

# Why Prominent Business Families Dive Into Politics

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Across the world -- from Italy's Berlusconi, to the US's Kennedy family, to Chile's Matte -- wealthy business families have not only been part of the economic elite but are also political powerhouses. This phenomenon raises the question: What drives these families to engage in politics? Along with fellow researchers Patricio Duran and Michael Carney, I studied their motivations by looking at Chilean business families and their direct participation in politics from 1989 to 2020. Our research revealed that the reasons extend beyond mere economic gains, and it can apply to many family businesses operating in democratic societies.

## Beyond Economic Motivation

The political ambitions of business dynasties are multifaceted. While access to government contracts and blocking competition might seem like obvious goals, more motivations are beneath the surface. These families often champion social and industrial progress in their countries, suggesting their political involvement is not solely for personal benefit. Their high-profile nature also brings public accountability and lack of privacy for their family members, suggesting deeper motivations that make them willing to put up with these sacrifices.

We argue that the social fabric within which wealthy business families operate plays a significant role in explaining why some of them emerge as political leaders. In particular, we explore three dimensions of social embeddedness that are likely to influence their political status: national roots, religious practice, and family legacy.

First, even after generations, immigrant business families maintain a dual sense of national identity, often driving their social initiatives close to their cultural roots. Furthermore, wealthy business leaders with foreign ancestry may face challenges garnering wide societal support in political campaigns in countries with nationalistic cultures. Secondly, religious faith can act

as a unifying force in fragmented societies, helping wealthy business families remove social barriers by conferring legitimacy and giving them access to other members of society. Lastly, the enduring historical presence of a family in the social fabric not only elevates its standing but also legitimizes its political endeavors and creates long-standing links to politicians and social leaders.

As we embarked on our research, we expected that business families with greater social embeddedness in these dimensions would emerge as legitimate political representatives.

## Chile's Political and Business Landscape

Chilean history showcases a dynamic interplay between political changes and the influence of business families, beginning with the nation's independence in 1818. This era marked the rise of business families as key economic and political figures, because the political system at the time restricted voting and participation to wealthy and educated men. However, the 1920s brought significant shifts, with reforms favoring communist and socialist movements and diminishing the direct political dominance of wealthy business families. Yet, these families adapted, leveraging trade associations to continue influencing policy and counterbalance the growing labor movements.

The latter half of the 20th century witnessed further evolution in this relationship. The presidential election of Jorge Alessandri in 1958, backed by a business elite advocating for free-market policies, marked a resurgence of their influence. But this was disrupted by Salvador Allende's election in 1970, whose pro-Marxist government threatened their economic power through nationalization policies. The subsequent military coup led by General Augusto Pinochet not only halted Allende's reforms but also deepened liberal policies,

enabling business families to regain and even expand their economic power. The return to democracy in 1990 continued to support a pro-market economic framework. Several business leaders were elected for political positions, highlighting the adaptability of Chile's business families amidst political and economic changes. Examples of influential Chilean families include the Matte and Cruzat families, who control large public companies and have many family members in politics.

## What We Studied

Our study focused on 170 wealthy Chilean business families, charting their evolution from their entrepreneurial beginnings to 2020. We identified members from these wealthy networks who participated in politics between 1989 and 2020, and discovered that 43 families, or 25% of our sample, entered the political field. At least one individual from these families has either run for political office or held a political position. In most cases, the politician in the family does not occupy managerial or executive roles in the family firms. We also found that these families have remained politically active in several elections and government roles.

Interestingly, our analysis showed no strong link between a family's economic status—like asset size, business diversification, financial success, or investments in politically sensitive sectors—and their political involvement. This indicates traditional economic factors were not the reason these families entered politics.

We saw that three social factors significantly correlated with political activity. Families with established local connections, religious commitments, and a notable family legacy were more likely to engage politically. Our findings indicate that immigrant business families have a 10.6% likelihood of engaging in politics, significantly lower than the 29.6% for local families with more well-established connections. Furthermore, religious affiliation plays a pivotal role, with religious families showing a 41% probability of being politically active, compared to 20% for non-religious ones. Political engagement increased with successive generations, with first-generation business families having a 9.5% chance of participation, which nearly triples to 25.5% among business families with three generations.

This shift from economic to social criteria offers a more detailed picture of the motivations behind political

involvement among business families, underlining the role of social roots in driving their political ambitions.

## Broader Implications for Business Families and Society

The study raises important questions about how business families' influence can reach far beyond their business community and how family leaders encourage the next generation to occupy roles in the broader society.

Furthermore, our study has important policy implications. The collaboration between a large and fragmented business class and the political elite requires legitimate business leaders to coordinate their interests and initiatives. With the business family as the unit of analysis, we see that social characteristics describe which families serve as a linchpin and establish communication between the business community and the politicians who become social connections. By emerging as political leaders via democratic elections, these families provide legitimacy to their roles as the linchpin between economic and political power.

Political business families have emerged as political leaders across the globe. The phenomenon is not limited to Chile and can be seen in other countries as well, such as the Kennedy family in the US and the Dassault family in France. However, it is important to note that our social embeddedness approach cannot be applied everywhere. For example, it won't work in authoritarian crony regimes and kleptocratic states, where public authorities can seize private wealth. In these settings politicians and business families interact through political clientelism and patronage. Social embeddedness plays a bigger role in democratic societies with robust property rights protection, where business families can be confident that their wealth will continue across generations. In such cases, the law enables wealthy families to defend their interests and property without participating in politics directly. As a result, economic motivation alone is unlikely to spur their desire to become political leaders.

## Explore the Research

**More Than Money: Political Participation by Elite Business Families.**

(<https://journals.sagepub.com/doi/10.1177/10422587241227624>) Patricio Duran, Marcelo Ortiz, and

Michael Carney. Entrepreneurship Theory & Practice,  
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