

THE HONG KONG POLYTECHNIC UNIVERSITY
DEPARTMENT OF MANAGEMENT & MARKETING
DEPARTMENTAL RESEARCH SEMINAR

**The Relationship between CEO Political Ties
and Firm Performance: A Corporate
Governance Perspective**

By

Dr Weiting Zheng

Date: Monday, 28 October 2013

Time: 2:30 p.m. - 4:00 p.m.

Venue: M802

All interested are welcome

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Abstract

We examine the relationship between CEO political ties and firm performance by offering an agency-based perspective. Specifically, we argue that corporate governance mechanisms installed in a firm may strengthen or weaken the effect of CEO political ties on performance in that, interest alignment measures such as managerial equity ownership may encourage CEOs to contribute their personal level political resources for their firms thus enhancing firm performance, and monitoring measures such as the presence of independent directors may constrain CEO's utilization thus the impact of their political ties on firm performance. Empirical evidence from electronics and IT firms in China between 2000 and 2009 provide support to our predictions.