



Host: Univ.-Prof. Dr.habil. Jörn Kleinert

INVITATION

Prof. Andrea Weber
(Central European University)

On the topic:

"Do Politicians Affect Firm Outcomes? Evidence from Connections to the German Federal Parliament"

(with: André Diegmann and Laura Pohlan)

This paper studies whether German firms benefit from political connections by appointing a member of the federal government in a corporate leadership position. Our analysis is based on combined data on candidates in federal elections, elected members of parliament, and the universe of German firms. To evaluate the effect of a political connection on firm outcomes we use two designs. First, we adopt an event study design we to evaluate the change in firm outcomes after appointing a politician versus a non-politician on the corporate leadership team.

Second, we exploit discontinuities in the election system around marginal seats at the party, state, and election level comparing firms with leadership team members who win or do not win a mandate. Our results show that appointing a politician is related to increases in firm size and a reduction of firm exits. Winning a political mandate by an incumbent leadership team member is also related to reduced exits but has no effect on firm size. We do not find significant effects of political connections on firm level productivity. As potential mechanism driving the firm level effects from political connections, we identify improved access to credit, subsidies, and public procurement contracts.

Date: October 3, 2023

Starting time: 4.30 p.m.

Location: HS 111.21/Beethovenstraße 8/2

All professors, lecturers, assistants and students are cordially invited to this lecture!