









Table 7 presents the regression result for state-owned enterprises. Among firms in locations with low degree of marketization, the coefficient of Pol is -16.964, and is significant in 0.01 levels of significance. Simultaneously, among firms in locations with high degree of marketization, the coefficient of Pol is -8.901, and is significant in 0.01 levels of significance. Therefore, H3a is demonstrated.

Among firms in locations with low degree of marketization, the coefficient of Fin is not significant, partially demonstrating H3b. However, among firms in locations with high degree of marketization, the coefficient of Fin is significant in 0.05 levels of significance. This result is to some extent not consistent H3b. We suppose this inconsistency is due to that the financial connections of state-owned firms are more powerful than financial connections of private firms, and hence can make financial institutes to give more financial supports than the equilibrium amount decided by the market.

### C. Sensitivity Tests

In our study, the degree of marketization (FM) evaluated by the overall grades of marketization in Fan (2011) specification. To test the robustness of our study, we conducted the analysis again using the grades financial industry of marketization in Fan (2011) specification to evaluate the degree of marketization and still obtain the same result.

## 7. Conclusions

Theoretically and empirically, our literature mainly investigates the impact of executives' political and financial connection on the financial constraints of the firms with different properties of ownership and in locations with different degree of marketization. Our study vindicates that private enterprises located in areas with low degree of marketization, executives with financial connections can alleviate the financial constraints. However, in areas with high degree of marketization executives with political connections can alleviate the financial constraints. Furthermore, in state-owned enterprises, executives with political connections can alleviate the financial constraints.

Based on the main results, some proposals are made for the practice of enterprises. Firstly, to alleviate financial constraints, private firms in locations with low degree of marketization should recruit executives with financial connections whereas private firms in locations with high degree of marketization should recruit executives with political connections. Secondly, to alleviate financial constraints, state-owned firms in locations with low degree of marketization should recruit executives with political connections whereas state-owned firms in locations with high degree of marketization should recruit executives with political or financial connections.

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