

Accepted Manuscript

Helping Hands or Grabbing Hands? An Analysis of Political Connections and Firm Value

Carl R. Chen , Yingqi Li , Danglun Luo , Ting Zhang

PII: S0378-4266(17)30073-0
DOI: [10.1016/j.jbankfin.2017.03.015](https://doi.org/10.1016/j.jbankfin.2017.03.015)
Reference: JBF 5119



To appear in: *Journal of Banking and Finance*

Received date: 29 May 2014
Revised date: 12 February 2017
Accepted date: 25 March 2017

Please cite this article as: Carl R. Chen , Yingqi Li , Danglun Luo , Ting Zhang , Helping Hands or Grabbing Hands? An Analysis of Political Connections and Firm Value, *Journal of Banking and Finance* (2017), doi: [10.1016/j.jbankfin.2017.03.015](https://doi.org/10.1016/j.jbankfin.2017.03.015)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Helping Hands or Grabbing Hands? An Analysis of Political Connections and Firm Value

Carl R. Chen, Yingqi Li, Danglun Luo, and Ting Zhang*

Abstract

We construct a unique political connection index to capture variations in the *strength* of firm political relations in China. The index incorporates various channels through which a firm's executives, chairperson, directors, and other senior officers are politically connected with government officials and bureaucrats. Overall, there is a negative relation between our index and firm value for the full sample, but such a negative relation mainly exists for state-owned enterprises (SOEs) and it becomes positive for non-SOEs. Furthermore, close examination shows an inverted U-shaped relation between political connections and firm value for the full sample in general and for non-SOEs in particular: Firm value increases initially at a lower level of connections and then begins to decrease at a higher level. The findings are consistent with the different business objectives and motivations of SOEs and non-SOEs in seeking political connections. Finally, our findings are robust after controlling for potential endogeneity and using an alternative headcount index construction method.

Keywords: Political connection index; industry-adjusted Tobin's Q; rent seeking; government intervention; underdeveloped legal system; planned economy

JEL Classification: G32; G34; D72; F39; G28

*Carl R. Chen is the William J. Hoben Professor of Finance, Department of Economics and Finance, University of Dayton, 300 College Park, Dayton, OH 45469. Email: rchen1@udayton.edu. Yingqi Li is from Lixin Accounting Research Institute, Shanghai Lixin University of Commerce, Shanghai, 201620, China. Email: liyingqi@lixin.edu.cn. Danglun Luo is from Department of Finance, Lingnan College, Sun Yat-Sen University, Guangzhou, 510275, China. Email: luodl@mail.sysu.edu.cn. Ting Zhang is an associate professor of finance, Department of Economics and Finance, University of Dayton, Dayton, OH 45469. Email: tzhang1@udayton.edu. Corresponding author: Ting Zhang. Phone: 937-229-3428; Fax: 937-229-2477.

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات