

## Political ties and firm strategy



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The political connections literature typically argues that firms with political ties gain strategic benefits such as regulatory favors and investment resources (Fisman, 2001; Faccio, 2006). However, the existing literature has three gaps.

First, although the literature studies typically do not discuss how different types and destinations of ties will have different impacts in different political economic contexts.

Second, lack in examine of the impact of connections between individual business leaders and political actors (e.g., Faccio, 2006; Siegel, 2007).

Third, the limited examination of firms' underlying business strategies.

We want to address these gaps by studying business diversification strategy in Taiwan, arguing that the relative strategic benefits of formal position interlocks and informal social ties to dominant political parties, government officials, and legislators change as a closed political economic context becomes more open.