The Impact of Political Connections on the Firm Efficiency: Evidence from the Conceptual Framework
Rabia Najaf
Taylor's Business School, Malaysia

Abstract
Every organization needs support to run their business. In this study, try to explore that political connections are externally benefited for the firm value. It is a way through a corporation can assess benefits from external resources. Politically connected corporations are mostly recognized due to get a donation. These donations are beneficial in the condition of financial calamity. According to resources dependency theory, to enhance the performance there is need external sources. In this way, it is a resilient channel to boost performance. They can face the gravest threats with their influence. Political cronyism is known as a potential source of external income. Under these settlements, there is a massive compelling reason that proves these are vigorously sourced in the economy deteriorate. In this study political donation is our core tool to magnificent performance. This study is trying to elaborate that due to political connections have influenced on the firm performance due to efficiency.

Keywords: Donation, boost, gravest threats, political cronyism, economic deteriorate.

INTRODUCTION
Background of the study
This study examines the consequences of political donation in the US market. Hence, political ideology has influenced on the corporate performance. Empirical studies explore that political donation are recognised as vital role for the financial development of organization. Addressing business issues, numerous studies prove that these corporations are known as perceived as a channel to improve return. These eminent connections are vigorously involved to enhance the firm value. A core argument is that these are engaged to reduce the operational risk. Access the distinctive approaches, it prove that influencing corporations are beneficial to ignite growth. Predominately, political enterprises are known as channel to soaring stock prices. Therefore, corporations want to connect with political party to boost their financial development. The focal point of this study is that political members are given benefits to corporations with various ways such as donations, get government contract and massive political support. Ultimately, all these evidences prove that political connections have magnificent impact on the firm performance.

On the other hands, most of the studies prove that political connections have positive as well as negative impact on the firm performance. Most of the studies describe that in the case of political connected firm there is need more monitoring rather than others. However, such corporations facing the agency problem due to government influence. Their incentives are more rather than their profit. Thus, investors do not want to invest such types of corporations. Because political news have influenced on the performance. Sudden death of any political determines the firm performance. However, terminations of politician have negative impact on the firm performance. In political firms there is lack of motivation. Similarly, corruption scandals destroy the firm reputation and investor trust. Finally, all these evidences prove that political association have positive as well as negative impact on the firm performance.

LITERATURE REVIEW
The main motivation of this study shows that political connections have greatly influenced on corporate performance due to the efficiency of the firms. There are enough evidences that prove that financial constraint is considered major obstacles to the...
development of corporations. Political connections are beneficial to remove such types of barriers by utilizing their sources. These associations have a significant impact on the labor market due to social networks. Therefore, it shows that these peers have the highly positive impact on firm efficiency and performance. To survive, in the business world it is very crucial for a corporation that works at social stander. Corporate social responsibility is also known as another channel through which firms can promote their performance. It motives the potential investors that have a great influence on the firm’s value [1]. These are some factors that are proving that political connections are beneficial for the development of firms.

Strong market positions also exert the significant impact on the firm performance. Mostly, political members are huge market share and they have a golden share. Therefore, these are considered most valid instruments to promote the efficiency as well as the performance of the firms [2]. There are dozens of benefits of political connections but political donations are more known as key benefit among all these advantages to promote the firm performance. In the US, donations are made by political campaigns to increase the firm’s value [1]. In the real world, to the extent the business there is always need of security or backup to enhance the performance of firms.

Similarly, the bailout is known as a more effective tool to boost the progress of corporations. During the financial crisis, the government will render financial support to their corporations. Therefore, more reputable investors frequently like to invest in government link corporations due to financial support [3]. During distress period these connections can maintain their performance. Therefore, it proves that political connections have significant impact on the performance of firms. Prior studies provide that political connections are known as extreme social capital for corporations. It is very difficult to quantify that it has the positive or negative impact on firm performance.

From the last few decades, it is on-going debates that impact of political connection on the firm value. A core argument that political ideology has influenced the firm performance due to lobbying actions. From the various studies perspective, these are considered as more strategic actions through legislative actions. Thus, these are involved to enhance firm performance. Corporation engagement in political actions is useful to soar stock prices. Our study is trying to expand the literature that political donations are involved to enhance firm performance. Political donation is an efficient channel through which a corporation can increase remarkable performance. Subsequently, these connections are also involved to save tax and take fewer expenses visa policy. Meanwhile, Corporations get more highly desirable benefit if the company CEO is close to the country president.

The main objective of lobbying in the USA is to get favor from the political system of America. Because US corporations take well-established benefits from their polican in the form of donation. Additionally, political diverse can get less agency cost of free cash flow. In order, political donations are reported outperformance rather than other peers. Therefore, enterprises need links with government members to enhance their value [4]. The corporation can yield abnormal stock return if the boards’ members are elected as president of the country [5]. For this reason, the study proves that political members are feasible opportunity to mount the firm performance. All these evidence prove that association with political members give tremendous economic benefits to corporations. Political members give benefits to firms in various forms. In the business world, these members are considered eminent members.

On the other hand, some studies elaborate that political connections are involved in sluggish growth. Politically connected boards are double responsibility. They also focus on their political career and corporation operations as well. That is the reason political corporations do not get their target growth. Therefore, to run politically connected corporations are known as slightly challenging [6]. However, political members take more benefit rather than other employees. They incentives cost are externally high that undermine the corporation's operations. Therefore, political corporations squeeze corporation growth. In order, non-political peers escalate their financial strength rather than political corporations [7]. Most of the studies prove that in the case of politically connected corporations' agency cost high. Their records are not opting, there is need more staff for monitoring purpose. Therefore, such corporation's agency cost is high rather than other peers. To sum up, all these evidence prove that political members squeeze the corporation performance.

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1 Corporate social responsibility is known as self-regulatory process that is beneficial to monitor business and make sure that it is based on active compliance with the both ethical standards and law.

2 A bailout is such a colloquial term that is beneficial to provide financial support to that company which faces the problems or bankruptcy. A bailout provides to company for the purpose of avoid them insolvency process.
CONCLUSION

In the global world, organizations face tremendous obstacle during the business journey. Political connections are hedge instrument through which firms can overcome the various issues. At the initial stage, the corporation needs some rudimentary resources that can be converted by these associations. However, political connections are more prevent for durable financial stability and provide massive political support. Such connections are externally valuable. This study is trying to give a spectacular view that political donation is the platform that can provide financial strength. Especially, in US political donation surging the firm development. Through these links can gauge the financial outcomes of corporations.

Political capitals are considered one of the significant tools to enhance the extreme performance of firms. For the better progress of firms, political strategies are playing the more prominent role. Most of the studies inaugurate that such associations are essential for the better performance of firms. In the same vein, production dynamics is another importance vehicle that motive firms to take advantages of such sort of connections. Moreover, political resources are considered merely the channel through which firms can generate more revenue and enhance firm performance. After the rigorous study, it proves that political connections have a significant role in all the endeavour of financial performance.

Q: Is political connections have the positive impact on the firm’s efficiency as compared to non-political firms?
Q: Is political connections have negative impact on the operational efficiency as compared to non-political connections?

Q: Is political connections have the positive impact on the performance of firms as compared to non-political firm?
REFERENCES