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Title

Political Connection, Financial Capacity and Organization Performance of Philanthropic Foundations----using RICF data

Abstract

Political connection is positioned in embeddedness relationships between state and society which is regarded as the eminent feature of how embeddedness works in terms of state control (Evans 1995, Ho 2007). Most prior literature concerned political connection’s resource implication, specifically providing preferential access to finance, such as revenues including government subsidies and donations from civilian. Conventionally, the typology on embeddedness with resource relevance of political connection was made according to the fundraising qualification offered by government, or whether there are retired or former officials who have position in board of foundation, using dummy variable to test the effects of embedded government control on NPO in a dynamic pattern (Ni and Zhan 2016, Zhan and Tang). These typologies straightly uncover the apparent and generic feature of embeddedness by government direct presence, but the latest evidence showed a strong bimodality in levels of government control on philanthropic foundation, either preferentially excluding, or including government presence (Ma and Dedeo 2016), where direct and indirect presence strategically and dramatically interact with each other. As such, huge gap was left for subsequent furthering how government directly and indirectly controls foundations with combinations of context-based resources through political connection.

We employ resource dependence view to frame the political connection with resource relevance as conceptual model. RDT theory pointed out that organization is active one, seeking to manage their dependence on environments, to reduce uncertainty by absorbing sources of external constraint (Pfeffer 1972; Hillman, Withers et al. 2009).The proposition is consistent with the resource acquisition strategy of foundations which shift sources of fund and altered dependent
relationships as evidence showed (Froelich 1999). Besides, foundations are actively participating verified political co-optation activities, transforming political resources into their stock of institutional resources (Overman 1993). Then we divide resources into inclusive resource from civilian donation, market revenue and exclusive resources from government, developing new typology to differentiate direct control from indirect control on foundations by government.

Our goal is to find complicatedly combination of directly and indirectly government control on foundations by inclusive and exclusive resources that respond and further numerous call for embeddedness research within the field of relationship of government and NGO. Linear regression is employed to test hypothesis of the relationship between inclusive and exclusive resource, and the respectively effects on organization performance. The moderating effect of financial capacity is measured for finding the way of political connection work to affect the organization performance in terms of social mission.

**Keyword**

political connection; exclusiveness resource; financial capacity