Institutional Legacy and Similarity of Political Behavior

Among Business Groups in Taiwan

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制度遺緒與台灣集團企業間政治獻金網絡的相似性

摘要

　　有關企業的政治集體行動的研究向來為政治社會學與組織研究的學者所關

注；晚近學界則興起以政治獻金的網絡分析來進行此類問題的探討。既有的研究

主要是以英美國家的學者為主，且集中在討論資源依賴的動力或菁英階級的整合

作用，對企業形成政治獻金與集體行動的影響。本文認為發展國家或轉型經濟的

市場環境中，企業的政治集體行動則又受既有市場權威結構與政商關係形成的歷

史與制度環境因素所左右。據此，本文提出一個新的解釋架構以補充既有文獻之

不足，並以 2007 年台灣大型企業集團的政治獻金為經驗材料進行網絡分析。研

究發現證實本文所提出的制度論的主張。台灣歷史上重要的工商團體成員資格以

及企業集團具有管制產業以及寡占經驗者，更容易在政治獻金的行為上形成共

識。

1. Introduction

During past two decades or so, study on collective political behaviors among firms has attracted enormous scholarly interests and has proliferated important researches in sociology and political science alike (Clawson, Neustadtl, and Weller 1998; Domhoff 2006; see also Mills 1956, Olson 1965). Within such a broad and dynamic academic debates regarding the issues of collective action is one unique empirical approach of examining campaign contribution data of major businesses and capitalists in advanced industrial societies in order to trace the interorganizational networks and the antecedents of collective action among modern corporations. Sociologists have hence accomplished to provide a succinct picture and compelling answers to the question of why and under what conditions large corporations form a collective behavior (Burris 2001; 2005; Mizruchi 1989; 1992).

Within this line of studies, however, is one major void on research focusing on the collective political behavior of major businesses in developing countries such as East Asian and Latin American societies. Just as reviewers on this research topic has aptly pointed out, industrial structure and organizational form of conglomeration of private sector, which usually resulted from respective institutional legacies and historical contexts of the regions, have more than often shaped a unique business-government relation and political landscape so different from those of developed countries (Haggard, Maxfield and Schneider 1997). Given such contrasting differences, little effort has been made in investigating the situation in those emerging economies. Moreover, although scholars have endeavored to develop various theoretical models in explaining the formation of collective action as well as business-government relationship, the evidence and the explanatory mechanisms still remain inconclusive (Mizruchi and Bay 2005; Haggard, Maxfield, and Schneider 1997). In light of these theoretical and empirical deficits, this study aims to advance the development of the literature by examining the political collective action of businesses in East-Asia. Specifically we provide a network analysis on the similarity of campaign contribution among Taiwanese business groups. To our knowledge, our empirical analysis is one of the earliest attempts, if not the first, of its kind in the context of developing countries. Moreover, while current studies mostly started from two dominant models—namely, resource dependence and social class perspectives —we join the debates by supplementing a theoretical model of institutional approach in accounting for empirical evidence we have discovered. Specifically, we point out that the legacy of strong state intervention in business-government relationship and the resilient cultural practice of *guanxi* network have generated prominent institutions and unique organizational mechanisms mediating the collective action of indigenous

capitalists in East Asian societies. As a result, associations of elite businessmen as well as monopolistic market structure that more than often reflect the historical legacy and institutional arrangements by a strong state may become even more important factors in facilitating the collective political action than formal organizational mechanisms. Our network analysis on campaign contribution among 146 major business groups in Taiwan provides evidence that supports our argument.

2. Literature Review and Hypothesis

Regarding the studies on political collective action of the firms, there are currently two dominant approaches (cf. Mizruchi 1996): the first is resource dependence theory that focuses on the economic rationality of corporations, presuming that collective corporate behaviors occur due to the shared interests between firms. The second is social class theory which discusses the role of interlocking directorates as the enhancing mechanism for the cohesion of a predominant class in capitalist societies and the potential channels of communication between them. These two models were mostly employed under the context of free market society such as the U.S., in which corporations or business elites acted rationally in accordance with their interests in the framework of formal organizations. However, the two models paid less attention on the broader institutional environment, which is recognized as an important mechanism of shaping the costs and benefits of firms' strategies in most of the emerging economies (Carney and Gedajlovic 2002; Child and Yuan 1996; Peng 2000; 2003). In this research, we take on this view and consider institutionalism as a possible alternative explanatory mechanism when the scope comes to the East Asian case.

Indeed, as Peng and Zhou (2003; 2005) indicated, in those emerging economies, fundamental and comprehensive change of institutional transition possesses a powerful influence on organizations via formal or informal regulations. This research thus expands the theoretical framework by including the three theories and it will examine the effect of each model respectively. Furthermore, by utilizing the three theories, it provides a chance to understand the formation of collective political behavior among firms in East-Asia.

Resource Dependence: Industry and Geographic Location

Developed by Pfeffer and Salancik (Pfeffer and Salancik 1978), resource dependence theory argues that resource originate from the environment affects organizations' internal activities and external strategies. Organizational or interorganizational behavior reduce the potential uncertainty of environment so that

organizations either aim to gain access to or control over resources that an organization relies on in order to survive and function properly, and this strategic adjustment to environmental constraint may deliver momentum for collective action. Resource dependence theory argues that corporations in the same industry are conditioned by common resources, as a result, their similar economic interests and perspective are more likely to be shaped. More specifically, corporations in the same industry should be more inclined to behave in the same way than firms in different industries.

In addition, the location of firms' headquarter may be another precondition of shared interest among firms. Previous studies on corporate networks suggested that corporate networks are more than often organized on regional interests (Allen 1978; Koenig and Sonquist 1977; Kono, Palmer, Friedland, and Zafonte 1998; Mintz and Schwartz 1985; Mizruchi 1982). For the most part, geographic location favors economic activities that may predispose the clustering of firms. Moreover, government policies often endorses specific region so that corporations located in the same region would compete for the resource together with that of other region. As a result, firms that are located in same area are more likely to share similar interests and rely on common resources that are critical to their survival. From these two reasonings above, resource dependence theory may suggest:

> *H1: Business groups in the same primary industry exhibit greater similarity of political behavior than groups in different industries.*

> *H2: Headquarters of business groups located in the same city exhibit greater similarity of political behavior than groups located in different cities.*

Social Class Theory: Directorate Networks

Elite theory or social class model emphasizes the role of corporate leaders as members of dominant class (Koenig, Gogel, and Sonquist 1979; Palmer 1983; Useem 1979; 1982; Zeitlin 1974). In this view, political actions among corporate leaders may surpass focal firm's interests, and political unity may be established for resource seeking and exchanging, in which intercorporate linkages were usually formed to reduce intra-class reputes (Mizruchi 1992). For class model, consensus were embedded and shaped in social networks such as interlocking corporate directorates, and a substantial body of literature has thus drawn attention on the effect of interlocks upon capitalist class integration (Domhoff 1967; Mills 1956; Useem 1986; Zeitlin 1974). Yet, interlocking directorates not only represent a personal relationship between personal

level of higher executive or corporate owners, but also reflect the potential strategy consensus between firms. Mizruchi developed a synthesis of organizational (resource dependence) and class models and argues that even ties derived from organizational survival purpose, they may still help shape the political cohesion (Mizruchi 1992).

Another explanation regarding to the social class theory is Useem's (1984) inner circle theory. According to Useem's (1984) discussion of business elites in UK and United states, a well-connected set of directors and interlocking directorates was formed to communicate and act upon political or social interest as a community. Those highly interconnected firms display "class rationality" and sensitive to the "classwide" interests of business as a whole compared with those less connected firms that champion for firm-specific interest only. Interlocking directorates were thus regarded as communication channels which lead business elites to recognize the political interests they share and therefore lead the formation of collective political action. This model suggests that larger firms have higher chance coming to similar decision on political investment because the business leaders are more likely to meet each other to ponder upon interest of corporate community via board meetings and various occasions of organizational and social activities. In Mizruchi's study (1992) larger firms show a higher level of political cohesion than small firms with regard to the pattern of campaign contribution. This finding is congruent with the inner circle argument that corporate unity is most active among the larger firms. From these discussion we propose the following hypothesis:

> *H3: The number of interlocking directorates, including both direct and indirect, among business groups is directly related to the similarity of their political behavior.*

> *H4: Both business groups that are larger in size will be more likely to demonstrate similarity of their political behavior.*

Institutionalism

Sociologists have long argued that corporate activities are determined by the broader social contexts and institutional environments in which corporate organizations are embedded (Granovetter 1985). The question about how interorganizational network is affected by institutional environment has also been widely investigated sociologists (Hamilton and Biggart 1988; Lee 2007; 2009; Stokman, Ziegler, and Scott 1984; Windolf 2002). In particular, research concerning institutional transition found that corporations in emerging economies often involve challenges created by the weakness or complete

absence of institutions in market, and we believe this shall influence greatly for businesses in shaping their collective political action.

One commonly identified phenomenon in developing countries is the concentration of small numbers of large firms over the whole economy and prevalent multisectoral diversification (manifested as the form of conglomeration or business groups) of private sector (Haggard, Maxfield and Schneider 1997; Granovetter 2005). Such market structure is usually a result of institutional evolution from the historical legacy of strong state, by which the winners were picked up in order to boost the growth of national economy. Scholars in East Asian developmental state have more than often found such a monopolistic market dominated by state-owned and big state-sanctioned business groups in emerging economies (Chu 1989; Wade 1992). And just as Olson's (1965) pioneer work has proposed, a high degree of market concentration facilitates the capacity of firms to form collective action because they can easily monitor each other and the cost of their organizing is also relatively low. In such occasion, the potential problem of "free rider" can be overcome by the sheer advantage of small numbers. As the monopolistic market structure in emerging economies were mostly pursed by a legitimate national project, such market dynamics may be even more salient in affecting the political collective action among businesses. Thus, it is convincing to believe that those business groups with experience in monopolistic industries are more inclined to form political collective action. This argument is also consistent with theoretical proposition noted by institutionalist in the field of organizational sociology. Just as DiMaggio and Powell (1983) have suggested, firms tend to mimic those who they view as peers and legitimate. In the organizational field, powerful members benefit most from the rule-setting game and norm enforcement for market competition. Moreover, larger firms provide successful example for other organizations to follow and this mimic isomorphism becomes especially critical for firms to survive in an environment full of uncertainty (Fligstein 1990). Such mimic tendency of isomorphism can be another source of political cohesion that larger firms would be motivated to initiate in order to set up "institutional template" with which other less prominent firms could follow and imitate.

Moreover, as what have been pointed out by institutionalist, in developed economies, as that of Western societies, institution arrangements such legal regulations of market and state policies are usually reliable and well-codified. In contrast, in emerging economies the so-called "institutional void" is mostly prevalent because supporting institutions do not exist or do but function poorly. In this kind of insecure and capricious environment, corporations are more inclined to develop informal connections with business partners as well as with regulatory authorities in order to

secure useful information and favored treatment and thus enhance the chance of their survival (Chung 2006; Kock and Guillén 2001; Peng 2000; 2003; 2005). As a result, exclusive business associations that more than often involved bureaucrats and businessmen become pivotal mediating mechanism for political negotiations. These associations have resemblance to business clubs or roundtable in Western industrial societies, however, they represent a stronger tie with government and often have chance to recommend and even negotiate with the government bureaucrats in economic policies and commercial law implementation.

Extensive political ties to political parties and personalistic networks among businessmen via exclusive membership of business associations appear to be important for large business groups to cultivate and secure their already privileged economic position. Actually, scholars in emerging economies have constantly found that owners of big business groups tend to use formal or informal channel to develop alliances in order to preserve their privilege of monopoly (Peng 2003; Yen 1989). Such observations still hold even political democratization and economic liberalization were initiated (Amsden and Hikino 1994; Kock and Guillén 2001). Those alliances were intentionally forged by entrepreneurs. With informal connections, they depend either on the marital ties or particularistic affiliation such as identity of birthplace of firm leaders. Such informal ties more than often crisscross with formal organizational and governmental associations, and thus enhance the already strong connected channels of communication and cooperation (Numazaki 1996). Based on these arguments above, we suggest:

H5: Business groups with same experience in monopolistic industries exhibit greater similarity of political behavior than those with no experience in monopolistic industries.

H6: The number of common membership in business associations is directly related to the similarity of business group's political behavior.

3. Empirical Setting and Method

We test our hypotheses with data of campaign contribution from major business groups in Taiwan, and we believe this empirical setting fits nicely with theoretical approaches we proposed. Taiwan has been regarded as one of the important cases of developmental state, characterized with a strong bureaucracy with seamless web of political and business connections which shaped economic policy (Woo-Cumings 1999). Before 1980, Taiwan was under the one-party (Kuomintang, KMT) authoritarian rule, the state has then controlled and dominated enormous bureaucratic and economic power

(Chu 1995; Wade 1990). State-owned enterprises was prevalent which often held monopoly or near-monopoly position in varies manufacturing sectors and later expanded aggressively to service-based sectors (Chen and Chang 1991; Wade 1990). Until late 1980s, the total asset of state-owned sectors was still several times greater than the total asset of top 50 Taiwanese private companies summing up together (Chen and Chang 1991). In such a market, corporations usually actively seek oligopolistic protection provided by bureaucratic authorities and stipulated with government regulations. Further, a small group of privileged business leaders gradually established their business conglomerate, usually clustered around a center with intimate ties of family members or distant relatives. Eventually, the evolves into as an unique family-based business group, an economic organizational form similar to her neighboring cousins, such as "chaebol" in South Korea or "keiretsu" in Japan. From the beginning of the early state of business development, personalized networks between party-state and business elites became commonly seen, and were usually found to be effective in enabling the private corporations to receive economic rents and political favor (Chu 1989).

By the end of 1980s, when the four decades martial law was finally lifted, the power of authoritarian party leader started to deteriorate; the democratization and economic liberalizations speeded up in Taiwan. The expansion of elections provided business elites new opportunities to influence politics by campaign contribution and that opened a window for political action pursued by ambitious businesses both on individual and collective level (Chu 1995). The rise of major opposition party, the Democratic Progressive Party, also intensified the competition of campaign. Although the political and economic landscape has changed dramatically during the past decades, legacy of developmental state and resilient practice of guanxi network still remains. For the most part, the state still controls important upstream industries such as finance and banking. And the major business groups in Taiwan are predominantly controlled by family. Empirical data showed that network among corporations in Taiwan has a higher portion of multiple and particularistic ties even after the market was deregulated and globalized (Lee 2007). This finding indicated that Taiwanese business firms prefer to interact with specific business partners they trust dearly. As Kao (1996) has pointed out, in a highly insecure market that policy making are more than often decided by few governmental bureaucrats, business leaders cannot depend too much on their rational calculating. Personal ties, or the so-called "guanxi", with other business leaders or bureaucratic officers hence became more reliable source of information and support in order to minimize the uncertainty in environment. For business leader, it is thus necessary to develop personal connections with each other in order to access to reliable information.

In such a context, the historically important institutions (such as peak business associations and policy networks) mediating and facilitating collective interests of large businesses are still dominant. As Chu (1995) suggested, the unit of analysis for political participation of the business may not be sector or industry but family-owned enterprises, region-based local elite factions and state-patronized business clubs. These groups are indeed where common political interests are generated, collective action planned, organizational resource amassed and interlocking network formed (Chu 1995).

Data and Variables

Dependent Variable

The empirical analysis of this research is the similarity of political behavior between large Taiwanese business groups. Here we consider the similarity of campaign contributions to the same political candidates as the extent to which the collective action is achieved between business groups. Specifically we follow earlier studies done by Mizruchi(1992) and Burris (2005) on political collective action among major American firms, and employ the skill of network analysis to identify the determinants of business groups' similar campaign contribution to the same political candidate in the legislator election during the year of 2007. We acquire our campaign contribution data from Archive of Political Contributions maintained by the Control Yuan, Republic of China. Our sample of business groups are documented in a major directory published by a local vendor of business information, in which the detained information of largest 512 business groups are compiled and ranked according to the size of assets (China Credit Information 2006). From the sample of business groups and the campaign data we are able to generate a contribution network of which the number in the cell represents the frequency of two groups' similarity in contributing to the same candidates. For not inflating the sample observations of our network analysis, we exclude the groups that did not have even one similar contribution to other groups in the sample. From this criteria, we attain our final sample of 146 business groups that offered political contribution to at least one similar candidate in the election and it yields 21,316 interfirm dyads. Following Mizruchi (1989, 1992), our dependent variable is thus generated and the following measure of association is employed:

$$S_{ij} = n_{ij} / (n_i n_j)^{1/2}$$

where S_{ij} equals similarity, n_{ij} equals the number of political contributions in common, and n_i and n_j equal the number of contributions made by firms *i* and *j*, respectively.

Independent Variables

For the hypothesis 1 and 2, we need to generate the similarity of industry and geographic proximity as two major independent variables. From Taiwan Stock Exchange Company, we obtain information of primary industry of which the core corporation of the business groups is operated. We then generate a dummy variable Sme_Industry indicating whether the two groups were in the same industry. We also generate another dummy variable (Both_Groups_In_Taipei) indicating whether headquarters of two groups are both located in Taipei. We test class argument by examining the effects of interlocking directorates upon the similarly of political contribution. Here direct and indirect interlocks are created by comparing board of directors between two core firms of groups for the year of 2006. Direct_Interlocks refers to the directors overlap between two business groups and Indirect_Interlocks is generated by counting the number of indirect ties for two groups are affiliated via directorates in the third group. For example, if both group A and B, group B and C share same directors (of which there are direct interlocks between group A-B and group B-C pairs), then there is indirect interlock between group A and C. Following Useem (1986) and Mizruchi (1992), we generate another variable called Inner_Circle in order to gauge the extent to which the joint political action among groups is influenced by "the large gets larger" dynamics. Specifically we rank the size of the business groups according to their assets, and generate a product term of the rank orders between the dyad of the groups. The smaller of the term indicates both groups are simultaneously larger in their size. We expect this variable (Inner_Cirble) to be negatively related to similarity of political action among groups.

For testing hypotheses 5 and 6, we generate two dummy variables that indicate the market position and business group's *guanxi* network of which business groups' collective action may be mediated. We check if both of the group dyad has ever operated in the market positions of monopoly or oligopoly; if so we generate a dummy variable Both_Groups_in_Monopoly. We acquire the monopoly or oligopoly information of the business group from the *Annual Report of Fair Trade Commission* published Executive Yuan, Republic of China. In such publication, Fair Trade Commission investigated the market situation of each industry and listed the names of the firms of which Fair Trade Commission considered to be monopolistic or oligopolistic in the market. The publication year we consult is 1992, the latest publication of its kind; after which the publication was terminated by the government. We also generate a dummy variable, Both_Chairmen_In_NAIC, by checking whether both chairmen of the group dyad are

listed as the board of directors in the *Chinese National Association of Industry and Commerce, Taiwan* (CNAIC). CNAIC is the oldest and most institutionalized business association in Taiwan. It has been constantly considered as the most prominent and prestigious organization of its kind and only major and well-connected business owners are qualified to be elected into its board of directors. Historically the chairmen of the association were handpicked by the authoritarian president of the KMT party, and the general assembly of the board members has been considered as the most important symbol of government-business relationship in Taiwan.

Control Variables

Concerning the convergence of interest and proactive join actions among corporations, we also consider the organizational attributes and resource that each group attains (Barney 1991; Mahoney and Pandian 1992; Wernerfelt 1984). Specifically, it is important to control the *homophily* dynamics that may push business groups to initiate similar political actions. For this reason, we also consider those factors, including similarity group age, similarity of group size (in terms of total asset), and also the similarity of profit level (in terms of return on assets). We thus generate variables accordingly, and we expect that groups that are similar in ages, size, and profit level are more likely to demonstrate similarity in their political actions.

Estimation

Our interested dependent variable is the similarity of political actions among business groups, and our strategy of analysis is aimed to determine the extent to which our dependent variable is influenced by resource interdependence, class dynamics as well as institutional legacy that may mediate such join actions. Our unit of analysis is the dyad of the share attributes between groups. Considering such dyads are observations constantly generated from same group, these dyads are not statically independent. As a result, a QAP (Quadratic Assignment Procedure) regression is adopted for preventing the potential problems of autocorrelation (Krackhardt 1987; 1988). The method was implemented with the UNINET network analysis program. QAP regression begins by calculating OLS coefficients for all the independent variables in the regression, it then uses a nonparamertric technique to estimate the probabilities of these coefficients. This is done by randomly permuting all the rows and columns of the dependent variable matrices and then recalculating the regression coefficients. In effect, this may be understood as a simulation that retains the structure of dyadic relations among the actors but rearranges the individuals assigned to each set of values. The process is repeated a

large number of times to provide an estimate of the distribution of all possible coefficients that are consistent with the structure of the data. This distribution is then used to estimate the probability that each coefficient could have achieved a value as extreme as the observed value simply by chance. For example, if only 100 out of 2,000 permutations of the matrix yield regression coefficients as large as the observed value, then this indicates that the probability that actual coefficient could be the result of random sampling error is about 0.05. Simulation studies indicate that, regardless of the degree of autocorrelation, QAP regression yields unbiased parameter estimates that can be interpreted in the same manner as those of a standard regression (Krackhardt 1987; 1988)

4. Findings

Table 1 presents the regression results of the effects of the similarity of political behavior between firms. While model 1 shows the effects of control variables, model 2 to 4 presents the coefficients of the effect of resource dependence theory, social class theory and institutionalism, respectively. The model 5 includes all the independent variables in one equation. In general, the results show support for most of the hypotheses. Except the effect of direct interlocking directorates, all the other major independent variables show significant effects and the directions are also as expected.

As Table 1 shows, two variables regarding to the resource dependence theory, the industrial factor and the geographic proximity of headquarters, are both significant and positive predictors of similarity of corporate political behaviors. Business groups that are in the same primary industry and both located in Taipei are more likely to demonstrate political collective action. Hypothesis 1 and 2 are therefore confirmed. Model 3 indicates that direct interlocking is positively associated with the similarity of political behavior, but the effect is not significant. However, the effect of indirect interlocking is positively significant. This finding is consistent with previous studies that found indirect interlocks tend to generate stronger power in influencing the political collective actions among firms(Mizruchi and Koenig 1986; Burris 1987, 2005). Our analysis also shows a strong effect of inner circle; the inner circle is as expected negatively associated with the joint political action. These results confirm the social class dynamics hypothesis that larger business groups more likely to exhibit join political action and that interlocking directorates are important organization mechanism in mediating such join actions.

Model 4 presents the results of hypotheses derived from the institutionalist arguments. As expected, business groups that experienced monopoly in their past

operation in the market and that both chairmen of the business groups are active board members of *National Association of Industry and Commerce* are more likely to demonstrate similar political action among them. Both variables show strong significant effects of prediction on the similarity of political behaviors. These findings are consistent with the empirical observations that while democratization and expansion of election speed up, large business group became the most popular patrons of politicians in nowadays Taiwan because of their financial strength. These now dominant groups are more inclined to develop collective behavior by their past privileged experience and shared information comparing with those new and less well-established firms.

Our results seem to suggest that political collective action in Taiwan is simultaneously shaped by different mechanisms depicted by resource dependence theory, social class as well as institutional perspectives. Hypotheses derived from these three approaches all gain empirical support here. However, the respective predicting powers of each theory have shown differences in our analysis. While the R^2 of model 2 is .028 and model 3 is .029, the R^2 of model 4 is .073, which suggests that the institutionalism in this case predicts stronger than the other two theories. The model fit of the institutionalism variables is more twice stronger. Also, in Model 5 where the regression equation contains all the interested independent variables from the three theories, the institutionalist variables fare relatively better than the other two. The model increases a little on the R^2 (from .073 to .088), and the effect of most of variables remain significant. The relatively superior predicting power of institutional model can also be seen from the results of Table 2, where the standardized coefficients are provided. In general, the magnitudes of two institutional variables (both groups experience market monopoly and both chairmen are in NAIC) are larger than the other two theories.

5. Conclusion

How business organizations form collective action is a research question that has a long tradition within sociology. Current scholars have approached the question by adopting sophisticated social network analysis upon comprehensive campaign contribution data (Burris 2001; 2005; Mizruchi 1989; 1992). While previous studies mostly start from the resource dependence theory or social class perspective, we propose institutional approach that we consider a good supplement to the existing literature. This approach emphasize the institutional legacy of strong state and the cultural tradition of guanxi network where privileged market position that the business group enjoyed in the past and exclusive connections among elites are important mediating mechanisms for joint political action. Our social network analysis on campaign contribution among 146

major business groups in Taiwan support the arguments derived from this approach.

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Table 1 Similarity of Campaign Contribution between Business Groups in Taiwan
(Unstandardized coefficient from QAP Regression)

Independent Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Similarity of Assets	0.000*	0.000	0.000	0.000	0.000
Similarity of Age	0.001	0.001	0.001	0.001	0.001
Similarity of ROA	-0.010*	-0.009**	-0.010**	-0.008**	-0.008**
Same Industry		0.077**			0.091**
Both Groups in Taipei		0.130**			0.074*
Direct Interlocks			0.058		0.016
Indirect Interlocks			0.005*		0.054*
Inner Circle Effect			-0.000***		-0.000**
Both Groups in Monopoly				0.365**	0.333**
Both Chairmen in NAIC				0.866***	0.811***
Constant	0.164	0.129	0.263	0.203	0.234
n	21170	21170	21170	21170	21170
R^2	0.014	0.028	0.029	0.073	0.088

*p< .05 ; **p< .01; ***p< .001

Table 2 Similarity of Campaign Contribution between Business Groups in Taiwan
(Standardized coefficients from QAP Regression)

Independent Variables	Model 1	Model 2	Model 3	Model 4	Model 5
Similarity of Assets	0.082*	0.064	0.022	0.047	-0.001
Similarity of Age	0.029	0.026	0.018	0.028	0.021
Similarity of ROA	-0.074*	-0.071**	-0.07**	-0.057**	-0.057**
Same Industry		0.031**			0.037**
Both Groups in Taipei		0.116**			0.066*
Direct Interlocks			0.001		0.003
Indirect Interlocks			0.025*		0.024*
Inner Circle Effect			-0.137***		-0.093**
Both Groups in Monopoly				0.092**	0.084**
Both Chairmen in NAIC				0.196***	0.183***
n	21170	21170	21170	21170	21170
R^2	0.014	0.028	0.029	0.073	0.088