

ONLINE APPENDIX:
THE POLITICAL BEHAVIOR OF FAMILY FIRMS: EVIDENCE
FROM BRAZIL

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A Additional Firm-level Results

TABLE A1: FAMILY FIRMS AND CONTRIBUTION AMOUNTS (CONDITIONAL ON CONTRIBUTING)

	Contributions (log) by		
	Firm (1)	Firm + Subsidiaries (2)	Firm + Leadership (3)
Family Firm	2.002*** (0.659)	3.118*** (0.771)	2.212*** (0.553)
Assets (log)	0.614*** (0.181)	0.605*** (0.134)	0.511*** (0.122)
Income (log)	0.053 (0.234)	0.939*** (0.313)	0.079 (0.109)
Foreign	1.073* (0.626)	1.321* (0.794)	0.275 (0.593)
State-Owned	-6.505*** (1.467)	-11.857*** (1.970)	0.833 (0.936)
Ordinary Shares Owned by Natural Person (%)	-1.243* (0.641)	-0.188 (0.539)	-0.091 (0.411)
Concentration of Ordinary Shares (Herfindahl)	1.616** (0.728)	1.779*** (0.600)	0.279 (0.389)
Ordinary Shares in Free Float	1.865 (1.277)	4.094*** (1.474)	2.617*** (0.945)
Preferential Shares (binary)	-0.019 (0.535)	-0.450 (0.384)	-0.786*** (0.264)
Largest Shareholder Gap	2.197* (1.329)	6.560*** (1.759)	3.273*** (1.014)
Control Outcome Mean	11.821	12.323	10.325
Observations	274	387	1077
Adjusted R ²	0.241	0.336	0.255
Year FE	✓	✓	✓
Industry FE	✓	✓	✓

Notes: Estimates from Equation 1. All specifications are estimated using a two-step Heckman selection model and include year and industry fixed effects. The outcome is the natural log of contributions measured in 2020 US dollars. Column 2 includes contributions by the firms and its subsidiaries. Column 3 includes contributions by the firm, its subsidiaries, and its leadership (board members and management). Standard errors clustered at the firm level included in parentheses. The larger sample in Column 4 reflects adding contributions by a firm's leadership in years 2016 and 2018. We discuss these results in Section 5.1.1.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE A2: NUMBER OF FAMILY TIES AND CAMPAIGN CONTRIBUTIONS

	Probability of Contribution by			
	Firm (1)	Firm (2)	Firm + Subsidiaries (3)	Firm + Leadership (4)
Family Firm	0.128*** (0.045)	0.074 (0.051)	0.118** (0.052)	0.056 (0.038)
Number of Family Ties	0.009** (0.004)	0.009** (0.004)	0.006* (0.003)	0.008*** (0.002)
Assets (log)		0.017** (0.007)	0.023*** (0.008)	0.022** (0.009)
Income (log)		0.009** (0.004)	0.020*** (0.004)	0.018** (0.007)
Age (log)		0.046** (0.019)	0.016 (0.020)	-0.013 (0.019)
Foreign		0.127 (0.098)	0.118 (0.089)	-0.075 (0.078)
State-Owned		-0.116** (0.054)	-0.203*** (0.056)	0.199*** (0.061)
Ordinary Shares Owned by Natural Person (%)		-0.057 (0.059)	-0.003 (0.064)	-0.002 (0.055)
Concentration of Ordinary Shares (Herfindahl)		0.082 (0.058)	0.067 (0.062)	-0.011 (0.063)
Ordinary Shares in Free Float		0.219** (0.087)	0.232** (0.091)	0.186** (0.076)
Preferential Shares (binary)		0.004 (0.041)	-0.008 (0.042)	-0.010 (0.039)
Largest Shareholder Gap		0.249** (0.104)	0.304*** (0.101)	0.201** (0.098)
Control Outcome Mean	0.150	0.180	0.260	0.569
Observations	1348	1088	1088	1761
Adjusted R ²	0.061	0.197	0.230	0.133
Year FE	✓	✓	✓	✓
Industry FE		✓	✓	✓

Notes: Estimates from Equation 1. All specifications are estimated using OLS and include year fixed effects. Columns 2-4 include firm-level controls. Columns 2-4 include industry fixed effects. Standard errors clustered at the firm level included in parentheses. The smaller sample in columns 2-3 reflects the availability of controls. The larger sample in Column 4 reflects adding contributions by a firm's leadership in years 2016 and 2018. We discuss these results in Section 5.1.2.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE A3: PRIVATE CONTRIBUTIONS BY INDIVIDUALS IN FAMILY VS NON-FAMILY FIRMS

	Probability of Contributions		Contributions (log) conditional on donating	
	(1)	(2)	(3)	(4)
Family Firm	0.052*	0.056*	0.961***	1.181***
	(0.029)	(0.032)	(0.203)	(0.256)
Assets (log)		0.028***		0.180***
		(0.009)		(0.059)
Income (log)		0.008		-0.109**
		(0.007)		(0.046)
Age (log)		-0.017		-0.213
		(0.020)		(0.133)
Foreign		-0.108		0.240
		(0.073)		(0.441)
State-Owned		0.235***		0.872**
		(0.068)		(0.342)
Ordinary Shares Owned by Natural Person (%)		0.018		0.125
		(0.052)		(0.430)
Concentration of Ordinary Shares (Herfindahl)		-0.085		0.112
		(0.063)		(0.371)
Ordinary Shares in Free Float		0.165**		1.545***
		(0.077)		(0.474)
Preferential Shares (binary)		-0.034		-0.565**
		(0.041)		(0.275)
Largest Shareholder Gap		0.073		0.611
		(0.094)		(0.583)
Control Outcome Mean	0.447	0.494	9.355	9.417
Observations	2155	1773	1000	894
Adjusted R ²	0.019	0.108	0.064	0.118
Year FE	✓	✓	✓	✓
Industry FE		✓		✓

Notes: Estimates from Equation 1. All specifications are estimated using OLS. Columns 1-2 employ a binary outcome. In Columns 3-4 the outcome is the natural log of contributions measured in 2020 US dollars. Columns 2 and 4 include firm-level controls. Columns 3-4 restrict the sample to individuals who made a contribution. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.1.1.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE A4: FAMILY FIRMS AND CAMPAIGN CONTRIBUTIONS (EXCLUDING MUNICIPAL ELECTIONS)

	Contributions by			
	Firm (1)	Firm (2)	Firm + Subsidiaries (3)	Firm + Leadership (4)
Family Firm	0.201*** (0.038)	0.153*** (0.046)	0.191*** (0.047)	0.096** (0.039)
Assets (log)		0.014* (0.008)	0.019** (0.008)	0.029*** (0.009)
Income (log)		0.011*** (0.004)	0.024*** (0.005)	0.017** (0.007)
Age (log)		0.041** (0.020)	0.005 (0.021)	-0.023 (0.021)
Foreign		0.105 (0.097)	0.106 (0.085)	-0.027 (0.087)
State Owned		-0.131** (0.053)	-0.233*** (0.056)	0.225*** (0.062)
Ordinary Shares Owned by Natural Person (%)		-0.066 (0.061)	-0.001 (0.066)	0.046 (0.062)
Concentration of Ordinary Shares (Herfindahl)		0.121* (0.062)	0.089 (0.064)	-0.052 (0.069)
Ordinary Shares in Free Float		0.258** (0.101)	0.299*** (0.104)	0.198** (0.087)
Preferential Shares (binary)		-0.009 (0.044)	-0.002 (0.046)	0.003 (0.044)
Largest Shareholder Gap		0.276*** (0.104)	0.352*** (0.104)	0.220** (0.106)
Control Outcome Mean	0.157	0.188	0.270	0.620
Observations	896	732	732	1062
Adjusted R ²	0.052	0.198	0.247	0.122
Year FE	✓	✓	✓	✓
Industry FE		✓	✓	✓

Notes: Estimates from Equation 1, excluding municipal elections. All specifications estimated using OLS and include year fixed effects. Column 1 includes no controls. Column 2 includes firm-level controls. Column 3 includes contributions by the firms and its subsidiaries. Column 4 includes contributions by the firm, its subsidiaries and its leadership (board members and management). Columns 2-4 include industry fixed effects. Standard errors clustered at the firm level included in parentheses. The smaller sample in columns 2-3 reflects the availability of controls. The larger sample in Column 4 reflects adding contributions by a firm's leadership in years 2016 and 2018. We discuss these results in Section 5.1.1.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

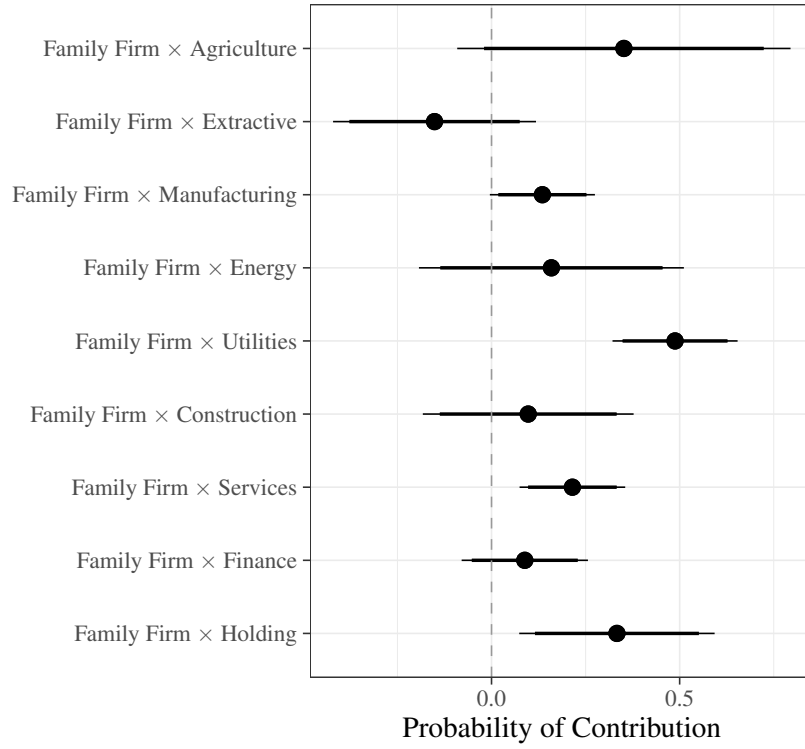


FIGURE A1: HETEROGENEOUS EFFECTS OF FAMILY FIRM STATUS ON PROBABILITY OF CONTRIBUTION, BY INDUSTRY

Notes: Point estimates are coefficients from Equation 1, adding an interaction between the family firm indicator and each industry. Thicker and thinner lines represent 90 and 95-percent confidence intervals. $N = 1,095$.

B Contributions as Relationships

TABLE B1: OVERLAP OF CONTRIBUTIONS ACROSS ELECTION CYCLES

	Overlap (One Election Cycle)		Overlap (Two Election Cycles)	
	(1)	(2)	(3)	(4)
Family Firm	0.073*** (0.026)	0.052** (0.025)	0.062* (0.033)	0.058* (0.033)
Lagged Contributions (log)		0.025*** (0.004)		0.017*** (0.005)
Assets (log)	0.030*** (0.009)	0.022** (0.009)	0.014 (0.009)	0.008 (0.009)
Income (log)	-0.004 (0.006)	-0.005 (0.006)	0.001 (0.006)	0.002 (0.006)
Age (log)	-0.016 (0.017)	-0.011 (0.016)	0.000 (0.025)	0.003 (0.024)
Foreign	-0.081 (0.062)	-0.100 (0.061)	-0.121** (0.061)	-0.123** (0.060)
State-Owned	0.031 (0.053)	0.066 (0.049)	-0.111** (0.045)	-0.067 (0.046)
Control Outcome Mean	0.248	0.248	0.166	0.166
Observations	850	850	400	400
Adjusted R ²	0.185	0.214	0.171	0.187
Industry FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓

Notes: Estimates from Equation 3. All specifications are estimated using OLS, include year and industry fixed effects, and firm-level controls. Columns 1-2 display the overlap of contributions across one election cycle (4 years), pooling the comparisons between election cycles 2006-2010, 2008-2012, 2010-2014, 2012-2016, and 2014-2018. Columns 3-4 display the overlap of contributions across two election cycles (8 years), pooling the comparisons between election cycles 2006-2014, 2008-2016, and 2010-2018. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.2.1.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE B2: LOYALTY OF CONTRIBUTIONS TO SPECIFIC PARTIES

	Probability of Contribution to (One Election Cycle After)				Probability of Contribution to (Two Election Cycles After)			
	MDB (1)	PT (2)	PSDB (3)	DEM (4)	MDB (5)	PT (6)	PSDB (7)	DEM (8)
Lagged Contribution (binary)	0.160*** (0.038)	0.217*** (0.033)	0.217*** (0.037)	0.044 (0.046)	0.103*** (0.037)	0.159*** (0.047)	0.075 (0.048)	0.075 (0.048)
× Family Firm	0.169*** (0.056)	0.033 (0.047)	0.093* (0.055)	0.201*** (0.075)	0.015 (0.054)	0.067 (0.067)	0.026 (0.078)	0.026 (0.078)
Family Firm	0.083*** (0.026)	0.053** (0.027)	0.073** (0.030)	0.103*** (0.033)	0.048 (0.030)	0.097** (0.039)	0.092*** (0.029)	0.092*** (0.029)
Assets (log)	0.023*** (0.005)	0.022*** (0.007)	0.030*** (0.008)	0.021*** (0.007)	0.021** (0.009)	0.034*** (0.010)	0.005 (0.004)	0.005 (0.004)
Income (log)	0.002 (0.003)	0.004 (0.005)	0.002 (0.006)	-0.000 (0.005)	-0.002 (0.007)	-0.003 (0.008)	0.006*** (0.002)	0.006*** (0.002)
Age (log)	-0.011 (0.012)	-0.015 (0.013)	-0.039*** (0.013)	0.009 (0.018)	-0.022 (0.015)	-0.033* (0.019)	0.012 (0.013)	0.012 (0.013)
Foreign	-0.036 (0.047)	-0.111*** (0.040)	-0.062 (0.054)	-0.095* (0.051)	-0.184*** (0.031)	-0.139** (0.069)	-0.066 (0.045)	-0.066 (0.045)
State-Owned	0.060 (0.058)	0.048 (0.041)	0.037 (0.052)	0.115 (0.079)	0.048 (0.053)	0.050 (0.058)	-0.069*** (0.026)	-0.069*** (0.026)
Control Outcome Mean	0.120	0.182	0.210	0.136	0.157	0.208	0.067	0.067
Observations	1778	1778	1778	1033	1033	1033	1033	1033
Adjusted R ²	0.165	0.207	0.160	0.129	0.160	0.120	0.073	0.073
Industry FE	✓	✓	✓	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓	✓	✓	✓

Notes: Estimates from Equation 4. All specifications are estimated using OLS, include year and industry fixed effects, and firm-level controls. Columns 1-4 display the persistence of contributions across one election cycle (4 years), pooling the comparisons between election cycles 2006-2010, 2008-2012, 2010-2014, 2012-2016, and 2014-2018. Columns 5-8 display the persistence of contributions across two election cycles (8 years), pooling the comparisons between election cycles 2006-2014, 2008-2016, and 2010-2018. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.2.2.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

C State-subsidized Loans and Campaign Contributions

TABLE C1: CAMPAIGN CONTRIBUTIONS AND BNDES LOANS

	Probability of Loan		Loan Size (log)	
	(1)	(2)	(3)	(4)
Contributed	0.072** (0.029)	0.004 (0.039)		
× Family Firm		0.154*** (0.059)		
Contribution Size (log)			0.009 (0.040)	0.001 (0.049)
× Family Firm				0.144* (0.086)
Family Firm		-0.074*** (0.023)		-1.797** (0.860)
Assets (log)	0.014*** (0.005)	0.015*** (0.005)	0.662*** (0.163)	0.646*** (0.167)
Income (log)	0.003 (0.003)	0.003 (0.003)	-0.106 (0.151)	-0.027 (0.150)
Age (log)	0.037*** (0.013)	0.040*** (0.013)		
State-Owned	0.039 (0.061)	0.017 (0.061)	-0.083 (0.981)	-0.242 (0.964)
Control Outcome Mean	0.090	0.115	18.137	18.374
Observations	737	734	83	83
Adjusted R ²	0.122	0.131	0.418	0.447
Year FE	✓	✓	✓	✓
Industry FE	✓	✓	✓	✓

Notes: Columns 1-2 present estimates from Equation 5 using OLS. Columns 3-4 present estimates from a Heckman selection model (using firm age as an instrument), where the dependent variable is the (log) size of the BNDES loans received during the four years after the 2010 and 2014 presidential elections, and the sample is restricted to the firms that received at least one loan. All specifications include industry and year fixed effects. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.3.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE C2: BNDES DEBT AND CAMPAIGN CONTRIBUTIONS

	Probability of Contribution			
	(1)	(2)	(3)	(4)
Family Firm	0.150*** (0.039)	0.110** (0.048)	0.174*** (0.040)	0.126*** (0.047)
× BNDES Debt (binary)	0.273*** (0.098)	0.208** (0.096)		
× BNDES Debt / Assets			3.739*** (1.328)	2.601** (1.261)
BNDES Debt (binary)	0.100** (0.051)	0.074 (0.049)		
BNDES Debt / Assets			0.000 (0.001)	0.000 (0.001)
Assets (log)		0.011 (0.007)		0.015* (0.008)
Income (log)		0.011*** (0.004)		0.011*** (0.004)
Age (log)		0.037* (0.019)		0.039** (0.019)
Foreign		0.123 (0.095)		0.107 (0.096)
State-Owned		-0.128** (0.053)		-0.130** (0.053)
Ordinary Shares Owned by Natural Person (%)		-0.051 (0.059)		-0.054 (0.060)
Concentration of Ordinary Shares (Herfindahl)		0.158** (0.062)		0.133** (0.062)
Ordinary Shares in Free Float		0.288*** (0.100)		0.266*** (0.102)
Preferential Shares (binary)		0.000 (0.043)		-0.005 (0.044)
Largest Shareholder Gap		0.260*** (0.100)		0.256** (0.102)
Control Outcome Mean	0.140	0.176	0.163	0.188
Observations	896	732	843	732
Adjusted R ²	0.095	0.220	0.068	0.204
Year FE	✓	✓	✓	✓
Industry FE		✓		✓

Notes: Estimates from Equation 5, but using probability of contribution as the outcome and $\text{BNDES Debt Pre}_{it} \times \text{Family Firm}_{it}$ as a predictor. All specifications are estimated using OLS and include year fixed effects. Columns 1-2 use a binary measure of BNDES debt. Columns 3-4 use a continuous measure (BNDES debt/assets, measured in 2020 US dollars). Columns 2 and 4 include firm-level controls and industry fixed effects. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.3.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

D Contribution Targets

TABLE D1: CONTRIBUTION TARGETS (OLS)

	Parties	Incumbents	PT	MDB	PSDB	DEM	Career Politician/Bureaucrat	Business Candidates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Family Firm	0.053** (0.021)	-0.009 (0.021)	-0.036* (0.021)	0.034* (0.018)	-0.016 (0.024)	0.030** (0.015)	-0.031* (0.016)	-0.014 (0.015)
Assets (log)	0.007** (0.003)	-0.015*** (0.004)	0.008** (0.004)	0.002 (0.003)	-0.002 (0.004)	-0.014*** (0.003)	-0.004 (0.003)	-0.009*** (0.003)
Age (log)	0.010 (0.012)	-0.013 (0.011)	0.012 (0.012)	0.014 (0.010)	-0.021* (0.011)	-0.015 (0.010)	-0.005 (0.009)	-0.001 (0.009)
Control Outcome Mean	0.108	0.216	0.202	0.094	0.226	0.082	0.187	0.088
Observations	990	990	990	990	990	990	990	990
Adjusted R ²	0.045	0.027	0.139	0.038	0.032	0.090	0.186	0.095
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
Industry FE	✓	✓	✓	✓	✓	✓	✓	✓

Notes: Estimates from Equation 6. All specifications are estimated using OLS and include year and industry fixed effects. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.4.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE D2: CONTRIBUTION TARGETS (HECKMAN)

	Parties	Incumbents	PT	MDB	PSDB	DEM	Career Politician/Bureaucrat	Business Candidates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Family Firm	0.067** (0.028)	-0.028 (0.032)	-0.023 (0.029)	0.028 (0.024)	0.009 (0.033)	0.013 (0.022)	-0.051* (0.027)	-0.003 (0.021)
Assets (log)	0.016 (0.011)	-0.027** (0.012)	0.012 (0.011)	-0.003 (0.009)	0.019 (0.013)	-0.020** (0.009)	-0.013 (0.010)	0.003 (0.008)
Age (log)	0.010 (0.011)	-0.007 (0.012)	0.011 (0.011)	0.012 (0.009)	-0.020 (0.013)	-0.010 (0.009)	0.000 (0.010)	-0.002 (0.008)
Constant	-0.382 (0.273)	1.039*** (0.305)	-0.053 (0.277)	0.076 (0.229)	-0.289 (0.315)	0.532** (0.215)	0.703*** (0.256)	0.077 (0.200)
Control Outcome Mean	0.112	0.209	0.210	0.099	0.222	0.070	0.180	0.075
Observations	1564	1564	1564	1564	1564	1564	1564	1564
Censored	637	637	637	637	637	637	637	637
Observed	927	927	927	927	927	927	927	927
Adjusted R ²	0.043	0.033	0.133	0.031	0.031	0.053	0.186	0.064
Year FE	✓	✓	✓	✓	✓	✓	✓	✓
Industry FE	✓	✓	✓	✓	✓	✓	✓	✓

Notes: Estimates from Equation 6. All specifications are estimated using a two-step Heckman selection model and include year and industry fixed effects. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.4.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

E Number of Parties

TABLE E1: FAMILY FIRMS AND NUMBER OF PARTIES

	Number of parties		Effective number of parties	
	OLS (1)	Heckman (2)	OLS (3)	Heckman (4)
Family Firm	1.298*** (0.318)	2.194*** (0.415)	0.505*** (0.130)	0.717*** (0.150)
Assets (log)	0.593*** (0.108)	0.969*** (0.140)	0.186*** (0.042)	0.284*** (0.052)
Income (log)	-0.023 (0.059)		0.004 (0.024)	
Age (log)	-0.166 (0.174)	-0.255 (0.162)	-0.058 (0.066)	-0.078 (0.057)
Foreign	-0.388 (0.799)	-1.141 (0.813)	-0.224 (0.261)	-0.402 (0.293)
State-Owned	-0.721* (0.434)	0.614 (0.676)	-0.438*** (0.159)	-0.125 (0.241)
Control Outcome Mean	3.162	3.162	1.863	1.863
Observations	1079	1079	1079	1079
Adjusted R ²	0.211	0.221	0.168	0.172
Industry FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓

Notes: Estimates from Equation 6. Columns 1 and 3 are estimated using OLS and columns 2 and 4 are estimated using a two-step Heckman selection model. All specifications include year and industry fixed effects. The outcome in columns 1-2 is the number of parties. The outcome in columns 3-4 is the effective number of parties. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.4.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

F Entry of Institutional Investors and Family Ties

TABLE F1: ENTRY OF INSTITUTIONAL INVESTORS AND FAMILY TIES

	Family ties (binary)		Number of individuals with ties	
	(1)	(2)	(3)	(4)
Institutional Ownership	-0.562*** (0.057)	-0.114** (0.055)	-2.475*** (0.285)	-0.714** (0.296)
Assets (log)	0.025*** (0.009)		0.100** (0.045)	
Income (log)	0.006 (0.006)		0.059** (0.026)	
Age (log)	0.004 (0.021)		0.062 (0.142)	
Foreign	-0.309*** (0.054)		-1.309*** (0.212)	
State-Owned	-0.253*** (0.044)		-1.054*** (0.184)	
Observations	1766	2143	1766	2143
Adjusted R ²	0.313	0.779	0.204	0.719
Industry FE	✓		✓	
Year FE	✓	✓	✓	✓
Firm FE		✓		✓

Notes: Estimates from Equation 7. All specifications are estimated using OLS and include year fixed effects. Columns 2 and 4 also include firm fixed effects. The smaller sample in columns 1 and 3 reflects the availability of controls. Standard errors clustered at the firm level included in parentheses. We discuss these results in Section 5.5.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

G Institutional Ownership and Family Ties in Latin America

TABLE G1: INSTITUTIONAL OWNERSHIP AND FAMILY TIES IN LATIN AMERICA

	All Countries		Excluding Brazil
	(1)	(2)	(3)
Institutional Ownership (%) Pre-IPO	-1.894*** (0.241)	-1.622*** (0.272)	-2.332*** (0.587)
× Argentina		1.506 (1.305)	
× Chile		-0.582 (0.708)	
× Colombia		-2.496*** (0.847)	
× Mexico		-1.043 (0.758)	
× Peru		-9.546*** (1.916)	
Assets (log)	0.129* (0.069)	0.140** (0.070)	0.296 (0.179)
Age	-0.000 (0.003)	-0.000 (0.004)	-0.007 (0.006)
Finance	-0.982*** (0.332)	-1.052*** (0.337)	-0.987 (0.838)
Infrastructure	-0.997*** (0.371)	-1.035*** (0.388)	-2.769*** (0.713)
State-Owned	-0.000 (0.004)	0.002 (0.003)	-0.026* (0.013)
Observations	235	235	77
Adjusted R ²	0.314	0.321	0.302
Year FE	✓	✓	✓
Country FE	✓	✓	✓

Notes: All specifications are estimated using OLS and include country and year fixed effects. Column 1 includes all six countries (Argentina, Brazil, Chile, Mexico, Colombia, and Peru). Column 2 interacts % Pre-IPO Institutional Ownership with country indicators. Column 3 excludes Brazil. Heteroskedasticity-robust standard errors included in parentheses. We discuss these results in Section 5.5.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

H Sensitivity to Unobserved Selection

In an observational study with a limited set of covariates, results could be driven by an unobserved confounder affecting both the outcome (campaign contributions) and the explanatory variable (family firm status). Sensitivity analyses quantify the amount of confounding generated by such an unobserved variable that would be sufficient to kill the effect of our variable of interest. We report results from the approach developed by [Imbens \(2003\)](#) implemented in the `sensemkr` R package.

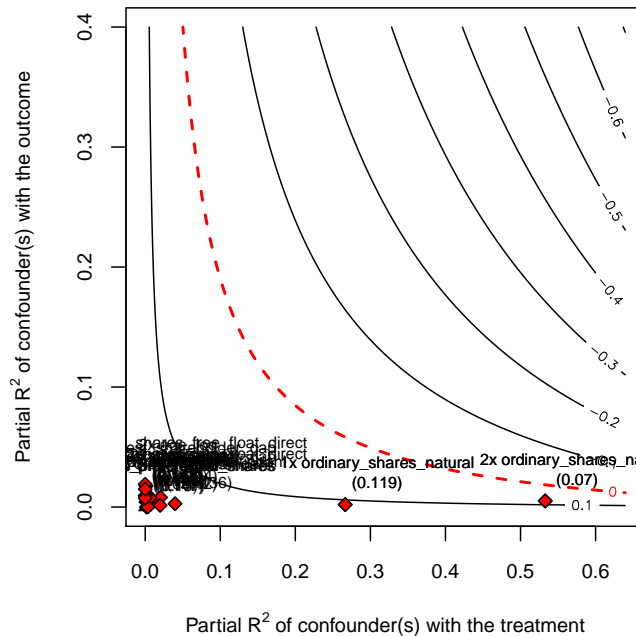


FIGURE H1: SENSITIVITY ANALYSIS: FIRM-LEVEL RESULTS

Notes: The Y axis shows the correlation between an unobserved confounder and the outcome and the X axis shows the correlation between an unobserved confounder and the treatment.

The Y axis of Figure [H1](#) shows the correlation between a hypothetical unobserved confounder and the outcome and the X axis shows the correlation between such confounder and the treatment. The red contour plot indicates the combination of these values that would drive our estimates to zero. To benchmark this, the plot includes all our observed covariates and shows that

they lie away from the red line, indicating that the effect of an observed confounder would need to be much larger than that of all controls included in our regression. To explain away our results we would need a variable with almost three times the explanatory power of *shares owned by a natural person* – a variable which is highly correlated with family firm status. Overall, given the amount of confounding needed to explain away our results, which is much greater than the effect of any of our measured covariates, the analysis suggests that it is unlikely that our results are driven by an unobserved confounder.

We repeat the analysis for our within-firm individual-level results (Figure H2). Again, the results are unlikely to be driven by unobserved confounding. Consistent with the firm-level results, *shares owned by a natural person* exhibits potential for confounding, but falls short of biasing the results.

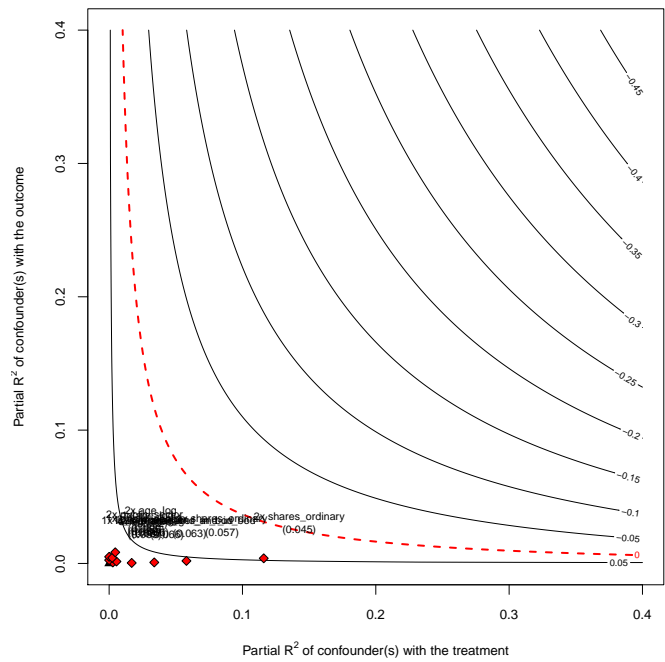


FIGURE H2: SENSITIVITY ANALYSIS: INDIVIDUAL-LEVEL RESULTS

Notes: The Y axis shows the correlation between an unobserved confounder and the outcome and the X axis shows the correlation between an unobserved confounder and the treatment.

I Dataset on Family Ties

In Brazil, listed companies are mandated to disclose information on their financial information and corporate governance documentation to the country's securities regulator, known as *Comissão de Valores Mobiliários* (CVM). This information is available on the CVM website and can be queried under the following link: <http://sistemas.cvm.gov.br/>. Among the information firms disclose are structured reports (*Formulários de Referência*). Additional information is contained in *Formulários Cadastrais*, which contain additional company data. The information contained in these reports includes, but is not limited to:

1. Basic accounting data: main sector of activity, assets, profits, and debt.
2. Ownership structure: proportion of shares traded in public markets, individuals and legal entities who own a block of voting shares, and, for legal entities, their ownership structure (recursively).
3. Data on members of the board of directors and top management: their names, position, professional experience (for example, whether they served in elected office or worked in the bureaucracy).
4. Family ties among individuals in leadership positions (directors, top executives, blockholders).

We wrote a web-scraping algorithm to construct a novel dataset with this information. Overall, we collected 6,219 *Formulários de Referência* (structured reports) and 6,424 *Formulários Cadastrais*, comprising a total of 593 public companies between 2010 and 2018. We also wrote an interactive web application to better visualize the data: <https://familyfirms.shinyapps.io/contributions/>. The disclosure of family relationships allows us to measure family ties with higher precision than studies relying on rough measures such as shared surnames.

J Discussion of Heckman Models

In Section 5.4 we implement a two-step Heckman selection model (Equation 6 to estimate how family firms differ from non-family firms in the partisan composition of their contributions. In this section we discuss the assumptions required by this analysis. Statistical identification of the Heckman model rests on the assumptions that (1) the error terms (u_{it}, v_{it}) are jointly normal and (2) the vector $\tilde{\mathbf{X}}_{it}$ is \mathbf{X}_{it} plus at least one instrument — a variable that only affects $ShareTarget_{it}$ through its effect on contribution decisions.

We instrument contributions with income. Using income as an instrument assumes that the unexpected cash flow of a firm — given the vector of controls — shapes contribution decisions but not their target. This assumption would be violated if, for example, an unexpected decrease in sales due to import competition led firms to re-direct the destination of their campaign contributions to a specific party, e.g., a party in government who could introduce some form of protection on the goods produced by the firm. While violations of this kind are certainly plausible, we provide evidence that is inconsistent with their effect being quantitatively important.

Specifically, we run the same models adding income to the outcome equation, while using assets or age as instruments. We find that the coefficient of income is not significant at the 5 percent level in all but one regressions. If income had a strong effect on the targets of contributions, we would observe significant effects despite the confounding introduced by removing either assets or age. The only exception is the outcome *Business Candidates* when using age as an instrument. But even in that case the coefficient on $FamilyFirm_{it}$ maintains its sign, magnitude and (null) significance. Thus, there is no evidence that family firms contribute more or less money to business candidates.

TABLE J1: TABLE D2 USING ASSETS (LOG) AS AN INSTRUMENT

	Parties	Incumbents	PT	MDB	PSDB	Career Politician/ Bureaucrat	Business Candidates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Family Firm	0.031 (0.028)	0.045 (0.034)	-0.064* (0.029)	0.039 (0.023)	-0.053 (0.032)	-0.027 (0.025)	-0.034 (0.021)
Income (log)	-0.005 (0.008)	0.012 (0.010)	-0.009 (0.009)	0.003 (0.007)	-0.014 (0.010)	0.001 (0.008)	-0.012 (0.006)
Age (log)	0.015 (0.012)	-0.017 (0.014)	0.017 (0.012)	0.011 (0.009)	-0.011 (0.013)	-0.003 (0.010)	0.003 (0.009)
Constant	0.081 (0.210)	0.139 (0.252)	0.443* (0.215)	-0.053 (0.173)	0.459 (0.240)	0.386* (0.189)	0.407* (0.159)
Observations	1564	1564	1564	1564	1564	1564	1564
Censored	637	637	637	637	637	637	637
Observed	927	927	927	927	927	927	927
Adjusted R ²	0.041	0.030	0.133	0.031	0.031	0.184	0.068
Year FE	✓	✓	✓	✓	✓	✓	✓
Industry FE	✓	✓	✓	✓	✓	✓	✓

Notes: Estimates from Equation 6. All specifications are estimated using a two-step Heckman selection model and include year and industry fixed effects. We use assets (log) as instrument.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE J2: TABLE D2 USING AGE (LOG) AS AN INSTRUMENT

	Parties	Incumbents	PT	MDB	PSDB	Career Politician/ Bureaucrat	Business Candidates
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Family Firm	0.105* (0.046)	-0.051 (0.050)	-0.015 (0.044)	0.061 (0.038)	-0.057 (0.050)	-0.077 (0.043)	-0.060 (0.037)
Assets (log)	0.025 (0.014)	-0.033* (0.016)	0.015 (0.014)	0.006 (0.012)	0.001 (0.016)	-0.019 (0.013)	-0.011 (0.011)
Income (log)	0.009 (0.010)	-0.006 (0.011)	0.000 (0.010)	0.008 (0.009)	-0.016 (0.011)	-0.008 (0.010)	-0.016* (0.008)
Constant	-0.799 (0.524)	1.292* (0.567)	-0.098 (0.506)	-0.276 (0.429)	0.435 (0.570)	1.024* (0.483)	0.772 (0.408)
Observations	1564	1564	1564	1564	1564	1564	1564
Censored	637	637	637	637	637	637	637
Observed	927	927	927	927	927	927	927
Adjusted R ²	0.043	0.033	0.132	0.030	0.030	0.186	0.069
Year FE	✓	✓	✓	✓	✓	✓	✓
Industry FE	✓	✓	✓	✓	✓	✓	✓

Notes: Estimates from Equation 6. All specifications are estimated using a two-step Heckman selection model and include year and industry fixed effects. We use age (log) as an instrument.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

Table A1 shows results from a two-step Heckman model estimating the difference between

the amount of money contributed by family firms and non-family firms, conditional on donating. We use age as an instrument. The crucial identification assumption is that age only impacts the value of contributions through the extensive margin, i.e., whether a firm contributes or not. The assumption would be violated if, for example, older firms accumulated political connections over time. However, note that eventual violations of this kind would have limited quantitative importance, given that, conditioning on the other covariates, age does not have a significant effect on the amount contributed, using either assets or income as an instrument.

TABLE J3: TABLE A1 USING ASSETS (LOG) AS AN INSTRUMENT

	Contributions (log) by		
	Firm (1)	Firm + Subsidiaries (2)	Firm + Leadership (3)
Family Firm	-1.350 (1.761)	1.888* (1.077)	0.814* (0.419)
Income (log)	-0.287 (0.492)	0.974** (0.425)	-0.065 (0.127)
Age (log)	-1.484* (0.799)	-0.234 (0.268)	-0.079 (0.141)
Foreign	-1.483 (1.489)	0.637 (0.975)	1.233** (0.534)
State-Owned	-2.169 (2.783)	-8.209*** (2.982)	-1.258** (0.625)
Ordinary Shares Owned by Natural Person (%)	-0.505 (0.858)	-0.496 (0.585)	-0.239 (0.411)
Concentration of Ordinary Shares (Herfindahl)	0.085 (1.009)	1.288* (0.690)	0.581 (0.361)
Ordinary Shares in Free Float	-4.062 (3.336)	2.135 (1.983)	0.559 (0.726)
Preferential Shares (binary)	-0.464 (0.607)	-0.233 (0.440)	-0.502* (0.279)
Largest Shareholder Gap	-3.042 (3.225)	4.210* (2.374)	1.019 (0.765)
Control Outcome Mean	11.821	12.323	10.325
Observations	274	387	1077
Adjusted R ²	0.213	0.294	0.228
Year FE	✓	✓	✓
Industry FE	✓	✓	✓

Notes: All specifications are estimated using a two-step Heckman selection model and include year and industry fixed effects. We use assets (log) as an instrument.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

TABLE J4: TABLE A1 USING INCOME (LOG) AS AN INSTRUMENT

	Contributions (log) by		
	Firm (1)	Firm + Subsidiaries (2)	Firm + Leadership (3)
Family Firm	1.738* (0.889)	1.009** (0.500)	2.019*** (0.305)
Assets (log)	0.594*** (0.217)	0.621*** (0.143)	0.511*** (0.090)
Age (log)	-0.127 (0.432)	-0.354* (0.203)	-0.215 (0.133)
Foreign	0.857 (0.889)	-0.168 (0.713)	0.375 (0.500)
State-Owned	-6.160*** (1.663)	-6.361*** (1.547)	0.599 (0.513)
Ordinary Shares Owned by Natural Person (%)	-1.180* (0.620)	-0.545 (0.530)	-0.079 (0.407)
Concentration of Ordinary Shares (Herfindahl)	1.500* (0.811)	0.896 (0.561)	0.334 (0.372)
Ordinary Shares in Free Float	1.382 (1.824)	0.406 (1.069)	2.320*** (0.602)
Preferential Shares (binary)	-0.053 (0.519)	-0.541 (0.403)	-0.637** (0.276)
Largest Shareholder Gap	1.762 (1.448)	2.281** (1.071)	2.974*** (0.595)
Control Outcome Mean	11.821	12.323	10.325
Observations	274	387	1077
Adjusted R ²	0.241	0.323	0.258
Year FE	✓	✓	✓
Industry FE	✓	✓	✓

Notes: All specifications are estimated using a two-step Heckman selection model and include year and industry fixed effects. We use income (log) as an instrument.

*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$

K Data Sources and Variables Definitions

TABLE K1: DATA SOURCES

Data	Source
Brazil Electoral Data	Tribunal Superior Eleitoral
Brazil Public Companies Data	Comissão de Valores Mobiliários
Brazil National Registry of Legal Entities	Receita Federal – Ministério da Economia
BNDES Loans Data	BNDES
Argentina Public Companies Prospectuses	Comisión Nacional de Valores
Chile Public Companies Prospectuses	Comisión para el Mercado Financiero
Colombia Public Companies Prospectuses	Superintendencia Financiera
Mexico Public Companies Prospectuses	Comisión Nacional Bancaria y de Valores
Peru Public Companies Prospectuses	Superintendencia del Mercado de Valores

TABLE K2: VARIABLES DEFINITIONS

Variable	Description	Support	Source	Observations	Minimum	Maximum	Median	Mean	Std Dev
Family Firm	An individual or family is the ultimate owner of a plurality of voting shares and at least one family member who is not the only owner has a top executive position.	{0, 1}	CVM	2,155	0	1	0	0.3	0.5
Number of Individuals with Ties	Number of individuals in the top management and the board of directors who have family ties to members of the controlling family.	\mathbb{N}	CVM	2,148	0	21	0	1.7	2.5
Contributions by the Firm	Value (in 2020 US dollars) of all contributions by the firm.	\mathbb{R}_+	TSE	1,360	0	75,660,952	0	260,928.9	2,563,135
Contributions by the Firm + Subsidiaries	Same as above, but including contributions by firms controlled by the firm.	\mathbb{R}_+	TSE	1,360	0	86,455,935	0	623,889.2	4,014,461
Contributions by the Firm + Leadership	Same as above, but including contributions by individuals in the firm's top management or board of directors.	\mathbb{R}_+	TSE	2,160	0	86,541,811	545.7	447,921.6	3,222,365
Number of Parties to which the Firm Contributes	Number of parties to which the firm, its subsidiaries or the members of its leadership contributed.	\mathbb{N}	TSE	2,160	0	23	1	2	3.4
Effective Number of Parties to which the Firm Contributes	If the firm contributed x_i US dollars to party $i = 1, \dots, n$, the effective number of parties is $(\sum_{i=1}^n x_i)^2 / \sum_{i=1}^n x_i^2$, or 0 if the firm did not make any contribution.	\mathbb{R}_+	TSE	2,160	0	10.3	1	1.2	1.5
BNDES Loans (binary)	Whether the firm received loans from the BNDES in the period between two election years.	{0, 1}	BNDES	2,160	0	1	0	0.1	0.3
BNDES Loans / Assets	The combined value of all loans received in the period between two elections (or 0 if no loans were received) divided by the book value of the firm's assets (both in 2020 US dollars).	[0, 1]	BNDES	2,020	0	0.3	0	0	0
Assets (log)	Assets (book value).	\mathbb{R}_+	CVM	2,025	5.2	28.1	21	20.3	3.6
Income (log)	Gross income (net of sales taxes).	\mathbb{R}_+	CVM	1,783	0	26.6	20.5	19.8	3.8
Age (log)	Number of years since the firm was founded.	\mathbb{R}_+	CVM	2,160	0	5.3	3.4	3.2	1
Foreign	A firm defined as foreign in the CVM data.	{0, 1}	CVM	2,160	0	1	0	0	0.2
State-Owned	A firm defined as state-owned in the CVM data.	{0, 1}	CVM	2,160	0	1	0	0.1	0.3
Industry	Industries are grouped according to the highest aggregation level in the National Classification of Economic Activities (CNAE), with two exceptions: (1) <i>Services</i> , an indicator combining all industries in non-financial services, and (2) <i>Holdings</i> , an indicator for multi-industry holdings (considered separately from the CNAE financial services category).	Categorical	CNPJ	2,160					
Ordinary Shares Owned by Natural Person (%)	Fraction of shares owned by natural persons (the rest are owned by institutional investors or traded in public markets).	[0, 1]	CVM	2,155	0	1	0.3	0.4	0.4
Concentration of Ordinary Shares (Herfindahl)	If the ultimate owners $i = 1, \dots, n$ hold (perhaps indirectly) a fraction $x_i \in [0, 1]$ of the voting shares, the Herfindahl index of concentration is $\sum_{i=1}^n x_i^2$.	[0, 1]	CVM	2,155	0	1	0.1	0.2	0.3
Ordinary Shares in Free Float	Fraction of the voting shares that are traded in the public market.	[0, 1]	CVM	2,155	0	1	0.1	0.2	0.2
Preferential Shares (binary)	Whether the firm has issued a class of shares without full voting rights.	{0, 1}	CVM	2,159	0	1	0	0.5	0.5
Largest Shareholder Gap	Difference between the fraction of shares with full voting rights owned by the largest shareholder minus the fraction of all shares owned by her. If there are no dual-class shares, this number is 0. Otherwise it measures the gap between control rights and cash-flow rights by the largest shareholder.	[-1, 1]	CVM	2,155	-0.8	0.7	0	0.1	0.2
Institutional Ownership	Fraction of voting shares owned by legal persons or traded freely in the stock market.	[0,1]	CVM	2,155	0	1	0.7	0.6	0.4

TABLE K3: INDIVIDUAL-LEVEL VARIABLES DEFINITIONS

Variable	Description	Support	Source	Observations	Minimum	Maximum	Median	Mean	Std Dev
Family Member	Indicator of membership in the family that controls the firm.	$\{0, 1\}$	CVM	38,192	0	9	0	0.1	0.6
Number of Family Ties	Number of family ties to individuals in leadership positions in firms in the sample.	\mathbb{N}	CVM	38,192	0	13	0	0.2	0.8
Campaign Contributions	Value (in 2020 US dollars) of all contributions by an individual.	\mathbb{R}_+	TSE	38,192	0	10,414,802	0	3,390.2	87,590.4
Manager	Indicator of top management position (e.g., CEO or COO).	$\{0, 1\}$	CVM	38,192	0	1	0	0.4	0.5
Manager and in Board of Directors	Indicator of top management position and seat in the firm's board of directors.	$\{0, 1\}$	CVM	38,192	0	1	0	0.1	0.3
Fraction of Voting Shares Owned	Fraction of the firm's voting shares owned by an individual. We have data on ultimate ownership of shares, so we capture ownership through, for example, societies.	$[0, 1]$	CVM	38,192	0	1	0	0	0.1
Politician	Whether an individual held elected office according to her biography.	$\{0, 1\}$	CVM	38,192	0	1	0	0	0.1
Worked in Public Sector	Whether an individual worked in the government according to her biography.	$\{0, 1\}$	CVM	38,192	0	1	0	0.1	0.3
Age (log)	Natural logarithm of age.	\mathbb{R}_+	CVM	34,335	2.9	4.5	4	3.9	0.2

References

Imbens, Guido W. 2003. "Sensitivity to Exogeneity Assumptions in Program Evaluation." *American Economic Review* 93(2):126–132.