other ties. It would be interesting and deeply insightful to investigate the interaction between varying social ties. This would aid in enriching our understanding of the dynamic value of CPA. Additionally, aid in uncovering the Blackbox regarding the portfolio of ties that's been conjectured that firms have (Mellahi et al; 2016)

Fifth, in investigating the underlying mechanism observed in the CPA-Legitimacy relationship, we utilised a positive approach. However, we acknowledge that current studies are discussing the "dark side" of CPA (Lawton et al., 2013a) which can undoubtedly have an impact on firm outcomes. As such, we employ scholars to dig into these "dark" mechanisms in enriching a balanced approach to CPA. For instance, studies are increasing postulating that the CPA process can be fraught with bribery and corruption (Khwaja and Mian, 2005), especially in weak institutional contexts. It would be insightful for future researchers to examine the impact of the "dark" mechanisms on managerial decision-making to engage political actors in weak institutional contexts.

5.5 Concluding Remarks

This thesis examined the relationship between CPA and firm legitimacy in a weak institutional context. It also investigated the mediating mechanisms in the CPA-legitimacy relationship. Regarding the impact of political ties, financial incentive and constituency building strategy, and firm legitimacy, the findings of this thesis show posit the affirmative. Findings also reveal that manipulation mediates the above relationships. In sum, the results show that firms can actively enhance their legitimacy by proactively altering and manipulating the institutional environment and key government officials' perceptions of the above strategies. In that sense, this thesis affirms the value of social capital in legitimacy building.

With respect to regulatory ties, the results suggest that regulatory ties have a positive impact on firm legitimacy. It also reveals this through firm conformance and compliance with pre-existing regulations and rules in the external environment. We also find that information strategy strengthens a firm-regulatory relationship and ensures firm conformance with the environment. Lastly, regulatory autonomy has no observable impact on firms' decision to engage in regulatory ties when building legitimacy. This study unpacks the "black box" regarding the value of regulatory ties in legitimacy building. It also aids in explicating the value of ties critical to CPA theoretical strategizing.

As discussed previously, this thesis makes significant contributions to knowledge. Integrating institutional and resource dependency theories enhances our knowledge of the contingent value of CPA and advance political and theoretical strategizing.

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Appendix

Final 91 papers for the systematic review (Table 3)

No	Authors
1.	(Aggarwal, Meschke & Wang, 2012a)
2.	(Akcigit, Baslandze & Lotti, 2017;
3.	(Akey, 2015)
4.	(Ansolabehere, Jr & Tripathi, 2002)
5.	(Bai, Chang and Li, 2019)
6.	(Ben Cheikh and Taktak, 2017)
7.	(Blanchard & Shleifer, 2000)
8.	(Blumentritt, 2003)
9.	(Boas, Hidalgo & Richardson, 2015)
10.	(Bona-Sánchez, Pérez-Alemán and Santana Martín, 2019)
11.	(Boubakri *et al.*, 2008)
12.	(Brasher *et al.,* 2006)
13.	(Cai *et al.*, 2012)
14.	(Capron *et al.*, 2007)
15.	(Carretta, 2013)
16.	(Charumilind, Kali & Wiwattanakantang (2006)
17.	(Cheema et al., 2016)
18.	(Coates & Tognazzini, (2012)
19.	(Cook & Fox, 2000)
20.	(Cui et al., 2018)
21.	(Daichi *et al.*, 2015)
22.	(Desai, 2011)
23.	(Díaz-Díaz, López-Iturriaga and Santana Martín, 2022)
24.	(DO *et al.*, 2012)
25.	(Doh & Lucea, 2013)
26.	(EL Ammari, 2022)
27.	(Faccio, Masulis & McConnell, 2005)
28.	(Faccio, Masulis & McConnell, 2005)
29.	(Fan *et al.*, 2007)
30.	(Goldman, Rocholl & So, 2009)
31.	(Grosse, 2004)
32.	(Guo, Wang and Wang, 2019)
33.	(Hadani & Schuler, 2013)
34.	(Han and Luo, 2020)
35.	(Hansen & Mitchell, 2000)
36.	(Hillman & Hitt, 1999)
37.	(Hillman & Wan, 2005)
38.	(Hillman, Keim & Schuler, 2004)
39.	(Holburn & Zelner, 2010)
40.	(Hung *et al.*, 2012)

41.	(Idris et al., 2020)
42.	(Jayachandran, 2006)
43.	(Jean, Sinkovics and Zagelmeyer, 2018)
44.	(Jin and Zhao, 2019)
45.	(Lamb & Roundy, 2016)
46.	(Lawton, Mcguire & Rajwani, 2013)
47.	(Lawton, Rajwani & Doh, 2013
48.	(Liebman and Reynolds, 2006
49.	(Liu, Shu and Xiao, 2021)
50.	(Liedong and Frynas, 2018)
51.	(Liedong and Rajwani, 2018)
52.	(Liedong, Rajwani and Mellahi, 2017)
53.	(Liu, Yang & Augustine, 2018)
54.	(Maaloul et al., 2018)
55.	(Mahmood, Chung & Mitchell, 2017)
56.	(Mahmood, Chung & Mitchell, 2017)
57.	(Maksimov, Wang & Luo, 2017)
58.	(Mallin 2004)
59.	(Mcclurg, 2003)
60.	(Mellahi et al., 2016)
61.	(Meznar & Nigh, 1995)
62.	(Milyo *et al.*, 2000
63.	(Niazia et al., 2021)
64.	(Okhmatovskiy, 2010)
65.	(Rajwani & Liedong, 2015)
66.	(Ramamurti, 2001)
67.	(Rodriguez *et al.*, 2006)
68.	(Rudy & Johnson, 2016)
69.	(Sadiq et al., 2019)
70.	(Saeed et al., 2016)
71.	(Schmeisser, 2013)
72.	(Schuler 1996)
73.	(Schuler, Rehbien & Cramer, 2002).
74.	(Sheng, Zhou & Li, 2011
75.	(Shi and Cheng, 2016)
76.	(Shirodkar & Mohr, 2015
77.	(Slinko, Yakovlev & Zhuravskaya, 2005)
78.	(Sobel & Graefe-Anderson, 2018)
79.	(Sokolov & Solanko, 2017)
80.	(Sun, Mellahi and Wright, 2012)
81.	(Sun, Mellahi, Wright and Xu, 2015)
82.	(Wang et al., 2019)
83.	(White *et al.*, 2014)
84.	(White, Boddewyn & Galang, 2015).
85.	(White, Fainshmidt & Rajwani, 2018)
86.	(Wijantini & M., 2007)
87.	(Wu, Wu & Rui, 2012)
88.	(Yan, Peng, Lee and Fang, 2021)

89.	(Yu and Zheng, 2019)
90.	(Zajac and Westphal (1996)
91.	(Zhang and Wu, 2016)

Table A: Distribution of articles by Journals

Journal discipline	Journals	No	Number of articles	% by journal discipline
	JOM	14		
Business & Management	MOR	7	68	75.7%
	JOMS	7		
	JWB	7		
	AMJ	4		
	IBR	2		
	JIBS	5		
	IJB	5		
	AMJ	5		
	IBR	2		
	JIBS	5		
	IJB	5		
	JOF	2		
Finance			3	4.5%
	TRFS	1		
	SMJ	5		
Strategy			12	7.6%
	GSJ	7		
Economic	AER	3	3	4.5%
Accounting	JAPP	2	2	3.0%
Politics	AJPS	2	2	3.0%
Marketing	JM	1	1	1.5%

*Cited journals, referenced in the table as acronyms are identified by the full names below:

- JWB – Journal of World Business
- JOM-Journal of management
- JWB- Journal of world business
- AMJ – Academy of Management Journal
- IBR – International Business Review
- JFQA – Journal of Financial and Quantitative Analysis

- JIBS – Journal of International Business Studies
- AJPS – American journal of political science
- MOR – Management and Organization Review (MOR)
- JOF – Journal of Finance
- GSJ – Global Strategy Journal (GSJ)
- JAPP – Journal of Accounting and Public Policy (JAPP)
- AER – American Economic Review (AER)
- SMJ – Strategic Management Journal (SMJ)
- JIB – Journal of International business (JIB)
- JMS – Journal of Management Studies (JMS)
- JM – Journal of Marketing (JM)

Table B: Jurisdictional distribution of articles

Countries	**Number of articles**	**Some of the articles**
China	30	((Hung *et al.*, 2012; Lin *et al.*, 2016; Wu, Wu & Rui, 2012)
United states of America	22	(DO *et al.*, 2012b; Akey, 2015b)
Russia	1	(Sokolov & Solanko, 2017)
Malaysia	6	(Abdul Wahab *et al.*, 2017; Wijantini & M., 2007)
Germany	1	(Ferguson & Voth, 2008)
Indonesia	8	(Rusmin, Evans & Hossain, 2012; Wijantini & M., 2007)
Philippines	2	(White, Boddewyn & Galang, 2015)
Italy	5	(Akcigit, Baslandze & Lotti, 2017; Paper, Magnolfi & Roncoroni, n.d.)
Pakistan	1	(Saeed, Belghitar & Clark, 2015)
Brazil	1	(Samuels, 2008)
Ghana	5	(Liedong & Rajwani, 2017b)
Taiwan	5	(Chung, 2006, 2007)
Singapore	4	(Ang, Ding & Thong, 2011; WONG & HUANG, 2010)