

## Abstract

The public procurement market that accounts for a significant share of the Czech GDP represents an institution of high rent-seeking motive and corruption potential. Donations to political parties can be used as an indirect linkage between political parties and firms as potential suppliers of public contracts. We analyse whether connections and donations influence the number of supplied contracts, volume of supplied contracts and the number of bidders in the tendering process. Furthermore the impact of donations and connections on firms' performance and profitability is assessed. We identify significant effects on number of contracts, volume of contracts, dependence on revenues from contracts and number of bidders of both giving donations and history of employing a politically active person.