

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<br>(1)            | Firm + Subsidiaries<br>(2) | Firm + Leadership<br>(3) |
| Family Firm                                      | 2.002***<br>(0.659)    | 3.118***<br>(0.771)        | 2.212***<br>(0.553)      |
| Assets (log)                                     | 0.614***<br>(0.181)    | 0.605***<br>(0.134)        | 0.511***<br>(0.122)      |
| Income (log)                                     | 0.053<br>(0.234)       | 0.939***<br>(0.313)        | 0.079<br>(0.109)         |
| Foreign                                          | 1.073*<br>(0.626)      | 1.321*<br>(0.794)          | 0.275<br>(0.593)         |
| State-Owned                                      | −6.505***<br>(1.467)   | −11.857***<br>(1.970)      | 0.833<br>(0.936)         |
| Ordinary Shares Owned<br>by Natural Person (%)   | −1.243*<br>(0.641)     | −0.188<br>(0.539)          | −0.091<br>(0.411)        |
| Concentration of Ordinary<br>Shares (Herfindahl) | 1.616**<br>(0.728)     | 1.779***<br>(0.600)        | 0.279<br>(0.389)         |
| Ordinary Shares in Free Float                    | 1.865<br>(1.277)       | 4.094***<br>(1.474)        | 2.617***<br>(0.945)      |
| Preferential Shares (binary)                     | −0.019<br>(0.535)      | −0.450<br>(0.384)          | −0.786***<br>(0.264)     |
| Largest Shareholder Gap                          | 2.197*<br>(1.329)      | 6.560***<br>(1.759)        | 3.273***<br>(1.014)      |
| Control Outcome Mean                             | 11.821                 | 12.323                     | 10.325                   |
| Observations                                     | 274                    | 387                        | 1077                     |
| Adjusted R <sup>2</sup>                          | 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<br>(1)                    | Firm<br>(2)         | Firm + Subsidiaries<br>(3) | Firm + Leadership<br>(4) |
| Family Firm                                      | 0.128***<br>(0.045)            | 0.074<br>(0.051)    | 0.118**<br>(0.052)         | 0.056<br>(0.038)         |
| Number of Family Ties                            | 0.009**<br>(0.004)             | 0.009**<br>(0.004)  | 0.006*<br>(0.003)          | 0.008***<br>(0.002)      |
| Assets (log)                                     |                                | 0.017**<br>(0.007)  | 0.023***<br>(0.008)        | 0.022**<br>(0.009)       |
| Income (log)                                     |                                | 0.009**<br>(0.004)  | 0.020***<br>(0.004)        | 0.018**<br>(0.007)       |
| Age (log)                                        |                                | 0.046**<br>(0.019)  | 0.016<br>(0.020)           | −0.013<br>(0.019)        |
| Foreign                                          |                                | 0.127<br>(0.098)    | 0.118<br>(0.089)           | −0.075<br>(0.078)        |
| State-Owned                                      |                                | −0.116**<br>(0.054) | −0.203***<br>(0.056)       | 0.199***<br>(0.061)      |
| Ordinary Shares Owned<br>by Natural Person (%)   |                                | −0.057<br>(0.059)   | −0.003<br>(0.064)          | −0.002<br>(0.055)        |
| Concentration of Ordinary<br>Shares (Herfindahl) |                                | 0.082<br>(0.058)    | 0.067<br>(0.062)           | −0.011<br>(0.063)        |
| Ordinary Shares in Free Float                    |                                | 0.219**<br>(0.087)  | 0.232**<br>(0.091)         | 0.186**<br>(0.076)       |
| Preferential Shares (binary)                     |                                | 0.004<br>(0.041)    | −0.008<br>(0.042)          | −0.010<br>(0.039)        |
| Largest Shareholder Gap                          |                                | 0.249**<br>(0.104)  | 0.304***<br>(0.101)        | 0.201**<br>(0.098)       |
| Control Outcome Mean                             | 0.150                          | 0.180               | 0.260                      | 0.569                    |
| Observations                                     | 1348                           | 1088                | 1088                       | 1761                     |
| Adjusted R <sup>2</sup>                          | 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)<br>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<br>by Natural Person (%)   |                              | 0.018    |                                                | 0.125    |
|                                                  |                              | (0.052)  |                                                | (0.430)  |
| Concentration of Ordinary<br>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 <sup>2</sup>                          | 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.

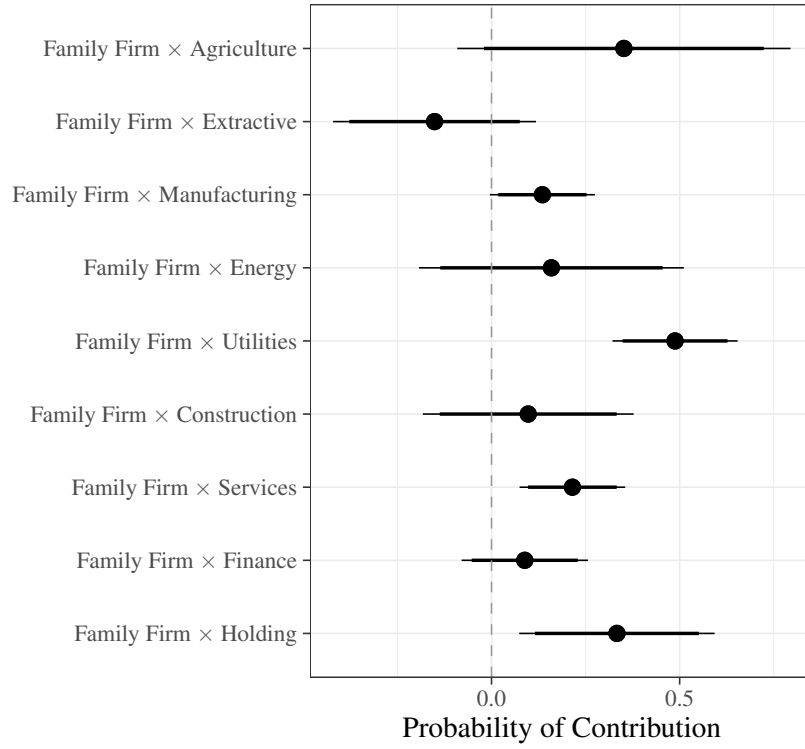
\*\*\* $p < 0.01$ ; \*\* $p < 0.05$ ; \* $p < 0.1$

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

|                                                  | Contributions by    |                     |                            |                          |
|--------------------------------------------------|---------------------|---------------------|----------------------------|--------------------------|
|                                                  | Firm<br>(1)         | Firm<br>(2)         | Firm + Subsidiaries<br>(3) | Firm + Leadership<br>(4) |
| Family Firm                                      | 0.201***<br>(0.038) | 0.153***<br>(0.046) | 0.191***<br>(0.047)        | 0.096**<br>(0.039)       |
| Assets (log)                                     |                     | 0.014*<br>(0.008)   | 0.019**<br>(0.008)         | 0.029***<br>(0.009)      |
| Income (log)                                     |                     | 0.011***<br>(0.004) | 0.024***<br>(0.005)        | 0.017**<br>(0.007)       |
| Age (log)                                        |                     | 0.041**<br>(0.020)  | 0.005<br>(0.021)           | −0.023<br>(0.021)        |
| Foreign                                          |                     | 0.105<br>(0.097)    | 0.106<br>(0.085)           | −0.027<br>(0.087)        |
| State Owned                                      |                     | −0.131**<br>(0.053) | −0.233***<br>(0.056)       | 0.225***<br>(0.062)      |
| Ordinary Shares Owned<br>by Natural Person (%)   |                     | −0.066<br>(0.061)   | −0.001<br>(0.066)          | 0.046<br>(0.062)         |
| Concentration of Ordinary<br>Shares (Herfindahl) |                     | 0.121*<br>(0.062)   | 0.089<br>(0.064)           | −0.052<br>(0.069)        |
| Ordinary Shares in Free Float                    |                     | 0.258**<br>(0.101)  | 0.299***<br>(0.104)        | 0.198**<br>(0.087)       |
| Preferential Shares (binary)                     |                     | −0.009<br>(0.044)   | −0.002<br>(0.046)          | 0.003<br>(0.044)         |
| Largest Shareholder Gap                          |                     | 0.276***<br>(0.104) | 0.352***<br>(0.104)        | 0.220**<br>(0.106)       |
| Control Outcome Mean                             | 0.157               | 0.188               | 0.270                      | 0.620                    |
| Observations                                     | 896                 | 732                 | 732                        | 1062                     |
| Adjusted R <sup>2</sup>                          | 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***<br>(0.026)          | 0.052**<br>(0.025)  | 0.062*<br>(0.033)             | 0.058*<br>(0.033)   |
| Lagged Contributions (log) |                              | 0.025***<br>(0.004) |                               | 0.017***<br>(0.005) |
| Assets (log)               | 0.030***<br>(0.009)          | 0.022**<br>(0.009)  | 0.014<br>(0.009)              | 0.008<br>(0.009)    |
| Income (log)               | -0.004<br>(0.006)            | -0.005<br>(0.006)   | 0.001<br>(0.006)              | 0.002<br>(0.006)    |
| Age (log)                  | -0.016<br>(0.017)            | -0.011<br>(0.016)   | 0.000<br>(0.025)              | 0.003<br>(0.024)    |
| Foreign                    | -0.081<br>(0.062)            | -0.100<br>(0.061)   | -0.121**<br>(0.061)           | -0.123**<br>(0.060) |
| State-Owned                | 0.031<br>(0.053)             | 0.066<br>(0.049)    | -0.111**<br>(0.045)           | -0.067<br>(0.046)   |
| Control Outcome Mean       | 0.248                        | 0.248               | 0.166                         | 0.166               |
| Observations               | 850                          | 850                 | 400                           | 400                 |
| Adjusted R <sup>2</sup>    | 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<br>(One Election Cycle After) |                      |                      |                     | Probability of Contribution to<br>(Two Election Cycles After) |                     |                      |                      |
|------------------------------|--------------------------------------------------------------|----------------------|----------------------|---------------------|---------------------------------------------------------------|---------------------|----------------------|----------------------|
|                              | MDB<br>(1)                                                   | PT<br>(2)            | PSDB<br>(3)          | DEM<br>(4)          | MDB<br>(5)                                                    | PT<br>(6)           | PSDB<br>(7)          | DEM<br>(8)           |
| Lagged Contribution (binary) | 0.160***<br>(0.038)                                          | 0.217***<br>(0.033)  | 0.217***<br>(0.037)  | 0.044<br>(0.046)    | 0.103***<br>(0.037)                                           | 0.159***<br>(0.047) | 0.075<br>(0.048)     | 0.075<br>(0.048)     |
| × Family Firm                | 0.169***<br>(0.056)                                          | 0.033<br>(0.047)     | 0.093*<br>(0.055)    | 0.201***<br>(0.075) | 0.015<br>(0.054)                                              | 0.067<br>(0.067)    | 0.026<br>(0.078)     | 0.026<br>(0.078)     |
| Family Firm                  | 0.083***<br>(0.026)                                          | 0.053**<br>(0.027)   | 0.073**<br>(0.030)   | 0.103***<br>(0.033) | 0.048<br>(0.030)                                              | 0.097**<br>(0.039)  | 0.092***<br>(0.029)  | 0.092***<br>(0.029)  |
| Assets (log)                 | 0.023***<br>(0.005)                                          | 0.022***<br>(0.007)  | 0.030***<br>(0.008)  | 0.021***<br>(0.007) | 0.021**<br>(0.009)                                            | 0.034***<br>(0.010) | 0.005<br>(0.004)     | 0.005<br>(0.004)     |
| Income (log)                 | 0.002<br>(0.003)                                             | 0.004<br>(0.005)     | 0.002<br>(0.006)     | −0.000<br>(0.005)   | −0.002<br>(0.007)                                             | −0.003<br>(0.008)   | 0.006***<br>(0.002)  | 0.006***<br>(0.002)  |
| Age (log)                    | −0.011<br>(0.012)                                            | −0.015<br>(0.013)    | −0.039***<br>(0.013) | 0.009<br>(0.018)    | −0.022<br>(0.015)                                             | −0.033*<br>(0.019)  | 0.012<br>(0.013)     | 0.012<br>(0.013)     |
| Foreign                      | −0.036<br>(0.047)                                            | −0.111***<br>(0.040) | −0.062<br>(0.054)    | −0.095*<br>(0.051)  | −0.184***<br>(0.031)                                          | −0.139**<br>(0.069) | −0.066<br>(0.045)    | −0.066<br>(0.045)    |
| State-Owned                  | 0.060<br>(0.058)                                             | 0.048<br>(0.041)     | 0.037<br>(0.052)     | 0.115<br>(0.079)    | 0.048<br>(0.053)                                              | 0.050<br>(0.058)    | −0.069***<br>(0.026) | −0.069***<br>(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 <sup>2</sup>      | 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**<br>(0.029)  | 0.004<br>(0.039)     |                     |                     |
| × Family Firm           |                     | 0.154***<br>(0.059)  |                     |                     |
| Contribution Size (log) |                     |                      | 0.009<br>(0.040)    | 0.001<br>(0.049)    |
| × Family Firm           |                     |                      |                     | 0.144*<br>(0.086)   |
| Family Firm             |                     | −0.074***<br>(0.023) |                     | −1.797**<br>(0.860) |
| Assets (log)            | 0.014***<br>(0.005) | 0.015***<br>(0.005)  | 0.662***<br>(0.163) | 0.646***<br>(0.167) |
| Income (log)            | 0.003<br>(0.003)    | 0.003<br>(0.003)     | −0.106<br>(0.151)   | −0.027<br>(0.150)   |
| Age (log)               | 0.037***<br>(0.013) | 0.040***<br>(0.013)  |                     |                     |
| State-Owned             | 0.039<br>(0.061)    | 0.017<br>(0.061)     | −0.083<br>(0.981)   | −0.242<br>(0.964)   |
| Control Outcome Mean    | 0.090               | 0.115                | 18.137              | 18.374              |
| Observations            | 737                 | 734                  | 83                  | 83                  |
| Adjusted R <sup>2</sup> | 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***<br>(0.039)         | 0.110**<br>(0.048)  | 0.174***<br>(0.040) | 0.126***<br>(0.047) |
| × BNDES Debt (binary)                            | 0.273***<br>(0.098)         | 0.208**<br>(0.096)  |                     |                     |
| × BNDES Debt / Assets                            |                             |                     | 3.739***<br>(1.328) | 2.601**<br>(1.261)  |
| BNDES Debt (binary)                              | 0.100**<br>(0.051)          | 0.074<br>(0.049)    |                     |                     |
| BNDES Debt / Assets                              |                             |                     | 0.000<br>(0.001)    | 0.000<br>(0.001)    |
| Assets (log)                                     |                             | 0.011<br>(0.007)    |                     | 0.015*<br>(0.008)   |
| Income (log)                                     |                             | 0.011***<br>(0.004) |                     | 0.011***<br>(0.004) |
| Age (log)                                        |                             | 0.037*<br>(0.019)   |                     | 0.039**<br>(0.019)  |
| Foreign                                          |                             | 0.123<br>(0.095)    |                     | 0.107<br>(0.096)    |
| State-Owned                                      |                             | −0.128**<br>(0.053) |                     | −0.130**<br>(0.053) |
| Ordinary Shares Owned<br>by Natural Person (%)   |                             | −0.051<br>(0.059)   |                     | −0.054<br>(0.060)   |
| Concentration of Ordinary<br>Shares (Herfindahl) |                             | 0.158**<br>(0.062)  |                     | 0.133**<br>(0.062)  |
| Ordinary Shares in Free Float                    |                             | 0.288***<br>(0.100) |                     | 0.266***<br>(0.102) |
| Preferential Shares (binary)                     |                             | 0.000<br>(0.043)    |                     | −0.005<br>(0.044)   |
| Largest Shareholder Gap                          |                             | 0.260***<br>(0.100) |                     | 0.256**<br>(0.102)  |
| Control Outcome Mean                             | 0.140                       | 0.176               | 0.163               | 0.188               |
| Observations                                     | 896                         | 732                 | 843                 | 732                 |
| Adjusted R <sup>2</sup>                          | 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<br>Politician/Bureaucrat | Business<br>Candidates |
|-------------------------|--------------------|----------------------|--------------------|-------------------|--------------------|----------------------|---------------------------------|------------------------|
|                         | (1)                | (2)                  | (3)                | (4)               | (5)                | (6)                  | (7)                             | (8)                    |
| Family Firm             | 0.053**<br>(0.021) | -0.009<br>(0.021)    | -0.036*<br>(0.021) | 0.034*<br>(0.018) | -0.016<br>(0.024)  | 0.030**<br>(0.015)   | -0.031*<br>(0.016)              | -0.014<br>(0.015)      |
| Assets (log)            | 0.007**<br>(0.003) | -0.015***<br>(0.004) | 0.008**<br>(0.004) | 0.002<br>(0.003)  | -0.002<br>(0.004)  | -0.014***<br>(0.003) | -0.004<br>(0.003)               | -0.009***<br>(0.003)   |
| Age (log)               | 0.010<br>(0.012)   | -0.013<br>(0.011)    | 0.012<br>(0.012)   | 0.014<br>(0.010)  | -0.021*<br>(0.011) | -0.015<br>(0.010)    | -0.005<br>(0.009)               | -0.001<br>(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 <sup>2</sup> | 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<br>Politician/Bureaucrat | Business<br>Candidates |
|-------------------------|--------------------|---------------------|-------------------|-------------------|-------------------|---------------------|---------------------------------|------------------------|
|                         | (1)                | (2)                 | (3)               | (4)               | (5)               | (6)                 | (7)                             | (8)                    |
| Family Firm             | 0.067**<br>(0.028) | -0.028<br>(0.032)   | -0.023<br>(0.029) | 0.028<br>(0.024)  | 0.009<br>(0.033)  | 0.013<br>(0.022)    | -0.051*<br>(0.027)              | -0.003<br>(0.021)      |
| Assets (log)            | 0.016<br>(0.011)   | -0.027**<br>(0.012) | 0.012<br>(0.011)  | -0.003<br>(0.009) | 0.019<br>(0.013)  | -0.020**<br>(0.009) | -0.013<br>(0.010)               | 0.003<br>(0.008)       |
| Age (log)               | 0.010<br>(0.011)   | -0.007<br>(0.012)   | 0.011<br>(0.011)  | 0.012<br>(0.009)  | -0.020<br>(0.013) | -0.010<br>(0.009)   | 0.000<br>(0.010)                | -0.002<br>(0.008)      |
| Constant                | -0.382<br>(0.273)  | 1.039***<br>(0.305) | -0.053<br>(0.277) | 0.076<br>(0.229)  | -0.289<br>(0.315) | 0.532**<br>(0.215)  | 0.703***<br>(0.256)             | 0.077<br>(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 <sup>2</sup> | 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<br>(1)          | Heckman<br>(2)      | OLS<br>(3)                  | Heckman<br>(4)      |
| Family Firm             | 1.298***<br>(0.318) | 2.194***<br>(0.415) | 0.505***<br>(0.130)         | 0.717***<br>(0.150) |
| Assets (log)            | 0.593***<br>(0.108) | 0.969***<br>(0.140) | 0.186***<br>(0.042)         | 0.284***<br>(0.052) |
| Income (log)            | −0.023<br>(0.059)   |                     | 0.004<br>(0.024)            |                     |
| Age (log)               | −0.166<br>(0.174)   | −0.255<br>(0.162)   | −0.058<br>(0.066)           | −0.078<br>(0.057)   |
| Foreign                 | −0.388<br>(0.799)   | −1.141<br>(0.813)   | −0.224<br>(0.261)           | −0.402<br>(0.293)   |
| State-Owned             | −0.721*<br>(0.434)  | 0.614<br>(0.676)    | −0.438***<br>(0.159)        | −0.125<br>(0.241)   |
| Control Outcome Mean    | 3.162               | 3.162               | 1.863                       | 1.863               |
| Observations            | 1079                | 1079                | 1079                        | 1079                |
| Adjusted R <sup>2</sup> | 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<br>(binary) |                     | Number of individuals with ties |                     |
|-------------------------|-------------------------|---------------------|---------------------------------|---------------------|
|                         | (1)                     | (2)                 | (3)                             | (4)                 |
| Institutional Ownership | −0.562***<br>(0.057)    | −0.114**<br>(0.055) | −2.475***<br>(0.285)            | −0.714**<br>(0.296) |
| Assets (log)            | 0.025***<br>(0.009)     |                     | 0.100**<br>(0.045)              |                     |
| Income (log)            | 0.006<br>(0.006)        |                     | 0.059**<br>(0.026)              |                     |
| Age (log)               | 0.004<br>(0.021)        |                     | 0.062<br>(0.142)                |                     |
| Foreign                 | −0.309***<br>(0.054)    |                     | −1.309***<br>(0.212)            |                     |
| State-Owned             | −0.253***<br>(0.044)    |                     | −1.054***<br>(0.184)            |                     |
| Observations            | 1766                    | 2143                | 1766                            | 2143                |
| Adjusted R <sup>2</sup> | 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***<br>(0.241) | −1.622***<br>(0.272) | −2.332***<br>(0.587) |
| × Argentina                         |                      | 1.506<br>(1.305)     |                      |
| × Chile                             |                      | −0.582<br>(0.708)    |                      |
| × Colombia                          |                      | −2.496***<br>(0.847) |                      |
| × Mexico                            |                      | −1.043<br>(0.758)    |                      |
| × Peru                              |                      | −9.546***<br>(1.916) |                      |
| Assets (log)                        | 0.129*<br>(0.069)    | 0.140**<br>(0.070)   | 0.296<br>(0.179)     |
| Age                                 | −0.000<br>(0.003)    | −0.000<br>(0.004)    | −0.007<br>(0.006)    |
| Finance                             | −0.982***<br>(0.332) | −1.052***<br>(0.337) | −0.987<br>(0.838)    |
| Infrastructure                      | −0.997***<br>(0.371) | −1.035***<br>(0.388) | −2.769***<br>(0.713) |
| State-Owned                         | −0.000<br>(0.004)    | 0.002<br>(0.003)     | −0.026*<br>(0.013)   |
| Observations                        | 235                  | 235                  | 77                   |
| Adjusted R <sup>2</sup>             | 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.

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

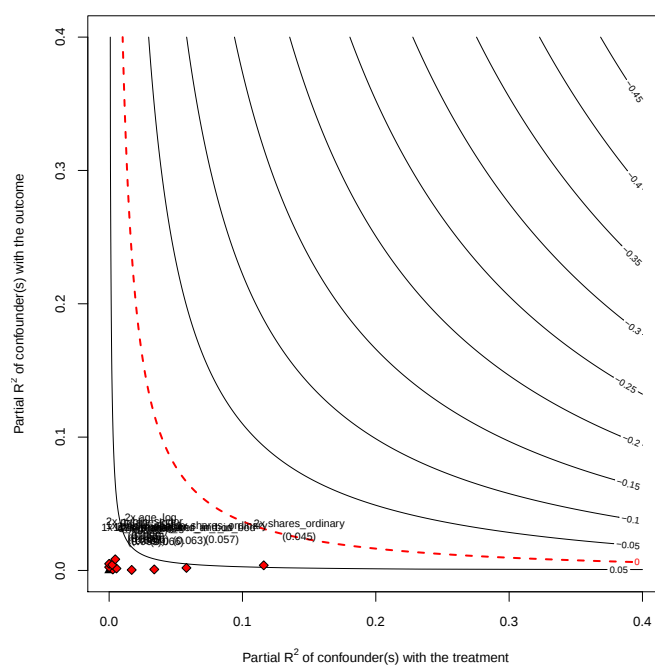
In an observational study with a limited set of covariates, results could be driven by an unobserved confounder affecting both the outcome (campaign contributions) and the explanatory variable (family firm status). Sensitivity analyses quantify the amount of confounding generated by such an unobserved 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 `sensemakr` R package.



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/<br>Bureaucrat | Business<br>Candidates |
|-------------------------|-------------------|-------------------|--------------------|-------------------|-------------------|----------------------------------|------------------------|
|                         | (1)               | (2)               | (3)                | (4)               | (5)               | (6)                              | (7)                    |
| Family Firm             | 0.031<br>(0.028)  | 0.045<br>(0.034)  | −0.064*<br>(0.029) | 0.039<br>(0.023)  | −0.053<br>(0.032) | −0.027<br>(0.025)                | −0.034<br>(0.021)      |
| Income (log)            | −0.005<br>(0.008) | 0.012<br>(0.010)  | −0.009<br>(0.009)  | 0.003<br>(0.007)  | −0.014<br>(0.010) | 0.001<br>(0.008)                 | −0.012<br>(0.006)      |
| Age (log)               | 0.015<br>(0.012)  | −0.017<br>(0.014) | 0.017<br>(0.012)   | 0.011<br>(0.009)  | −0.011<br>(0.013) | −0.003<br>(0.010)                | 0.003<br>(0.009)       |
| Constant                | 0.081<br>(0.210)  | 0.139<br>(0.252)  | 0.443*<br>(0.215)  | −0.053<br>(0.173) | 0.459<br>(0.240)  | 0.386*<br>(0.189)                | 0.407*<br>(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 <sup>2</sup> | 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/<br>Bureaucrat | Business<br>Candidates |
|-------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|----------------------------------|------------------------|
|                         | (1)               | (2)                | (3)               | (4)               | (5)               | (6)                              | (7)                    |
| Family Firm             | 0.105*<br>(0.046) | −0.051<br>(0.050)  | −0.015<br>(0.044) | 0.061<br>(0.038)  | −0.057<br>(0.050) | −0.077<br>(0.043)                | −0.060<br>(0.037)      |
| Assets (log)            | 0.025<br>(0.014)  | −0.033*<br>(0.016) | 0.015<br>(0.014)  | 0.006<br>(0.012)  | 0.001<br>(0.016)  | −0.019<br>(0.013)                | −0.011<br>(0.011)      |
| Income (log)            | 0.009<br>(0.010)  | −0.006<br>(0.011)  | 0.000<br>(0.010)  | 0.008<br>(0.009)  | −0.016<br>(0.011) | −0.008<br>(0.010)                | −0.016*<br>(0.008)     |
| Constant                | −0.799<br>(0.524) | 1.292*<br>(0.567)  | −0.098<br>(0.506) | −0.276<br>(0.429) | 0.435<br>(0.570)  | 1.024*<br>(0.483)                | 0.772<br>(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 <sup>2</sup> | 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<br>(1)            | Firm + Subsidiaries<br>(2) | Firm + Leadership<br>(3) |
| Family Firm                                      | −1.350<br>(1.761)      | 1.888*<br>(1.077)          | 0.814*<br>(0.419)        |
| Income (log)                                     | −0.287<br>(0.492)      | 0.974**<br>(0.425)         | −0.065<br>(0.127)        |
| Age (log)                                        | −1.484*<br>(0.799)     | −0.234<br>(0.268)          | −0.079<br>(0.141)        |
| Foreign                                          | −1.483<br>(1.489)      | 0.637<br>(0.975)           | 1.233**<br>(0.534)       |
| State-Owned                                      | −2.169<br>(2.783)      | −8.209***<br>(2.982)       | −1.258**<br>(0.625)      |
| Ordinary Shares Owned<br>by Natural Person (%)   | −0.505<br>(0.858)      | −0.496<br>(0.585)          | −0.239<br>(0.411)        |
| Concentration of Ordinary<br>Shares (Herfindahl) | 0.085<br>(1.009)       | 1.288*<br>(0.690)          | 0.581<br>(0.361)         |
| Ordinary Shares in Free Float                    | −4.062<br>(3.336)      | 2.135<br>(1.983)           | 0.559<br>(0.726)         |
| Preferential Shares (binary)                     | −0.464<br>(0.607)      | −0.233<br>(0.440)          | −0.502*<br>(0.279)       |
| Largest Shareholder Gap                          | −3.042<br>(3.225)      | 4.210*<br>(2.374)          | 1.019<br>(0.765)         |
| Control Outcome Mean                             | 11.821                 | 12.323                     | 10.325                   |
| Observations                                     | 274                    | 387                        | 1077                     |
| Adjusted R <sup>2</sup>                          | 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<br>(1)            | Firm + Subsidiaries<br>(2) | Firm + Leadership<br>(3) |
| Family Firm                                      | 1.738*<br>(0.889)      | 1.009**<br>(0.500)         | 2.019***<br>(0.305)      |
| Assets (log)                                     | 0.594***<br>(0.217)    | 0.621***<br>(0.143)        | 0.511***<br>(0.090)      |
| Age (log)                                        | -0.127<br>(0.432)      | -0.354*<br>(0.203)         | -0.215<br>(0.133)        |
| Foreign                                          | 0.857<br>(0.889)       | -0.168<br>(0.713)          | 0.375<br>(0.500)         |
| State-Owned                                      | -6.160***<br>(1.663)   | -6.361***<br>(1.547)       | 0.599<br>(0.513)         |
| Ordinary Shares Owned<br>by Natural Person (%)   | -1.180*<br>(0.620)     | -0.545<br>(0.530)          | -0.079<br>(0.407)        |
| Concentration of Ordinary<br>Shares (Herfindahl) | 1.500*<br>(0.811)      | 0.896<br>(0.561)           | 0.334<br>(0.372)         |
| Ordinary Shares in Free Float                    | 1.382<br>(1.824)       | 0.406<br>(1.069)           | 2.320***<br>(0.602)      |
| Preferential Shares (binary)                     | -0.053<br>(0.519)      | -0.541<br>(0.403)          | -0.637**<br>(0.276)      |
| Largest Shareholder Gap                          | 1.762<br>(1.448)       | 2.281**<br>(1.071)         | 2.974***<br>(0.595)      |
| Control Outcome Mean                             | 11.821                 | 12.323                     | 10.325                   |
| Observations                                     | 274                    | 387                        | 1077                     |
| Adjusted R <sup>2</sup>                          | 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**

| <b>Data</b>                                | <b>Source</b>                                            |
|--------------------------------------------|----------------------------------------------------------|
| Brazil Electoral Data                      | <a href="#">Tribunal Superior Eleitoral</a>              |
| Brazil Public Companies Data               | <a href="#">Comissão de Valores Mobiliários</a>          |
| Brazil National Registry of Legal Entities | <a href="#">Receita Federal – Ministério da Economia</a> |
| BNDES Loans Data                           | <a href="#">BNDES</a>                                    |
| Argentina Public Companies Prospectuses    | <a href="#">Comisión Nacional de Valores</a>             |
| Chile Public Companies Prospectuses        | <a href="#">Comisión para el Mercado Financiero</a>      |
| Colombia Public Companies Prospectuses     | <a href="#">Superintendencia Financiera</a>              |
| Mexico Public Companies Prospectuses       | <a href="#">Comisión Nacional Bancaria y de Valores</a>  |
| Peru Public Companies Prospectuses         | <a href="#">Superintendencia del Mercado de Valores</a>  |

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.