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**What Counts in CEO Appointments in State-Owned Enterprises?  
Evidence from Chile, 1990-2018**

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## **Abstract**

Although the trade-off between loyalty and competence in public sector appointments has been widely studied in political science literature, it is largely unknown how this trade-off is manifested in the particular context of state-owned enterprises (SOEs). Based on a unique data set of chief executive officers of Chilean SOEs appointed in the period 1990-2018, this study explores the backgrounds that are taken into account in making appointment decisions, identifying how these preferences may change across different institutional arrangements, as well the relationship that exists between appointment decisions and electoral cycles. It is found that there is a general preference for hybrid backgrounds that present elements of both loyalty and competence, and that levels of competence are often positively related with levels of loyalty. In addition, SOEs with private sector-style structures select CEOs with relatively lower levels of loyalty, except when a particularly relevant loss of control for the government is at stake. On the other hand, these structures do not promote higher managerial competence. It is also found that appointment decisions tend to follow the electoral cycles and that managerial turnover is particularly high when changes in government also entails changes in ideological orientations. This study seeks to contribute to future research on executive politics in the entrepreneurial state.

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## **Introduction**

State-owned enterprises (SOEs) are still relevant actors within the global economic context. Despite the predominance of the market paradigm in Western democracies, and the neoliberal reforms implemented after the collapse of socialist economies, states still own various commercial enterprises in different economic sectors such as mining, utilities and transport (Hanna 2018; Milhaupt and Pargendler 2017; Thatcher 2017). Most of these enterprises are important competitors at national and international levels, and states “continue to channel large percentages of GDP through them” (MacCarthaigh 2011, p.215).

The particular nature of these entities – that present characteristics from both government agencies and private firms (Flores-Macías 2010) – creates important challenges for governments regarding appointment decisions. On the one hand, running commercial activities efficiently requires qualified and expert managers, capable of making decisions with enough autonomy. However, focusing only on competence and efficiency may lead to neglecting the policy goals of the firm, so the government may be interested in ensuring responsiveness and control by appointing managers on the basis of their political loyalty over competence, which may in turn impact on efficiency (Anastassopoulos 1985). In the end, the challenge is to find a correct balance between political control and managerial autonomy (Lioukas et al. 1993; Robson 1960).

Literature studying appointments in SOEs has mostly focused its attention on the role of political loyalty of senior managers (Ennsner-Jedenastik 2014a, 2014b; Nakrošis 2015), leaving aside the relevance of competence as selection criteria. Thus, this literature does not give us any tools to understand how loyalty coexists with competence in appointment decisions (Musacchio and Lazzarini 2014). On the other hand, despite the fact that the study of appointees’ backgrounds in terms of loyalty and competence has

been a matter of interest within the field of political science both in the United States (Hollibaugh et al. 2014; Krause and O'Connell 2015, 2019; Lewis 2009) and European countries (Bach and Veit 2018; Bach et al. 2018), this work has focused mainly on different levels of the administrative state. Thus, this literature does not capture the particularities of SOE's appointees. For example, since SOEs have to fulfil commercial and non-commercial objectives, their CEOs may face different incentive schemes than that presented to the average public sector managers (Horn 1995). In addition, the government's appointment powers are usually constrained by corporate structures aimed at promoting managerial efficiency (Vagliasindi 2008a).

The few works that have studied the backgrounds of CEOs in SOEs (Musacchio and Lazzarini 2014), examined the impact that particular backgrounds have on the firm's performance. These works, however, do not shed any light on the factors that influence preferences for particular backgrounds in different contexts. In other words, this literature does not allow us to identify in which type of SOE the most competent and the most loyal CEOs are appointed.

This study seeks to fill this gap by analyzing the dynamics of CEO appointments in terms of preferences for loyalty and competence whilst recognizing the particular nature of SOEs. More concretely, this research aims to identify what are the backgrounds that are taken into account when appointing SOE CEOs, as well as whether or not these characteristics vary according to the different institutional arrangements, and the economic environment surrounding such entities. Secondly, this study seeks to examine whether or not the appointment decisions are related with the electoral cycle.

In addressing these research questions, this study will empirically test the backgrounds that are taken into account when appointing CEOs in Chilean SOEs, how these preferences change across different types of enterprises, and the relationship that

exists between appointment decisions and the electoral cycle. To do so, this study is based on a unique data set of the CEOs in Chilean SOEs that were appointed in the period 1990-2018.

There are several reasons to examine these research questions within the Chilean context. First, even though Chile's entrepreneurial state was considerably enshrined after the military coup of 1973, and despite the consequent massive privatizations of SOEs during the 1980s and 1990s, these entities are still relevant actors in the Chilean economy. For example, CODELCO – the largest copper producer in the world – is still wholly owned by the government. It concentrates 10% of the world's copper production, and its exports represent 21% of national GDP (Castañeda et al. 2015). From 2007 to 2018, revenues from the SOE sector represented 12% of national GDP (DIPRES 2018).

Secondly, Chilean SOEs are present in different economic sectors, such as mining, banking, public services and infrastructure. Additionally, institutional arrangements and appointments practices vary greatly between individual SOEs. For example, in mining enterprises such as CODELCO and ENAP top executives are appointed by the board of directors, while in the state-owned bank (Banco Estado), they are appointed directly by the President. In addition, while some firms are organized as statutory corporations, others are structured as companies. This variety allows a study of the preferences about CEO backgrounds across different institutional contexts.

Finally, after its return to democracy in 1990, Chile carried out a large body of managerial reforms inspired in the New Public Management paradigm with the purpose of emulating private sector incentives within the civil service (González-Bustamante et al. 2016). In the context of SOEs, these reforms are aimed at enhancing corporate governance structures and top executive selection processes. Specifically, CEOs are understood as performing technical functions and, consequently, selected from a pool of

candidates on the basis of their competences and managerial experience, instead of their political connections (Rajevic 2003). Thus, this study will shed some light on the impact of this managerial agenda across different entities.

This study proceeds as follows. In the next section I will set forth a theoretical framework for analyzing the preferences for particular CEO backgrounds in SOEs. After that, I will present the data collection process and the adopted methodology. Finally, I will examine the findings and present some conclusions.

## **Theoretical Framework**

### **Loyalty and Competence in Public Sector Appointment Decisions**

Within the realm of government settings, the implementation of public policies is frequently delegated to public agencies and bureaucracies (Krause and Woods 2014). Delegating administrative authority can enhance the use of expert knowledge in decision making, but at the same time it can create space for “bureaucratic drift” (Bawn 1997, p.62), so one of the principal challenges for executive politicians is to ensure that bureaucrats are responsive to their policy preferences (Bach and Veit 2018, p.254). One of the most important ways of achieving this goal is the appointment of loyalists in high-level positions (Bach and Veit 2018; Lewis 2008; Peters 2013). The underlying rationale of this strategy is the idea of the *ally principle*, according to which politicians – as principals – would be more willing to delegate to agents whose ideological preferences are close to their own (e.g. Epstein and O’Halloran 1994; Huber and Shipan 2011).

In this sense, for example, Bach and Veit (2018) have demonstrated that, in German federal ministries and agencies, decisions about the promotion of high-level civil servants are mostly influenced by political loyalty. Similarly, Dahlström and Holmgren (2017) demonstrated that the turnover of Swedish agency heads is influenced by changes



in the policy priorities of government, with opponents of the appointing government being more likely to leave their office than an ideological ally. In an analogous way, some studies about regulatory agencies have shown that in contexts where agencies are given a high degree of de jure autonomy – i.e. the capacity to take decisions in isolation from government intervention (Gilardi and Maggetti 2011) – executive politicians have incentives to intervene by appointing loyalists in senior-level positions as a strategy to compensate the consequent loss of control (Bach et al. 2018; Ennsner-Jedenastik 2016). This compensation strategy may be inspired by the fact that, although delegation may sometimes be a legislative decision, in the end it is the President and not the legislature who is held to account for the agency's decisions (Lewis and Waterman 2013).

The responsiveness to the government's preferences is not, however, the only concern for presidents and ministers. Executive politicians have also an interest in policies being effectively executed, which requires them being implemented according to expert knowledge and technical competences (Hood and Lodge 2006; Krause and O'Connell 2019; Lewis 2008; Moynihan and Roberts 2010). Indeed, as Bach and Veit (2018) have pointed out, the very idea of control and responsiveness is inconceivable without looking at professional competences and focusing only on partisan loyalty may undermine the capacity of government to deliver effective policies. In this sense, for example, Kopecký et al. (2016), analyzing the dynamics of party patronage in different countries, demonstrated that professionalism is usually more important than political loyalty as a criterion for selecting appointees. Furthermore, as suggested in the US literature on presidential appointments, the focus on political loyalty could impact negatively on performance (Lewis 2007).

Thus, competence and professional expertise may be as important as partisan loyalty in appointment decisions and are essential elements that should not be neglected

in achieving effective policy goals (Bach and Veit 2018; Lewis 2009; Moynihan and Roberts 2010). Even though loyalty does not necessarily exclude competence (Bach et al. 2018; Nakrošis 2015) it is not always possible to appoint officials with high levels of both loyalty and competence, so governments have to make difficult decisions about preferred backgrounds of appointees (Hollibaugh et al. 2014; Lewis and Waterman 2013). Moreover, concerns about the issue of responsiveness and effectiveness may conflict. As Krause and O’Connell (2019) point out “a palpable tension exists between presidents wanting loyalist bureaucratic agents who will faithfully implement their wishes and presidents desiring competent leaders who will be effective in executing tasks based on their managerial skills or policy expertise” (p.530).

Although these decisions may, in some cases, be constrained by particular institutional arrangements (e.g. professional selection or Senate-confirmation processes), they may be expressive of the government’s preferences on the competing objectives of political control and effectiveness in decision making (Krause and O’Connell 2019). In what follows, I will set out the relevance of studying the backgrounds of CEOs – in terms of loyalty and competence – in the particular context of SOEs.

### **Loyalty and Competence in SOEs**

SOEs are different from the other public sector entities because they are required to perform commercial and non-commercial objectives (Horn 1995), combining thus elements from both public bureaucracies and private firms (Jones and Mason 1982). On the one hand, SOEs are engaged in the production and commercialization of goods and services, which must be carried out according to business efficiency criteria. On the other hand, they may also be created or used as policy tools aimed at, for example, creating jobs or controlling inflation (Aharoni 1981; Flores-Macías 2010). The hybrid nature of

SOEs creates particular challenges for government because the business and policy components may clash (Flores-Macías 2010). For example, using the enterprise to create employment or control inflation may require sacrificing profits and efficiency. Conversely, a focus on profits may require neglecting some unprofitable policy functions. This is the case, for instance, of the Chilean state-owned bank which, in addition to generating profits through its commercial activities, is responsible for important policy goals such as providing financial services to unbanked sectors and small firms at a lower cost than private banks (Birón et al. 2019).

Running commercial activities may require processing complex information as well as technical knowledge and competences, which explains why SOE's managers are often given high levels of delegation (Anastassopoulos 1985; Sappington and Stiglitz 1987). Moreover, SOEs have historically been designed as entities with more independence from government intervention – and thus with higher managerial discretion – than an average agency (Horn 1995; Ramamurti 1987). For example, the former are often established as companies – i.e. legal entities whose identity is different from that of the government – monitored by independent boards of directors, and whose employees are frequently governed by general labor laws instead of public employment regimes (MacCarthaigh 2011; Ramamurti 1987).<sup>1</sup> The underlying idea is that conducting business operations efficiently requires enough managerial autonomy as well as the ability to take advantage of the private sector's flexible organizational practices, in order to relax the rigid structures that govern in the public sector (Aharoni 1982; Ramamurti 1991). This managerial autonomy – understood as the ability to make day-to-day decisions without government interference (Islam 1993) – would promote innovation, entrepreneurship and managerial proactivity, as well as adaptability to changes in market conditions, new

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<sup>1</sup> This trend has been known as “corporatization” (OECD 2018; Vagliasindi 2008).

technologies, and flexibility in adopting financial decisions (Islam 1993; Musacchio et al. 2015).

In this context, selecting managers with competence and technical skills is fundamental to capture the advantages of autonomy. Indeed, SOEs are often set apart from the classical mechanisms of managerial discipline that their private peers have to face – e.g. hostile takeovers and bankruptcy<sup>2</sup> (Vickers and Yarrow 1988) – being especially susceptible to “managerial slack” (Milhaupt and Pargendler 2017, p.478). For example, a manager who maintains the belief that in the case of solvency problems, the government will not let the firm fail and will provide financial assistance, probably does not have strong incentives to control costs (Jones and Mason 1982; Sappington and Stiglitz 1987). Additionally, since residual claimants in SOEs – the taxpayers – represent a diffuse interest, they probably have lower incentives and stronger collective action problems when it comes to monitoring managerial behavior than shareholders in private corporations do (Horn 1995; Milhaupt and Pargendler 2017).

Likewise, the multiple, unclear and even contradictory goals surrounding SOEs (Gillis et al. 1982), as well as the multidimensional nature of performance (Tirole 1994), makes measurement of outcomes and managerial effort a difficult task (Aharoni 1982). For example, how should the managerial performance in a SOE whose objective consists in developing some geographical area by creating employment and providing goods at low prices for consumers, but at the same time has the burden of self-financing be assessed? For this reason, implementing managerial incentive schemes such as pay-for-performance contracts may be difficult in SOEs, in contradistinction with private firms,

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<sup>2</sup> Since there is a common belief that government will not let SOEs fail and will provide financial assistance in the case of insolvency, SOEs may borrow at lower interest rates than their private counterparts, because their creditors may operate as if they were protected by this implicit guarantee (Horn 1995). For this reason, it is said that SOEs operate with soft budget constraints (Musacchio and Lazzarini 2014; Tirole 1994).

where measurability of performance is exclusively related to profits (Tirole 1994). In this context, as Rose-Ackerman (1986) has pointed out, “professionalism may be an important substitute for economic incentives” (p.134).

However, while managerial autonomy means more flexibility and allows the firm to be run according to technical knowledge and oriented to profitability, at the same time, it creates the risk of neglecting policy objectives that constitute the motives for which the entity was created (Aharoni 1982). For example, focusing attention on the firm’s profitability may clash with selling goods at accessible prices for low-income citizens or managing strategic natural resources in a sustainable way, and a CEO whose main concern is the economic viability of the firm may be tempted to look only at the former while neglecting the latter (Zif 1983). At the same time, some decisions taken by a CEO with a high degree of autonomy may also be inconsistent with government policy agenda, since managers may have different conceptions about the proper role of the SOE (Aharoni 1982).

For these reasons, some degree of political control over SOEs is unavoidable for the government in order to ensure responsiveness to non-commercial objectives and to its public policy preferences (Hanna 2018; Lioukas et al. 1993). Given the high level of formal autonomy that is often conceded to SOEs (Horn 1995), a typical – and sometimes informal (Anastassopoulos 1985) – strategy for government to exercise control over the firm is through influencing the appointment of senior managers, with the purpose of selecting individuals with shared policy preferences rather than experts (Ennsner-Jedenastik 2014a; Garner 1996; Lioukas et al. 1993). This strategy may allow the government to reduce the agency cost as well as the risk of neglecting policy goals, so it may be expected that when non-commercial objectives are particularly relevant or

strategic national interests are involved, the incentives for controlling the firm by appointing loyalist CEOs are strong (Garner 1996; Zif 1983).

Some studies have empirically supported the application of this control strategy. For example, Ennser-Jedenastik (2014a) finds that the divergence of political preferences between managers and government is the main explanation for managerial turnover in Austrian SOEs. Specifically, he shows that managers affiliated to a government's opposition party are more likely to be removed than loyal and non-partisan ones. A similar study on Lithuanian public sector organizations demonstrates that SOEs are one of the highest politicized entities, which is explained by their independence from the central government (Nakrošis 2015).

Nonetheless, appointing CEOs on the basis of their loyalty at the expense of competence, may create the risk that appointments become a strategy used for "illegitimate" patronage rather than for ensuring responsiveness and policy control (Bach et al. 2018, p.4).<sup>3</sup> Indeed, SOEs are commonly understood as "natural tools for political patronage" (Flores-Macías 2010, p.39), since they create incentives for politicians to employ political supporters in order to gain votes, even if the excessive employment undermines efficiency (Shleifer and Vishny 1994). In this sense, empirical studies have shown that the firm's number of employees, as well as its remuneration and capitalization levels, are positively related with party patronage in SOEs (Ennser-Jedenastik 2014b). At the same time, when SOEs do not have sufficient transparency and accountability mechanisms (e.g. related-party transactions disclosure rules), they may be used as vehicles for favoring political partners, for example, by allocating them lucrative contracts at the expense of the firm's efficiency, or even corruption (Milhaupt and

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<sup>3</sup> Party patronage has been defined in many different ways (e.g. Kopecký et al. 2016; Panizza et al. 2018). In this study, I understand it as the use of political appointments with the purpose of rewarding political support rather than to control policy (Bach et al. 2018).

Pargendler 2017). This was the case, for example, in the corruption scandal that that occurred in the Brazilian state-owned oil company Petrobras – the *Lava Jato* case – where some political appointees carried out a bid rigging scheme from which the then governing party obtained significant campaign funds (Milhaupt and Pargendler 2017).

Additionally, loyalists may be especially susceptible to dismissals when a change in the governing coalition occurs (Ennsner-Jedenastik 2014a) which may have negative impacts on performance (World Bank 1995). On the one hand, this situation may make developing a firm's long-term view difficult (Horn 1995; Vickers and Yarrow 1988). Moreover, since the political cycle is short-term, and often the results of managerial decisions arise in the future (Anastassopoulos 1985), CEOs may have incentives to take short-term decisions that favor them today while compromising the future viability of the firm (Musacchio and Lazzarini 2014; Ramamurti 1991). On the other hand, if CEOs are dismissed because of changes in government's preferences rather than for poor performance, incentives to be efficient may be weak (Tirole 1994).

These concerns have driven the corporate governance guidelines developed by international organizations such as the Organization for Economic Co-operation and Development (OECD) and the World Bank (Milhaupt and Pargendler 2017) which, among other measures, recommend selection mechanisms aimed at preventing political appointments, instead recruiting officials only on the basis of professional qualifications (OECD 2015; World Bank 2014). The underlying idea is to avoid political intervention by extending to SOEs the institutional arrangements that govern in private companies (Hanna 2018; Vagliasindi 2008a). Thus, it may be expected that when these kinds of mechanisms are in place, appointees have high levels of competence and no partisan connections.

As concluded from the above, the particular backgrounds that are taken into account when appointing CEOs are relevant from the perspective of the firm's operation, because they may define its orientation towards efficiency or political goals. In this context, the government's appointment power may be understood as a mechanism aimed at balancing the tension between those competing concerns (Liu and Zhang 2018), which expresses its preferences according to particular contexts. In the end, appointment decisions entail a trade-off between giving autonomy for expert and business-oriented conduction at the risk of neglecting policy orientation, and exercising more control ensuring policy responsiveness through political loyalists at the risk of sacrificing business efficiency (Flores-Macías 2010). The remainder of this chapter examines in more detail the incentives and motivations underlying different CEO backgrounds.

### **CEO's Background and Firm's Orientation**

As in any private firm, SOEs' behavior is largely defined by the CEO (Escobar 1982). They are involved in its operational matters on a day-to-day basis (MacCarthaigh 2011) and have the discretion to take decisions such as hiring additional staff or expanding particular product lines (Aharoni 1982). In using their managerial discretion, CEOs may focus attention on different aspects of the firm (Ramamurti 1987). For example, they may direct their efforts mainly at achieving the firm's business objectives, such as profit maximization, or be more focused on achieving its political objectives, such as geographic development or employment creation (Ramamurti 1987). These different managerial attitudes represent what Zif (1981) defines as the business or political orientation and capture the essence of the dual dimension of SOEs (Ramamurti 1987).

In this context, studying the CEO's background is essential (Ramamurti 1987). In fact, one of the most important elements influencing different managerial orientations is



their political or technical background, which defines his personal long-term incentives and career concerns (Zif 1981). In general terms, Zif (1981) maintains that while a business orientation is usual for CEOs with prior experience in the private sector – who often bring their private orientation to the SOE –, political orientation is typically developed by CEOs with public experience, and who are appointed for political or patronage reasons.

Drawing on Zif (1981), Ramamurti (1987) distinguishes three different categories of CEOs according to their orientations. These categories are useful for explaining how the incentives and behavior of loyalists and experts are reflected within the context of SOEs. The first category, the *commercial-goals maximizers*, corresponds to CEOs who typically come from private firms or SOE sector (Ramamurti 1987). Their behavior is thus often inspired by private sector managerial practices and motivated by the same concerns and purposes of private sector CEOs (Escobar 1982). Because of that, they direct their technical expertise and managerial competence to improving the firm's commercial performance, being profit maximization the main focus (Escobar 1982; Hafsi et al. 1987). Since they, at the same time, may be less exposed to political pressures, commercial-goals maximizers have a strong business orientation and a low political orientation, which means that they are normally more committed to the commercial rather than the non-commercial objectives of SOEs (Hafsi et al. 1987; Ramamurti 1987; Zif 1981). In this sense, for example, they may prefer to avoid selling goods and services at low-margin prices if this strategy is detrimental to profit maximization, even if it is part of the social goals that inspired the creation of the firm or are the government's programmatic objectives.

The second category, the *political-goals maximizers*, includes individuals who come from government or other political positions. They do not identify with the firm's

interests and performance itself, but rather with the government's or other external political interests (Escobar 1982; Hafsi et al. 1987; Ramamurti 1987). In contradistinction with commercial-goals maximizers, political-goals maximizers have a strong political orientation and a low business orientation (Ramamurti 1987). Consequently, they are usually committed to SOEs non-commercial objectives and socio-political legitimacy (Escobar 1982; Ramamurti 1987). Thus, for example, if the government or the CEO's political party is engaged in favoring some groups (e.g. low-income consumers), political-goals maximizers may be willing to use the SOE to provide subsidies aimed at benefiting them, even if this may undermine profitability (Escobar 1982).

A mixture of the above categories, the *social-welfare maximizers* are those CEOs who combine experience in politics, private firms and the SOE sector. They have the technical expertise and competence needed to run the firm efficiently, but at the same time, have some political skills required to manage external political pressures (Ramamurti 1987). They have strong business and political orientations, understanding that a SOE “should be an autonomous and efficient tool like private firms but that it is also proper to use it for advancing broader national goals” (Ramamurti 1987, p.54) and being thus committed both with their commercial and non-commercial goals.

These different motivations and orientations of managers may be explained by their particular career concerns, as well as by the nature of SOEs as multi-task entities. As discussed, SOEs are entities whose performance may be assessed in terms of the achievement of both commercial and non-commercial objectives. Given that the performance of the firm signals the CEO's ability (Vagliasindi 2008b), it may be expected that a CEO who is interested in his or her future career will pay attention to those tasks whose results are visible for potential employers or those who decide on his or her promotion, which depends on the different CEO's background (Tirole 1994).

CEOs with public sector and political backgrounds are mainly concerned in enhancing their political career (Escobar 1982) and, consequently, will be focused on tasks that are visible and important for their political masters (Tirole 1994). For example, a CEO interested in a future career in the Congress will be attentive to preferences supported by both his political party and the electors, focusing his or her efforts at carrying out tasks that are more visible for those groups (e.g. low prices for consumers), even though this strategy may be detrimental for the firm's long-term financial viability. Unless commercial objectives and profitability are priorities for their political masters, political CEOs will be less concerned with profit-maximization and efficiency than technocrat CEOs (Musacchio and Lazzarini 2014).

Conversely, CEOs with private sector backgrounds are not interested in a future career in politics but in the private sector (Musacchio and Lazzarini 2014). As "professional" employees, they are concerned with maintaining esteem with other similar professionals external to the firm, which depends on the application of "internalized professional norms" (Wilson 1982, p.374). Thus, he or she will have incentives "to signal their ability through the measurable financial indicators that are familiar to the private sector" (Horn 1995, p.179), typically profit maximization and commercial performance of the firm (Hafsi et al. 1987; Horn 1995). Since commercial performance is the criteria against which CEOs are assessed by their external colleagues, this type of CEO may be interested in resisting government intervention in the running of the firm as well as interest group pressures when this intervention is aimed at enhancing non-commercial objectives at the expense of profits (Horn 1995).

Thus, political CEOs are more willing to adopt government preferences within the SOE than technocrat CEOs (Flores-Macías 2010). For this reason, decisions on CEOs background may reflect government preferences over the orientation of the firm. Thus, if

a SOE is seen predominantly as a policy-oriented entity, it may be expected that the government will select a CEO with a political and public sector background. Indeed, Zif (1981) finds evidence that the relation between political orientation and manager's background in the public sector rather than the private sector is statistically significant. Conversely, if a SOE is seen as a commercial and profit-oriented entity, appointing a CEO from the private or the SOE sector seems to be a reasonable choice. In other words, one may expect that CEOs with high managerial competences will preferably be appointed in SOEs mostly oriented towards profits and commercial objectives – and with a more managerial autonomy – while more loyalist CEOs will be appointed in SOEs where political orientation is especially relevant and the interests for control higher (Zif 1983).

In this sense, it has been said that when government seeks to find an equilibrium between the commercial and non-commercial dimensions of SOEs, selecting hybrid background – CEOs with high levels of both loyalty and competence – may be the ideal scenario since both political and technocrat biases may be neutralized (Musacchio and Lazzarini 2014; Ramamurti 1987). Since this ideal scenario is not always possible in practice, government has to make decisions over loyalty and competence. The next section describes how these decisions between those characteristics have been taken in Chilean SOEs.

## **Data and Methods**

This study is based on an original and unique data set comprising biographical information of the individuals appointed as CEO in the Chilean state-owned enterprises between 1990 and 2018. The data collection process was conducted in two steps. During the first step, I identified all the enterprises owned by the Chilean government from

official records published by the Chilean budget office (DIPRES). Only enterprises wholly owned by the state and currently in operation were included in the data set (22).<sup>4</sup> Thus, SOEs with mixed ownership (3) and those that have closed or are currently under liquidation (6) were excluded. Military SOEs (3) were also excluded because they have very specific institutional structures that make them completely different from the average SOE. During this step, a mapping of the CEOs appointed during the observed period, the firm in which they served and their tenure dates, was also conducted. In order to gather this information, I primarily used firm's annual reports, official commercial registers kept by the Chilean securities regulator (CMF) and freedom of information requirements. When there were not possible, I complemented the information by using institutional websites, media databases, and other public reports. In total, the data set contains 117 individuals, which represents practically the complete population of CEOs during the observed period.<sup>5</sup>

During the second step, I conducted a biographical study of each individual in order to identify their background in terms of loyalty and competence. I collected information regarding their professional experience, career trajectory, political positions, and academic qualifications. This biographical information was obtained from CVs available from institutional and personal websites, as well as from media databases, academic files, and professional networking websites.

For the biographical analysis I developed two different indexes for measuring the levels of loyalty and competence of the individual appointees. For measuring loyalty, I followed Krause and O'Connell (2019) and considered a broad concept that comprehends

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<sup>4</sup> A list of the SOEs included in the data set is presented in Appendix 1.

<sup>5</sup> The only missing data correspond to the CEOs from the state-owned railway during 1990-94 and 1996-2000, as well as those from the state-owned ports EPAR (1998-2002), EPCO (1998-2002), EMPORMONTT (1998-2002) and EPA (1998-2002). The data set is presented in Appendix 2.

not only partisan loyalty, but also fealty and personal trust characteristics. That is, loyalty is measured here as shared political affiliation and ideological alignment with the appointing government, as well as political personal trust. I captured it by using three indicators representing a shared partisan affiliation, political work within the same political party, and political personal trust. For shared partisan affiliation, I coded 1 if the individual was a member of the same political party as the appointing government, and 0 otherwise.<sup>6</sup> For political experience, I coded 1 if the appointee had served as a member of the parliament or held another elected political position representing the same political party as the appointing government,<sup>7</sup> and 0 otherwise. This also includes individuals who participated in any electoral process but were not elected, or withdrew their campaign, because it is also indicative of their political affiliation. For political personal trust, I coded 1 if the appointee had served as minister, vice minister or held any other position of the President's political confidence<sup>8</sup> during an administration of the same coalition as the appointing government, and 0 otherwise.

Additionally, I included another measure about the appointee's experience in administrative departments during previous administrations of the same coalition as the appointing government. This measure is an alternative element that allow the appointer to infer that the appointed CEO will be responsive and comply with the government's policy preferences (Krause and O'Connell 2019). Thus, I coded 1 if the appointee had

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<sup>6</sup> Since information about party affiliation is not always public, it is possible that some politicized individuals were coded 0. A similar methodology has been adopted in earlier works about politicization (e.g. Enns-Jedenastik 2014, 2016; Kopecky et al. 2012).

<sup>7</sup> In Chile, the political system is structured as coalitions comprised by different parties. Thus, individuals from the same coalition as the appointing government were coded as political affiliates despite being from a different political party (Joignant 2010).

<sup>8</sup> According to Chilean law, these positions are known as *cargos de exclusiva confianza*. They are appointed at the President's discretion, without any substantive control or prior confirmation by another institution. These appointees are supposed to perform 'political functions' and corresponds to high-level directors such as ministers or vice ministers. Their support staff is also included in this type of appointment (Rajevic 2019).

served as head of an agency, ministerial program, or another administrative project, and 0 otherwise. Since theoretically this type of experience captures managerial and professional capacities, it may also be a measure of competence (Lewis and Waterman 2013). However, I included it only as a measure of loyalty for two different reasons. First, the managerial skills and expertise required for public agencies are different from those required for leading corporations (Krause and O’Connell 2019). Thus, being a competent civil servant is not necessarily indicative of expertise for carry out commercial activities (Wilson 1989).<sup>9</sup> Second, since within the Chilean public employment practice these positions are often understood as positions of trust rather than professional or technical positions (Fuenzalida and Riccucci 2018; Rajevic 2019), they are more indicative of loyalty than competence.

For measuring competence, I drew on past literature analyzing managerial competence in the public sector (e.g. Bach and Veit 2018; Lewis and Waterman 2013), adapting it according to the particularities of SOEs (Musacchio and Lazzarini 2014; Ramamurti 1987). Specifically, I used three different indicators to capture the appointee’s managerial capacity to lead an SOE, inferred from his or her past managerial experience in the private sector, knowledge about the SOE sector and academic qualifications. For private sector managerial experience, an individual was coded 1 if he or she had worked as a CEO or as a member of the board of a private firm, and 0 otherwise. An appointee who had held a mid-level position in a private firm from the same sector as the SOE he or she was appointed was also coded 1. For prior experience in SOEs, an appointee was coded 1 if she or he had worked in a SOE either from the same or a different sector and either in mid-level or high-level managerial positions, and 0 otherwise. For academic

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<sup>9</sup> As Wilson (1989) pointed out, public and private organizations are different because of “the rules under which they acquire and use capital and labor” (p.135).

qualifications, I measured the appointee’s educational level (3 PhD, 2 MBA/MA/MSc, 1 BA/BSc, 0 none).<sup>10</sup>

The value of each index for an individual CEO is simply the mean of the respective individual indicators.<sup>11</sup> Table 1 portrays descriptive statistics of the indexes and individual indicators for all CEOs appointed during the observed period at aggregate level.

**TABLE 1.** Descriptive Statistics for Appointed CEOs

CEO Backgrounds	Mean	SD	Minimum	Maximum
<i>Loyalty Index</i>	0,22	0,25	0	0,75
Party affiliation	0,39	0,49	0	1
Political career	0,06	0,25	0	1
Political personal trust	0,19	0,39	0	1
Agency experience	0,23	0,42	0	1
<i>Competence Index</i>	0,89	0,35	0,33	1,66
Educational level	1,54	0,68	0	3
Private sector experience	0,59	0,49	0	1
SOE experience	0,54	0,49	0	1

Note:  $N = 117$ .

To analyze how the indexes and preferences for particular loyalty and competence indicators vary across different contexts, the results are broken down by different explicative variables related with institutional and economic factors (e.g. legal status, appointing authorities, market structure),<sup>12</sup> and compared through a simple difference of means test, based on Lewis and Waterman (2013).

For analyzing the potential relationship between the dynamic of CEO appointments and the electoral cycle, I drew on Pardow (2019) and the observed

<sup>10</sup> For coding information, I only considered the professional/political experience at time of appointment.

<sup>11</sup> A similar methodology for defining the value of particular indexes is applied in Gilardi (2002).

<sup>12</sup> The institutional characteristics of Chilean SOEs described in this study are based on the analysis of their specific statutes (see Appendix 1), as well as the relevant rules of the Chilean Constitution and the Administration of the State Act (Law N°18.575).



appointments were ordered on a temporal-basis, identifying the different presidential periods comprised within the observed period. This period covers the center-left administrations of Patricio Aylwin (1990-1994), Eduardo Frei (1994-2000), Ricardo Lagos (2000-2006), and Michelle Bachelet (2006-2010; 2014-2018), as well as the right administrations of Sebastián Piñera (2010-2014; 2018).

### **Empirical Findings**

Before analyzing the variation of the loyalty and competence indexes, as well as the preferences about particular indicators across different institutional arrangements, a general overview of the total appointments during the observed period will be set out (see Table 1). Looking at loyalty indicators, it is possible to see that 39% of the appointees shared party affiliation with the appointing government, and that 6% had also a political career as a member of the parliament or from competing in general elections. On the other hand, 19% of CEOs had been ministers, sub-ministers or held other political positions of president's personal trust, while 23% had been head of an agency or a ministerial program. As for competence indicators, 59% appointees had had prior managerial experience in private firms, whereas 54% had worked in the SOE sector. Regarding education level, half of the appointees had master's degrees, whereas 7% also had PhD studies.

It is interesting to note that most of the appointees had hybrid backgrounds. In more concrete terms, 47,2% of the appointed CEOs combined experience in private firms or the SOE sector with partisan affiliation and some experience in government or politics therefore showing characteristics that are representative both of loyalty and competence. The second most common group is that of CEOs with exclusively professional backgrounds (43,4%), whereas only 9,4% of the appointees have backgrounds only

related with loyalty, having no professional experience neither in private firms nor SOEs. This evidence suggests that there is a general preference for welfare-maximizers CEOs, which indicates that, when making appointment decisions, a balance between both business and political dimensions of SOEs is pursued.

Turning to the variations in loyalty and competence indexes and their respective particular indicators by SOE sector, some interesting patterns emerge. First, according to the data, mining and broadcasting are the sectors with the highest index of loyalty (See Table 2). Concretely, 63% of the CEOs from mining companies shared party affiliation with the appointing government, whereas 77% met this indicator in the broadcasting company. In addition, a third of the appointees from each of these sectors had been minister, vice-minister or held other position of president's personal trust. Interestingly, mining and broadcasting SOEs have at the same time the CEOs with the highest index of competence. In both cases, the majority of the appointees had previous experience in SOEs and in the private sector. Additionally, the CEOs from these corporations presents the highest education levels, concentrating 66% of the total amount of CEOs with PhD studies. Conversely, whereas the CEOs from ports and transport are those with the lowest loyalty indexes, their levels of competence are below average. In general, this evidence indicates that the relationship between loyalty and competence in CEO appointments is not necessarily inverse, which supports the idea that loyalty concerns does not necessarily excludes competence and professional skills (e.g. Ennsner-Jedenastik 2016; Nakrošis 2015). This interaction between both indexes is presented in Figure 1.

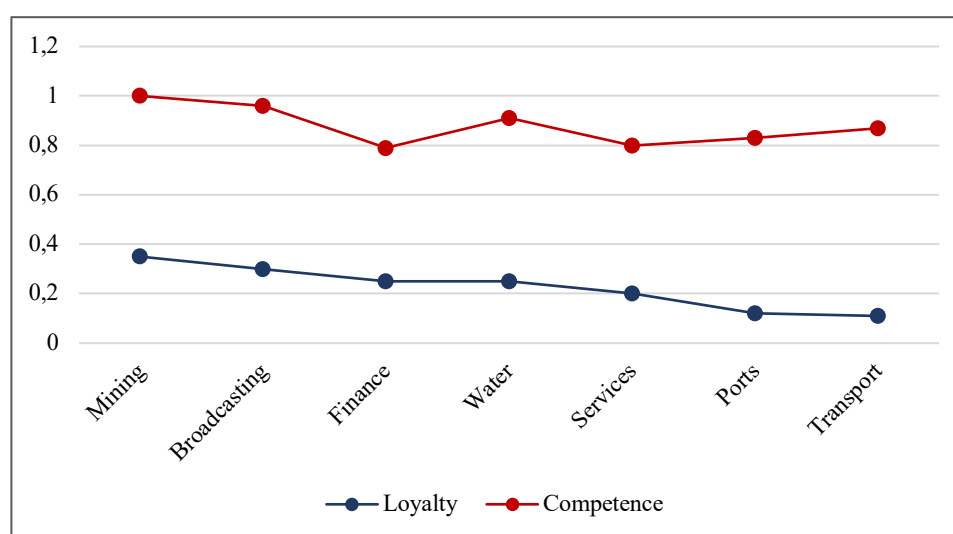
Nonetheless, the analysis of the aggregated data at SOE sector level may not capture some important variations that exist within some sectors. For instance, whereas the service sector collectively has a relatively low competence index, the state-owned company responsible for minting notes and coins of national circulation (CMSA) presents

individually one of the highest competence indexes. Likewise, within each sector there are also important institutional variations. For example, while some service SOEs are structured as companies, others are statutory corporations. For this reason, in what follows, I analyze how loyalty and competence indexes, as well as the preferences about particular indicators, vary according to different institutional factors surrounding SOEs.

**TABLE 2.** State-Owned Enterprises CEO Backgrounds by SOE Sector

CEO Backgrounds	Mining N=30	Finance N=5	Transport N=17	Broadcasting N=9	Services N=4	Water N=29	Ports N=29
<i>Loyalty Index</i>	0,35	0,25	0,11	0,3	0,2	0,25	0,12
Party affiliation	0,63	0,6	0,17	0,77	0,39	0	0,17
Political career	0,13	0	0	0	0,13	0	0,03
Political personal trust	0,33	0,2	0	0,33	0,08	0,25	0,20
Agency experience	0,33	0,2	0,29	0,11	0,21	0,75	0,10
<i>Competence Index</i>	1	0,79	0,87	0,96	0,8	0,91	0,83
Educational level (0-3)	1,7	1,2	1,58	1,77	1,39	1,5	1,48
Private sector experience	0,63	0,6	0,64	0,55	0,52	0,75	0,55
SOE Experience	0,7	0,6	0,41	0,55	0,52	0,5	0,48

Note: N = 117



**FIGURE 1.** Loyalty-Competence Index by SOE Sector

## **Background Preferences by Institutional and Economic Factors**

I first analyze whether the preferred background characteristics of CEOs vary in SOEs with different legal status – specifically, whether they are established as *companies* or *statutory corporations*. SOEs are usually given the form of companies in order to give them the same flexibility that private firms have in conducting their activities, as well as isolating them from government intervention (MacCarthaigh 2011; Vagliasindi 2008a). Indeed, Chilean state-owned *companies* are not subject to the classic public law controls nor are they part of the public sector. Their activities (as well as their personnel and contracting regimes) are regulated by general company and securities law, and by their own bylaws. Additionally, they are open to potential private shareholdings. Conversely, *statutory corporations* are public law entities controlled directly by the president or by a responsible minister. They are part of the public sector and regulated by legal statutes. Given the direct governmental control over statutory corporations, appointing CEOs on the basis on loyalty at the expense of competence may be easier than in companies, where corporate rules may impose transparency constraints on government (OECD 2013). Thus, we may expect that CEOs from SOEs organized as statutory corporations have higher levels of loyalty and lower levels of competence than those selected in companies.

Table 3 illustrates information on the proportion of appointed CEOs from each type of entity according to their backgrounds reflecting loyalty and competence. The data shows some interesting patterns. First, in accordance with my predictions, appointees of statutory corporations had a higher loyalty index than those from companies. This may be explained because most SOEs organized as statutory corporations are at the same time enterprises that carry out activities of strategic relevance for the country, such as mineral extraction and banking (Birón et al. 2019; Castañeda et al. 2015), having thus a relevant political dimension. Looking at individual characteristics, the data shows that statutory

corporation CEOs were significantly more likely to be members of the government’s political party than appointees of companies. Forty three percent of the appointees in statutory corporations were party affiliates, whereas only a quarter of the CEOs from companies met that quality. They were also more likely to have been serving in political positions of president’s trust, but less likely to have prior agency experience than appointees of companies.

**TABLE 3.** State-Owned Enterprises CEO Backgrounds by Legal Status

CEO Backgrounds	Company	Statutory Corporation	Significant Difference?
<i>Loyalty Index</i>	0,19	0,23	
Party affiliation	0,25	0,43	✓
Political career	0,08	0,06	
Political personal trust	0,12	0,21	
Agency experience	0,33	0,21	
<i>Competence Index</i>	0,87	0,89	
Educational level	1,5	1,55	
Private sector experience	0,66	0,56	
SOE experience	0,45	0,56	

Note:  $N = 117$ . ✓ indicates significant difference at the 0.05 level.

Interestingly, whilst both types of entities present a similar index of competence, statutory corporations show a slightly higher one. This may be explained by the particular complexity involved in their activities, especially in the case of mining. Looking at the particular indicators of competence, there are some differences in terms of previous experience. While CEOs from statutory corporations were more likely to have SOE experience, they were less likely to have worked in private firms. Although these differences are not statistically significant, a reason that may explain them is that companies, with the purpose of emulating private sector structures, may be specially interested in hiring individuals with experience in private firms.

Secondly, I evaluate whether preferences about background characteristics of appointed CEOs are different depending on ownership structures. In general terms, government ownership rights may be exercised in a decentralized way – e.g. by different ministers or government departments – or centralized in a single entity (Milhaupt and Pargendler 2017). Chile follows a model of centralized ownership exercised by the Public Enterprises System (SEP) – a specialized committee under the umbrella of the National Developing Corporation (CORFO) – that centralizes the responsibility for representing the interests of the state as a shareholder, by appointing members of the board and participating in the strategic management of the firms under its supervision. In that role, SEP is particularly concerned with maximizing the firms’ economic value as well as enhancing their managerial efficiency and transparency. Most Chilean SOEs are under the supervision of SEP, with the exception of the mining corporations (CODELCO, ENAP and ENAMI), the state-owned bank (Banco Estado) and the national broadcasting enterprise (TVN), which operate under their own corporate governance and executive selection practices.

In terms of CEO appointments, the SEP dependent companies are obligated to select top executives through an open and competitive recruitment process. As criteria for selection, SEP practices requires considering work experience, academic qualifications and professional competences (SEP 2016). These practices are in line with the OECD Guidelines, which support the idea that centralizing ownership in specialized agencies tends to isolate government intervention in the day-to-day administration, as well as favoring selection processes oriented at professional and meritocratic concerns rather than political connections (OECD 2018). Given the *corporatized* orientation of SEP practices, it may be expected that CEOs from SOEs under its supervision have lower levels of loyalty and higher competence than those selected in decentralized SOEs.

Table 4 presents the proportion of CEO backgrounds reflecting loyalty and competence separated by whether appointees serve in SOEs under the supervision of SEP or not. As expected, the average loyalty index of appointees was significantly higher in decentralized SOEs, compared to those centralized in SEP. They also had higher levels in every individual indicator. Differences in party affiliation were significant. Sixty five percent of appointees in decentralized SOEs were government partisans, while only 23% met that quality in SOEs supervised by SEP. Likewise, CEOs from decentralized SOEs were significantly more likely to have held a political position of presidential trust than those from centralized SOEs. They were also more likely to have a political career and agency experience, but these differences are not statistically significant. Surprisingly, CEOs from decentralized SOEs were also significantly more competent than those appointed in SEP SOEs, having also higher levels in every individual indicator. This finding may be explained by the comparative strategic relevance that decentralized SOEs have for national interests.

**TABLE 4.** State-Owned Enterprise CEO Backgrounds by Ownership Structure

CEO Backgrounds	Centralized (SEP)	Decentralized	Significant Difference?
<i>Loyalty Index</i>	0,15	0,33	✓
Party affiliation	0,23	0,65	✓
Political career	0,05	0,09	
Political personal trust	0,12	0,31	✓
Agency experience	0,21	0,27	
<i>Competence Index</i>	0,84	0,97	✓
Educational level	1,47	1,65	
Private sector experience	0,57	0,61	
SOE experience	0,47	0,65	✓

Note:  $N = 117$ . ✓ indicates significant difference at the 0.05 level.

Next, I examine whether CEO backgrounds preferences are different depending if they are appointed directly by the president or by the board of directors. Literature

suggests that institutions where appointments are decided by a board or by the executive collectively are more independent from political cycles than those where the selection depends unilaterally on the executive (Gilardi 2002) since the chances of selecting government loyalists may be reduced (Ennsner-Jedenastik 2016). Indeed, empirical studies have demonstrated that when appointments decisions in Chilean regulatory agencies are unilaterally taken by the executive, the preferences for loyalty are higher than in shared-appointment cases (Pardow 2019). On the other hand, boards of directors in SOEs are subject to corporate governance principles aimed at enhancing the selection process of top executives on the basis of professional qualifications over political connections (OECD 2015; SEP 2016). In this context, it may be expected that CEOs appointed directly by the president have higher levels of loyalty and lower levels of competence than those appointed by the board of directors.

Table 5 presents the information on the proportion of CEOs with backgrounds related with loyalty and competence by the appointing authority. Some interesting patterns arise. First, as expected, presidential appointees had significantly higher loyalty levels than those appointed by the board. They had significantly more loyalty in virtually every indicator. Seventy three percent of presidential appointments had the same political affiliation, compared to 17% in the case of board appointees. Presidents were also significantly more likely to appoint CEOs who had held a position of political personal trust and political career as a member of the parliament or had run in popular elections. Presidential appointees were also more likely to have agency experience, but this difference is not statistically significant.

Surprisingly, president appointees had also higher average levels of competence than board selected CEOs. They had higher educational levels and significantly more SOE experience, whereas board appointees were more likely to have come from the



private sector. Even though some of these differences are not statistically significant, they are in line with the dynamics of presidential appointments in Chile. More concretely, after the return to democracy in 1990, Chilean presidents have had a constant preference for high-level agents characterized by strong technical competences in addition to their political skills (Joignant 2011; Silva 2013). This strategy has allowed them to enhance the dialogue between the state, the private sector and labor interests, as well as to apply long-term policies isolated from pressures from both their supporting political parties and opposition (Silva 2013).

**TABLE 5.** State-Owned Enterprises CEO Backgrounds by Appointing Authority

CEO Backgrounds	President	Board of Directors	Significant Difference?
<i>Loyalty Index</i>	0,41	0,17	✓
Party affiliation	0,73	0,30	✓
Political career	0,17	0,04	✓
Political personal trust	0,39	0,14	✓
Agency experience	0,34	0,21	
<i>Competence Index</i>	0,93	0,87	
Educational level	1,60	1,53	
Private sector experience	0,52	0,60	
SOE experience	0,69	0,51	✓

Note:  $N = 117$ . ✓ indicates significant difference at the 0.05 level.

I also evaluate whether choices about CEO's backgrounds are different depending on the composition of the board of directors. The board of directors is the connection between government as shareholder and the SOE's executive management (MacCarthaigh 2011). When the board is only composed of government representatives, political intervention and control may be frequent (Lioukas et al. 1993). Conversely, when the government shares the representation on the board with other actors (e.g. private sector representatives or independent directors), the enterprise acquires more managerial autonomy and the space for governmental control may be reduced (Vagliasindi 2008b).

In Chile, most SOEs have boards composed only by government representatives,<sup>13</sup> while in some others, governmental power is shared with private sector representatives or independent directors that, despite being appointed by the government, are selected by independent agencies or confirmed by the Parliament.<sup>14</sup> In this context, it may be expected that the higher autonomy of SOEs with more balanced board compositions acts as an institutional barrier to political interference, constraining the government's ability to appoint their partisans (Ennsner-Jedenastik 2016). However, this higher autonomy may at the same time create incentives for government to influence the CEOs' appointments as compensation for the loss of control that a more balanced board composition supposes (Bach et al. 2018), so we may also expect that government use partisan affiliation to counteract the diluted control over management (Ennsner-Jedenastik 2016). As for competence, bearing in mind that independent directors are usually introduced in order to isolate politics and ensure a long-term conduction (OECD 2013), it may be expected that CEOs from SOEs with a balanced board composition are more competent than those appointed in SOEs directed only by executive representatives.

Table 6 presents information on the proportion of CEO backgrounds broken down by board composition. Several interesting patterns emerge. First, CEOs appointed in SOEs with balanced board compositions were significantly more loyalist than those appointed in SOEs with boards only conformed of executive representatives. They have higher levels on every loyalty indicator. The highest difference is regarding political affiliation. Whereas 66% of the CEOs from SOEs with balanced boards were party affiliates, only 25% of appointees from SOEs controlled entirely by the executive met

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<sup>13</sup> This includes president or ministerial representatives; representatives from different government agencies (e.g. CORFO, SEP). Boards elected at the shareholders meeting are also considered as executive representatives as long as the state is wholly the owner of the enterprise.

<sup>14</sup> Whilst there are worker representatives, they are not included because they do not have voting rights within the board.

that characteristic. They were also significantly more likely to have held a political position of personal trust. Agency experience and political career was also higher in SOEs with balanced boards, but the differences are not statistically significant.

**TABLE 6.** State-Owned Enterprise CEO Backgrounds by Board Conformation

CEO Backgrounds	Balanced Board	Executive	Significant difference?
<i>Loyalty Index</i>	0,34	0,16	✓
Party affiliation	0,66	0,25	✓
Political career	0,10	0,05	
Political personal trust	0,33	0,12	✓
Agency experience	0,28	0,21	
<i>Competence Index</i>	0,99	0,83	✓
Educational level	1,71	1,46	✓
Private sector experience	0,61	0,57	
SOE experience	0,66	0,48	✓

Note:  $N = 117$ . ✓ indicates significant difference at the 0.05 level.

This evidence supports the idea that the executive seeks to compensate the higher autonomy of SOEs and the consequent loss of control by appointing loyalist CEOs. In more concrete terms, it is possible to argue that the ideological links between government and CEOs is a strategy for counteracting the private interests within the board. In fact, the Chilean entrepreneurial state has been historically characterized by the conflict between the executive and the private sector, whose efforts have been constantly directed at constraining the scope of SOEs (Silva 2013). Regarding competence, CEOs from SOEs directed by balanced boards had significantly higher levels of competence than the others, which confirms my expectations.

Finally, I analyze whether loyalty and competence indexes and preferences about background characteristics vary according to different market environment surrounding SOEs, specifically, whether or not they face competitive markets. In competitive markets, it is easier for consumers to assess and compare the quality, quantity and costs of goods

and services provided (Horn 1995). At the same time, managers face pressures for controlling costs and operating efficiently (Vickers and Yarrow 1991). Thus, it may be expected that is that SOEs facing competitive pressures tend to give more relative importance to competence than those SOEs that operate in natural monopolies.

**TABLE 7.** State-Owned Enterprise CEO Backgrounds by Market Environment

CEO Backgrounds	Competition	Not Competition	Significant difference?
<i>Loyalty Index</i>	0,25	0,20	
Party affiliation	0,54	0,27	✓
Political career	0,07	0,06	
Political personal trust	0,17	0,21	
Agency experience	0,19	0,27	
<i>Competence Index</i>	0,92	0,86	
Educational level	1,56	1,53	
Private sector experience	0,64	0,54	
SOE experience	0,56	0,53	

Note:  $N = 117$ . ✓ indicates significant difference at the 0.05 level.

Table 7 presents information regarding the proportion of CEO's backgrounds broken down by whether or not they serve in SOEs that face market competition either by private firms or other SOEs. Interestingly, the average loyalty index of CEOs from competitive SOEs is slightly higher than those serving in SOEs operating in monopoly or quasi-monopoly conditions. This may be explained because within those SOEs that compete in markets are the mining corporations CODELCO and ENAP, which carry out activities of strategic relevance for the country, as well as the broadcasting company TVN which, according to its statutes, is responsible for relevant non-commercial goals such as spreading democratic pluralism. Turning to particular characteristics, data shows that CEOs in competitive SOEs were significantly more likely to be selected for their partisan affiliation, but less likely to come from positions of political trust and have prior agency experience than other appointees. As expected, competence was a more important

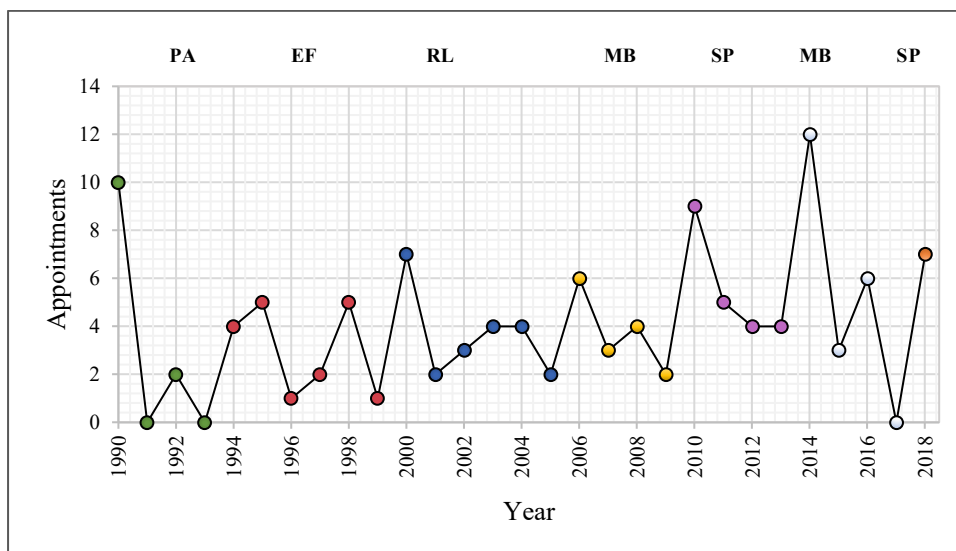
characteristic in competitive SOEs. Whereas they had similar education levels and previous SOE experience than non-competitive SOE's appointees, they were more likely to have managerial experience in the private sector. This evidence may explain the fact that CEOs appointed in port and transport SOEs – which operates monopolies –, despite being those with the lowest loyalty indexes, had at the same time below average competence levels.

### **The Dynamics of CEO Appointments and the Electoral Cycle**

A complete picture of the dynamics of CEO appointments requires looking at its relationship with the electoral cycle, or how appointment decisions are made according to the changes in governing coalitions. In order to identify this potential connection, the data is examined in a temporal dimension across the entire observed period. This analysis is important since a close relationship with the electoral cycle may be indicative of the relevance that loyalty concerns have in the context of SOE appointment decisions (Ennsner-Jedenastik 2014a).

For this purpose, a brief description of the Chilean electoral cycle is needed. During the first twenty years after the return to democracy, Chile was governed by the center-left coalition conformed by the political parties that opposed Pinochet's dictatorship. The governments of Patricio Aylwin (1990-1994), Eduardo Frei (1994-2000), Ricardo Lagos (2000-2006) and Michelle Bachelet (2006-2010) correspond to this period. These twenty years were followed by a stage of swings in power between center-left and right-wing coalitions. This period started with the right-wing government of Sebastián Piñera (2010-2014), which was followed by a second government of Michelle Bachelet (2014-2018), and then the current second government of Sebastian Piñera

(2018-2022).<sup>15</sup> Figure 2 illustrates the total number of appointments made annually during the entire observed period, separated by each presidential period.



**FIGURE 2.** Appointments by electoral cycle

Note: Each presidential period is represented by a different color. Administrations included: Patricio Aylwin (PA), Eduardo Frei (EF), Ricardo Lagos (RL), Michele Bachelet (MB) and Sebastián Piñera (SP).

Turning to the temporal dimension of appointments, some interesting patterns emerge. First, appointment decisions in SOEs closely follow the electoral cycle. Looking at each presidential period it is seen that a greater number of annual appointments are made during the first year of government, whereas the lowest numbers were typically registered during the last year of office. Moreover, almost 50% of the total appointment decisions coincided with the first year of mandate in virtually all presidential administrations, even in cases where the government that came to power was part of the same coalition as its predecessor. The only exception to this trend was Eduardo Frei’s administration (1994-2000), where changes in executive management occurred mostly during the second and fifth year of the presidential period. In a similar sense, comparing

<sup>15</sup> This study only includes the first year of the second government of Sebastián Piñera.

the amount of appointments made by governments entering and leaving, it can be seen that in all cases appointments made during the final year of the leaving government were considerably lower than those made during the first year of the entering government.

Another interesting finding is that, despite appointment decisions in SOEs following the electoral cycle independent of the ideological orientations of presidential administrations, the changes in management are more intense when changes in governments also entail a change in governing coalitions or in ideological orientations. Specifically, looking only at the appointments made during the first year of an entering administration across the entire observed period, it is possible to see that half of these appointments were concentrated in the eight-year period between 2010 and 2018, in which the swings between the center-left and right-wing coalitions took place.

These ideological factors can be also appreciated if we note that most of the appointment decisions were made by the administrations that came into power after a long period of an opposition government. In fact, the largest numbers of the appointments were made in 1990, 2010 and 2014, years that represent important ideological changes in Chilean political history. Concretely, Patricio Aylwin assumed the presidency in 1990 after 17 years of Pinochet's dictatorship which was supported by right-wing and far-right sectors. In turn, Sebastian Piñera won the elections in 2010 after twenty years of center-left transitional governments. This administration was followed in 2014 by the second center-left government of Michelle Bachelet.

These empirical findings indicate that when a new government comes into power, it is likely that changes in SOE management will occur regardless of the ideological orientation of its predecessor, but that these changes are even more likely when the change in government means also a change in ideologic orientation. This evidence thus

gives some indications about the relevance of political concerns in appointing CEOs in Chilean SOEs.

## **Conclusion**

Choices about the particular characteristics of CEOs in SOEs present important challenges for governments. While managerial competence is essential for running business activities efficiently, political loyalty is important for ensuring responsiveness to policy goals and the government's priorities. Despite the relevance of this issue, we know little about how those appointment decisions are made, what factors taken into account, and how do they vary across different institutional arrangements. This study examined the dynamics of CEO appointments in Chilean SOEs, by analyzing the characteristics taken into account for selection, as well as its relationship with the electoral cycle. In doing this, I used an original and unique data set comprising biographical information of the appointed CEOs in Chilean SOEs between 1990-2018.

My findings indicate that in Chilean SOEs there is a predominant preference for CEOs who present indicators of both political loyalty and competence. In addition, CEOs having exclusively professional backgrounds without political loyalty are much more likely to be selected than loyalist without professional experience. The general preference for hybrid backgrounds that combines prior experience in the private or SOE sectors with experience in government or politics suggests that while managerial autonomy and efficiency are important concerns for government, their policy goals are also relevant. Appointment decisions seem to express a governmental effort to balance both business and political dimensions of SOEs.

In relation to the above, the evidence indicates that loyalty does not necessarily exclude competence and professional skills. Contrarily, analyzing the aggregated data by



SOE sector, it is found that levels of loyalty are frequently positively related with levels of competence. This is the case, for example, in sectors such as mining and broadcasting, where the appointees are the most politized, but at the same time the most competent CEOs. Nonetheless, indexes of both loyalty and competence vary considerably across individual SOEs, making it difficult to identify general patterns.

Regarding the institutional factors, the evidence indicates that CEOs from SOEs organized as companies, controlled by a single specialized agency, and whose appointment is the decision of the board, have respectively lower levels of loyalty than those appointed in SOEs organized as statutory corporations, controlled directly by responsible ministers and where appointments decisions are taken directly by the president. However, there is no evidence that these *corporatized* institutional arrangements promote more competence in the CEO's selection than traditional structures do. Indeed, CEOs from SOEs with these business-oriented characteristics have lower levels of competence than those appointed directly by the president, or in statutory and decentralized SOEs.

The exception to the above is board composition. Indeed, the evidence indicates that CEOs appointed in SOEs with boards that include independent directors and private sector representatives have significantly higher levels of both loyalty and competence than those selected in SOEs whose boards are composed exclusively by government representatives. A possible explanation for this difference is that, since sharing the board with private sector representatives may reduce the degree of governmental control over the firm's operation, the government may be particularly interested in compensating this loss of control by appointing CEOs with high levels of loyalty, as argued in literature (e.g. Ennser-Jedenastik 2016). This potential loss of control does not occur with the same

intensity in the cases of the other institutional factors such as legal structure, so the government's incentive to appoint loyalists may be lower in those cases.

As for market environment, the evidence indicates that competition in markets promotes the selection of CEOs with relatively higher levels of competence, compared to those appointed in SOEs operating monopolies.

In relation to the connection between appointments and the electoral cycle, it was found that most of the annual appointment decisions are taken during the first year of the government that comes into power, while few are taken during the final year of each presidential period. It was also found that these changes in SOE management are particularly intensive when the change of government also entails an ideological change. These findings indicate the relevance of political considerations in making appointment decisions.

This study has attempted to contribute to existing literature on public sector appointments by extending its application to the particular context of SOEs. Specifically, it has provided a conceptual framework that captures the dual dimension of these entities, as well as the particular ways in which the backgrounds of top managers may influence their orientation. The results and methods applied in this study may contribute to future research on SOEs not only in Chile but also in comparative studies. For example, future research may empirically test how the dynamics of appointments in SOEs may vary across different countries with different institutional and economic realities. Although some measures used in this study are based on particular characteristics of Chilean administrative practices, they may be adapted to other particular national contexts. In general, understanding the dynamics of appointments across different institutional contexts is a key step in the study of executive politics in the context of the entrepreneurial state.

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## Appendix 1

### Chilean State-Owned Enterprises Included in the Data Set

Corporation	Regulation	Sector	Legal Status	Ownership Structure	Appointing Authority	Board Conformation	Market Environment
Corporación Nacional del Cobre de Chile (CODELCO)	Decree Law 1350	Mining	Statutory Corporation	Decentralized	President/Board	Executive/Private Sector/Independent Directors	Competition
Empresa Nacional del Petróleo (ENAP)	Law 9618	Mining	Statutory Corporation	Decentralized	Board	Executive/Private Sector	Competition
Empresa Nacional de Minería (ENAMI)	DFL 153	Mining	Statutory Corporation	Decentralized	President	Executive/Private Sector	Monopoly
Banco del Estado de Chile (Banco Estado)	Decree Law 2079	Finance	Statutory Corporation	Decentralized	President	Executive	Competition
Televisión Nacional de Chile (TVN)	Law 19132	Broadcasting	Statutory Corporation	Decentralized	Board	Independent Director (Senate confirmed)	Competition
Empresa de los Ferrocarriles del Estado (EFE)	DFL 1/1993	Transport	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa de Transporte de Pasajeros Metro S.A. (Metro)	Law 18772	Transport	Company	Centralized	Board	Executive	Monopoly
Casa de Moneda de Chile S.A. (CMSA)	Law 20309	Services	Company	Centralized	Board	Executive	Competition

Empresa de Correos de Chile	DFL 10/1982	Services	Statutory Corporation	Centralized	Board	Executive	Competiton
Polla Chilena de Beneficencia S.A	Law 18851	Servicios	Company	Centralized	Board	Executive	Competition
Sociedad Agrícola y Servicios Isla de Pascua Ltda. (Sasipa)	Law 19293	Servicios	Company	Centralized	Board	Executive	Monopoly
Empresa Concesionaria de Servicios Sanitarios S.A. (ECONSSA)	Law 18855	Water	Company	Centralized	Board	Executive	Monopoly
Empresa Portuaria de Antofagasta (EPANTOFA)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Arica (EPAR)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Austral (EPA)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Chacabuco (EPCHA)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Coquimbo (EPCO)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Iquique (EPI)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Puerto Montt (EMPORMONTT)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria San Antonio (EPSA)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Exeutive	Monopoly

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Empresa Portuaria Talcahuano San Vicente (EPTV)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly
Empresa Portuaria Valparaiso (EPV)	Law 19542	Ports	Statutory Corporation	Centralized	Board	Executive	Monopoly

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## Appendix 2

### Data Set

Name	Firm	Date of appointment	End of office	Education level (0-3)	Private sector experience (0,1)	SOE experience (0,1)	Political party affiliation (0,1)	Political career (0,1)	President's political trust (0,1)	High or mid-level positions in agencies or ministerial programs. (0,1)	Appointing Government
Alejandro Noemi Callejas	CODELCO	1990	01-02-1994	1	0	0	1	0	0	0	Aylwin
Juan Villarzú Rohde	CODELCO	1994	1996	2	1	0	1	1	0	0	Frei
Marcos Lima Aravena	CODELCO	1996	1999	1	0	1	1	0	0	1	Frei
Juan Villarzú Rohde	CODELCO	2000	2006	2	1	1	1	1	1	0	Lagos
José Pablo Arellano	CODELCO	31-03-2006	19-05-2010	3	1	1	1	0	1	0	Bachelet I
Diego Hernández Cabrera	CODELCO	19-05-2010	01-06-2012	2	1	0	0	0	0	0	Piñera I
Thomas Keller	CODELCO	01-06-2012	13-06-2014	2	1	1	0	0	0	0	Piñera I
Nelson Pizarro Contador	CODELCO	01-09-2014	present	1	1	1	0	0	0	0	Bachelet I
Julio Bertrand Planella	ENAP	13-09-2013	09-05-2014	2	0	1	0	0	0	0	Piñera I
Marcelo Tokman Ramos	ENAP	12-05-2014	31-07-2018	3	1	0	1	0	1	1	Bachelet II
Andrés Roccatagliata Orsini	ENAP	06-08-2018	present	2	1	0	0	0	0	0	Piñera II
Ricardo Cruzat Ochagavía	ENAP	01-08-2011	13-09-2013	2	1	0	0	0	0	0	Piñera I
Rodrigo Cristóbal Azócar Hidalgo	ENAP	02-01-2009	31-07-2011	1	1	1	1	0	0	1	Bachelet I
Enrique Jaime Dávila Alveal	ENAP	14-07-2004	29-12-2008	2	1	1	1	0	0	0	Lagos
Daniel Fernández Koprach	ENAP	20-04-2000	13-07-2004	1	1	1	1	0	0	1	Lagos
Álvaro García Álamos	ENAP	01-06-1995	20-04-2000	1	1	1	1	0	1	0	Frei

Juan Pedrals Guili	ENAP	29-03-1990	04-05-1995	1	0	1	0	0	0	0	Aylwin
Roberto Souper Rodriguez	ENAMI	1990	20-09-1992	1	1	1	1	0	0	0	Aylwin
Luis Carrasco Santander	ENAMI	20-09-1992	1994	1	0	1	0	0	0	0	Aylwin
Claudio Agostini González	ENAMI	02-05-1994	31-07-1997	3	0	0	1	0	1	1	Frei
Patricio Artiagoitia	ENAMI	01-08-1997	11-03-2000	2	1	1	1	0	0	0	Frei
Jaime Perez de Arce Araya	ENAMI	11-03-2000	28-03-2006	1	0	1	1	0	1	1	Lagos
Oscar Landerretche Gacitúa	ENAMI	28-03-2006	19-03-2007	3	0	1	1	0	1	1	Lagos
Jaime Perez de Arce Araya	ENAMI	19-03-2007	01-04-2010	1	0	1	1	0	1	1	Bachelet I
William Díaz Román	ENAMI	01-04-2010	30-11-2011	2	1	0	0	0	0	0	Piñera I
Eugenio Cantuarias Larrondo	ENAMI	30-11-2011	03-06-2013	2	1	0	1	1	0	0	Piñera I
Felipe Barros Tocornal	ENAMI	09-06-2013	21-03-2014	1	1	1	1	1	0	0	Piñera I
Roberto de Grootte González	ENAMI	21-03-2014	08-08-2014	2	0	1	0	0	1	1	Bachelet II
Jaime Perez de Arce Araya	ENAMI	08-08-2014	26-04-2018	1	0	1	1	0	1	1	Bachelet II
André Sougarret	ENAMI	27-04-2018	24-12-2018	2	1	1	0	0	0	0	Piñera II
Arturo Moreno Patiño	BancoEstado	1990	1995	0	0	1	1	0	0	0	Aylwin
José Manuel Mena Valencia	BancoEstado	01-08-1995	31-12-2007	1	1	0	0	0	0	0	Frei
Pablo Piñera Echenique	BancoEstado	07-03-2008	31-03-2014	2	0	1	1	0	1	1	Bachelet I
Jessica López Saffie	BancoEstado	01-03-2014	09-04-2018	1	1	1	1	0	0	0	Bachelet II
Juan Cooper Álvarez	BancoEstado	10-04-2018	present	2	1	0	0	0	0	0	Piñera II
Marisa Etruria Kausel Contador	EFE	01-09-2016	31-12-2018	1	0	1	0	0	0	1	Bachelet II
Ricardo Silva Guiraldes	EFE	01-10-2014	02-08-2016	2	1	1	0	0	0	1	Bachelet II
José Fernando Aguirre Díaz	EFE	05-03-2014	27-05-2014	1	1	1	0	0	0	1	Bachelet II
Franco Luis Faccilongo Forno	EFE	14-01-2008	03-03-2014	2	1	0	0	0	0	0	Bachelet II
Jorge Inostroza Sánchez	EFE	01-11-2007	13-01-2008	2	1	1	0	0	0	0	Bachelet I
Agustín Edmundo Dupré Echeverría	EFE	01-12-2006	31-10-2007	3	1	1	1	0	0	0	Bachelet I

Eduardo Castillo Aguirre	EFE	21-04-2003	02-08-2006	1	1	0	0	0	0	0	Lagos
Jaime Mondaca Gomez	EFE	2000	28-11-2002	1	0	0	0	0	0	0	Lagos
Oswaldo Sepúlveda Jaques	EFE	1995	1996	1	0	0	0	0	0	0	Frei
Rubén Rodrigo Alvarado Vigar	METRO	20-09-2014	present	2	1	1	0	0	0	0	Bachelet II
Ramón Cañas Cambiaso	METRO	01-06-2013	30-05-2014	2	1	1	0	0	0	0	Piñera I
Roberto Alejandro Bianchi Poblete	METRO	09-08-2010	31-05-2013	2	1	0	0	0	0	0	Piñera I
Camila Merino Catalán	METRO	10-12-2007	16-02-2010	2	1	0	0	0	0	0	Bachelet I
Rodrigo Cristóbal Azócar Hidalgo	METRO	01-10-1997	01-12-2006	1	1	0	1	0	0	1	Frei
Pedro Villar Iroumé	METRO	01-07-1994	01-09-1997	2	0	0	0	0	0	0	Frei
Rodolfo Raventós Elissetche	METRO	1992	1994	1	0	0	0	0	0	0	Aylwin
Sergio Jiménez Moraga	METRO	1990	1992	1	0	0	1	0	0	1	Aylwin
Jorge Navarrete Martínez	TVN	1990	11-11-1994	1	0	1	1	0	0	0	Aylwin
Carlos Hurtado Ruiz-Tagle	TVN	23-11-1994	18-10-1995	3	1	0	1	0	1	0	Frei
René Cortazar Sanz	TVN	19-10-1995	19-12-2000	3	0	0	1	0	1	0	Frei
Pablo Piñera Echenique	TVN	26-03-2001	23-01-2004	2	0	0	1	0	1	0	Lagos
Daniel Fernández Koprach	TVN	14-07-2004	30-04-2010	1	1	1	1	0	0	1	Lagos
Mauro Valdés Raczynsk	TVN	09-08-2010	06-06-2014	2	1	0	0	0	0	0	Piñera I
Carmen Gloria López Moure	TVN	14-07-2014	04-02-2016	2	1	1	1	0	0	0	Bachelet II
Alicia Hidalgo Córdoba	TVN	10-03-2016	19-12-2016	2	0	1	0	0	0	0	Bachelet II
Jaime de Aguirre Höffa	TVN	19-12-2016	17-12-2018	0	1	1	1	0	0	0	Bachelet II
Miguel Olmedo Valdebenito	Correos CH	01-05-1990	08-11-1990	0	0	0	1	0	0	1	Aylwin
Mario Felner Klener	Correos CH	22-11-1990	04-12-1995	1	0	0	0	0	0	0	Aylwin
René Labraña Larrondo	Correos CH	04-12-1995	01-05-2000	1	0	0	1	0	0	0	Frei
María Soledad Lascar	Correos CH	2000	04-10-2000	1	0	1	1	1	0	0	Frei
José Luis Mardones Santander	Correos CH	01-03-2001	01-04-2006	3	0	1	1	0	0	0	Lagos

Patricio Tapia Santibáñez	Correos CH	01-05-2006	31-07-2010	1	0	1	1	0	0	0	Bachelet I
Víctor Ide Benner	Correos CH	01-08-2010	05-09-2011	2	1	0	0	0	0	0	Piñera I
Pablo Montané Alliende	Correos CH	05-09-2011	08-07-2014	1	1	0	0	0	0	0	Piñera I
Franco Luis Faccilongo Forno	Correos CH	01-09-2014	14-07-2016	2	1	1	0	0	0	0	Bachelet II
Cristian Palma Arancibia	Correos CH	03-10-2016	20-06-2017	2	0	1	0	0	0	1	Bachelet II
José Luis Rodríguez Correa	Correos CH	01-08-2018	present	1	1	0	0	0	0	0	Piñera II
Orlando Cantuarias	Polla Chilena	1990	2000	1	0	0	1	1	1	0	Aylwin
Santiago González Larraín	Polla Chilena	01-05-2000	01-01-2007	1	1	1	1	0	0	0	Lagos
Agustín Edmundo Dupré Echeverría	Polla Chilena	01-06-2008	present	3	1	1	1	0	0	0	Bachelet I
Gregorio Iñiguez Díaz	Casa Moneda	2008	08-02-2010	1	1	1	0	0	0	1	Bachelet I
David Ramsay Duncan Sturrock Newton	Casa Moneda	09-02-2010	30-04-2011	1	1	0	0	0	0	0	Bachelet I
Víctor Yáñez Arancibia	Casa Moneda	02-05-2011	19-04-2013	2	1	0	0	0	0	0	Piñera I
Francisco Jorge Mandiola Allamand	Casa Moneda	20-05-2013	01-07-2014	2	1	1	0	0	0	0	Piñera I
José Fernando Aguirre Díaz	Casa Moneda	02-07-2014	30-05-2018	1	1	1	0	0	0	1	Bachelet II
Mauricio Roco Zamorano	Casa Moneda	01-10-2018	present	2	1	0	0	0	0	0	Piñera II
Gerardo Velasco García-Huidobro	SASIPA	1990	2007	1	0	1	0	0	1	1	Lagos
Pedro Hey Icka	SASIPA	2010	15-01-2015	1	0	0	0	0	0	0	Piñera I
Luz Sazzo Paoa	SASIPA	15-01-2015	presente	1	0	1	1	1	0	0	Bachelet II
Renato Agurto Vargas	ECONSSA	2000	29-12-2003	1	1	1	0	0	0	0	Lagos
Patricio Larraín Delgado	ECONSSA	29-12-2003	09-01-2004	1	0	0	0	0	0	1	Lagos
Gabriel Mateo Caldes Contreras	ECONSSA	09-01-2004	08-07-2015	2	1	1	0	0	0	1	Lagos
Patricio Herrera Guerrero	ECONSSA	01-03-2016	present	2	1	0	0	0	1	1	Bachelet II
Patricio Gustavo Campaña Cuello	EPAR	2003	03-01-2006	1	0	0	0	0	0	0	Lagos
Mario Alberto Moya Montenegro	EPAR	03-01-2006	01-01-2009	2	0	1	0	0	0	0	Lagos
Aldo Signorelli Bonomo	EPAR	02-01-2009	07-05-2012	2	1	1	1	0	1	1	Bachelet I

Rodolfo Guillermo Barbosa Barrios	EPAR	18-06-2012	31-03-2015	1	1	0	1	0	1	0	Piñera I
Rodrigo Jorge Pinto Astudillo	EPAR	27-12-2018	present	2	0	1	0	0	0	0	Piñera II
Alvaro Fernandez Slater	EPANTOFA	1998	11-03-2010	2	0	1	0	0	0	0	Piñera I
Carlos Adolfo Escobar Olguín	EPANTOFA	21-06-2010	present	2	1	0	0	0	0	0	Piñera I
Luis Alfredo Leiton Arbea	EPI	05-08-2005	30-04-2019	2	1	1	0	0	0	0	Lagos
Álvaro Espinosa Almarza	EPI	01-11-2002	17-06-2005	2	1	1	0	0	0	0	Lagos
Pedro Dávila Pino	EPI	1998	31-10-2002	1	0	1	0	0	0	0	Frei
Miguel Zuvic Mujica	EPCO	2002	03-10-2014	1	0	0	0	0	0	0	Bachelet I
Francisco Villalón Laidlaw	EPCO	01-07-2015	18-04-2016	2	1	0	1	1	1	0	Bachelet II
Claudio Ormeño Vásquez	EPCO	09-09-2016	present	0	0	1	0	0	0	0	Bachelet II
Harald Jaeger Karl	EPV	16-03-1998	30-09-2014	2	1	0	0	0	0	1	Frei
Gonzalo Davagnino Vergara	EPV	01-10-2014	present	1	1	1	0	0	0	0	Bachelet II
Fernando Crisóstomo Burgos	EPSA	1998	31-05-2004	1	0	0	0	0	0	0	Frei
Rubén Rodrigo Alvarado Vigar	EPSA	01-06-2004	20-06-2005	2	0	1	0	0	0	0	Lagos
Álvaro Espinosa Almarza	EPSA	20-06-2005	07-05-2012	2	1	1	0	0	0	0	Lagos
Aldo Signorelli Bonomo	EPSA	07-05-2012	present	2	1	1	0	0	0	0	Piñera I
Luis Alberto Rosenberg Nesbet	EPTSV	15-10-1999	30-04-2012	1	0	0	0	0	0	0	Frei
Rodrigo Fernando Mosalve Riquelme	EPTSV	13-08-2012	present	1	1	0	0	0	0	0	Piñera I
Luis Rivas Apablaza	EMPORMONTT	21-12-2002	03-01-2006	1	1	1	0	0	0	0	Lagos
Patricio Gustavo Campaña Cuello	EMPORMONTT	03-01-2006	14-01-2010	1	0	0	0	0	0	0	Lagos
Alex Winkler Rietzsch	EMPORMONTT	01-12-2010	31-07-2014	1	1	0	0	0	1	0	Piñera I
Ricardo Osvaldo Trincado Cvjetkovic	EMPORMONTT	01-01-2015	01-03-2019	1	1	0	1	0	1	1	Bachelet II
Luis Enrique Runin Zúñiga	EPCHA	13-10-1998	present	1	0	0	0	0	1	0	Frei
Eduardo Gonzalo Manzanares Castesc	EPA	15-03-2003	31-05-2011	2	0	1	1	0	0	0	Lagos
Ignacio Covacevich Fugellie	EPA	01-06-2011	31-10-2017	2	1	0	0	0	0	0	Piñera I
Patricia Nicole Lopez Manieu	EPA	02-01-2018	present	2	1	0	0	0	0	0	Piñera II



