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Foreign Firms: Powerful or Persecuted?

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Abstract

International economists often refer to multinational enterprises and foreign firms interchangeably, yet one of the enduring divisions in the globalization debate is whether international law should be strengthened to protect foreign firms from predatory host governments, or rather strengthened to protect host governments from powerful multinational firms. We contribute to this debate conceptually by distinguishing between foreign firms and multinational firms. We then use firm level data on government-firm relations from eighty countries to contribute empirical evidence on the debate. We find that multinational firms (both foreign and local) are indeed relatively influential over government, and find no evidence that foreign firms (multinational or otherwise) suffer significant disadvantages in terms of self-reported influence.

Keywords: Multinational Firms, Foreign Firms, Political Economy, Government

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1. INTRODUCTION

“The ultimate subject and sovereign ruler of the world is the transnational corporation, operating by collective prescription and enforcement through the World Trade Organization in concert with its prototype the NAFTA, its European collaborator, the EU, and such derivative regional instruments as the APEC, the MAI, the FTAA, and so on.

Together these constitute the hierarchical formation of the planet’s new rule by extra-parliamentary and transnational fiat.”

(John McMurtry 2002, p.202)

As with many aspects of globalization, the debate over the relationship between foreign firms and host governments seems to suggest that the two sides are living in parallel worlds with differing objective realities. On the one hand critics of globalization believe multi-national corporations are extremely politically powerful and are ‘writing the rules’ of globalization to suit their own balance sheets at the expense of the rest of society. On the other side are those who believe foreign firms suffer substantial political risk. The question we address is also pre-eminent for policy-makers considering design of and participation in international investment agreements. Indeed, some commentators believe that the rapid spread of international investment agreements and associated strengthening of the rights of foreign investors is evidence of the increasing power of multinational corporations relative to nation states since the late nineteen eighties (Sornarajah 2006) (Mann 2006). The intention of this paper is to consider some objective empirical evidence on the debate over whether foreign firms are powerful or persecuted.

Vernon’s (1980) obsolescing bargaining model of government-multinational relations was motivated by the wave of nationalizations by developing countries of foreign firms in the resource sector in the nineteen seventies. More recent contributions to this literature have broadened the view of government-firm bargaining to other sectors such as manufacturing (Kobrin 1987) and broadened and adapted the theory toward a political bargaining model to reflect the significantly less adversarial nature of government-firm relations in recent decades (Eden et al. 2005). The empirical contributions to this literature test the importance of various sources of firm or host bargaining power for bargaining outcomes such as ownership shares of foreign firm-host government joint ventures.¹ However, being predominantly an

¹See for example Fagre and Jr. (1982), Lecraw (1984), Kobrin (1987), Gomes-Casseres (1990) and Lee (2004).

international management literature, there has been little attention paid to the question of how well international firms fair in their dealings with governments *relative* to local firms.

Another strand of the management literature, developed by authors such as Zaheer (1995) focuses on the liabilities of foreignness arising from cultural and institutional differences between the firm's home and host countries. This literature differs from the MNE-government bargaining literature both in so far as it focuses on investments into developed rather than developing countries, and in that some empirical contributions do directly test for evidence of a liability of foreignness relative to local firms (Luo and Mezias 2002).

This paper makes two contributions to the literature. Firstly, it looks at the government-firm relationship across a cross-section of countries with broadly differing institutions and levels of income without making assumptions about the implications of these country features for firm-level determinants of influence. Secondly - and more importantly - we help fill a gap identified by Zaheer (2002) by paying more attention to what is meant by 'foreign' versus 'local' firms and examine separately the implications of a firm's foreignness and its status as a multinational. Zaheer particularly noted that foreign multinationals may be competing against both purely domestic firms and local firms who are themselves multinationals. In this paper, we go beyond this to also consider the converse case - that not all 'foreign firms' consider themselves part of a multinational.

The idea that foreign firms may be competing against locally-based multinationals is uncontroversial. However, the idea that firms with substantial foreign ownership may not actually consider themselves part of a multinational requires some elaboration. The standard definition of a multinational enterprise (MNE) is a firm which engages in foreign direct investment (FDI) "defined as investments in which the firm acquires a substantial controlling interest in a foreign firm or sets up a subsidiary in a foreign country." (Markusen 2004)

"Multinational enterprises (MNE) are firms that engage in foreign direct investment (FDI), d' (James Markusen, 2004, p.5)

As a general rule in the empirical literature in either economics or management, any firm with more than a certain percentage (ranging from ten to fifty percent) foreign ownership is considered a foreign-owned firm, a label which is used inter-changeably with 'multinational subsidiary' or simply 'foreign firm'.²

²See for example Alborno et al. (2009), Heyman et al. (2007) and Dasgupta et al. (2000).

The reason for this is partly that in most datasets it is not possible to distinguish between portfolio-type investment - in which the foreign party primarily provides funds - and direct investment - in which a foreign firm brings with it specific resources and capabilities such as management style or technology.

Our analysis uses the World Business Environment Survey (WBES) conducted by the World Bank across 80 countries in 1999-2000. One of the advantages of the WBES for the current analysis is that in addition to asking firms about foreign ownership, it allowed firms to self-identify as part of a multi-national. Our results suggest that the distinction between mere foreign-ownership and foreign-subsidiarity is important to the relationship with the host government.

Our analysis begins in Section 3 by considering the influence that firms believe they have over government decisions of importance to their operations. For comparison with the previous literature, we first consider the importance of foreign ownership without accounting for multinationality of the firm. Consistent with the findings of Chong and Gradstein (2007) using the same data source, we find no correlation between foreign ownership and perceived influence after controlling for other features such as firm size, age, sector and country of operation. We then exploit the additional information in the WBES data and control for whether the firm has holdings or operations in other countries (i.e. is a part of a multinational). We find multi-nationality is strongly positively correlated with influence, while foreign ownership remains insignificant in most regressions. Overall our findings with regard to influence strongly support the view of the critics of ‘corporate globalization’ - that multinational firms are highly influential - and provide no evidence of any liability of foreignness.

2. DATA

The World Business Environment Survey (WBES) is a survey of over 10,000 firms in 80 countries and one territory conducted in 1999-2000 that examines a wide range of interactions between firms and the state. Based on face-to-face interviews with firm managers and owners.³ The survey covers a large range of questions concerning the firm’s relationship with the government, including perceptions of regulations, corruption, influence, macroeconomic policies, competition, and infrastructure. We use data from all countries except those in Africa and the Middle East as these regions do not have data on firm beliefs about influence

³Permanent url <http://go.worldbank.org/RV060VBJU0>

on government.

2.1 Influence over Government

The dependent variable in our regressions is the self-reported influence which firms believe they have over various branches of the national government in the country in which they are operating. Specifically, the WBES asked firms for each of the Executive, Legislature, Ministry and Regulatory Agency:

“When a new law, rule, regulation, or decree is being discussed that could have a substantial impact on your business, how much influence does your firm typically have at the national level of government on the content of that law, rule, regulation or decree? Would you say very influential, frequently influential, influential, seldom influential or never influential?”

2.2 Foreign Firms

The distinction between foreign firms and multinational firms is important to our analysis. The two terms are often used interchangeably in the academic literature, however, in public discourse critics of globalization tend to refer to multinationals and proponents to foreign firms. In the WBES data, we are able to independently identify multinational status (firms who answered ‘yes’ to the question “Does your firm have holdings or operations in other countries?”) and foreign status (firms who answered ‘yes’ to the question “Does any foreign company or individual have a financial stake in the ownership of your firm?”). From this information we construct four mutually exclusive types of firm: purely local firms (the reference group in our regressions), multinationals operating in their home country (MNC Home), subsidiaries of foreign multinationals (MNC foreign), and firms with foreign ownership that do not identify as part of a multinational (Foreign non-MNC).⁴

While the academic literature tends to equate multinationals and foreign ownership, the WBES data suggests this is not founded. Of the 1,822 firms reporting some foreign ownership 878 - a little less than half - report that the firm has operations of holdings in

⁴“MNCs home” is coded 1 for all firms who answered ‘yes’ to the question of whether their firm had holdings or operations in other countries, and ‘no’ to the question of whether they had foreign ownership. “MNCs foreign” is coded 1 for all firms who answered ‘yes’ to both these questions. “Foreign nonMNC” is coded 1 for all firms who answered ‘no’ to the other country question but ‘yes’ to the foreign ownership question. Thus these three categories are mutually exclusive.

other countries. Conveniently for our analysis, there is also a similar number of firms (847) which report having holdings or operations in other countries but do not claim any foreign ownership. Thus we have roughly equal numbers of firms classified as MNC Home, MNC Foreign and Foreign non-MNC.

2.3 Firm-level Control Variables

Other controls included in our base regression are: Government ownership (partial or full) and export status which are binary (0,1) variables. Size, coded 1 – 3 for small (5 – 50 employees), medium (51 – 500 employees) and large (> 500 employees). Firm age is also categorical in three groups 0 – 5, 6 – 20, and more than 20 years firm age. Capital intensity as measured by reported value of sales to fixed assets ratio and country dummies is also included.

Summary statistics for the variables used are presented in the tables below. From Table 1 we see that there are roughly equal numbers of multinationals in their home country, multinationals in a foreign country, and foreign firms which are not part of a multinational. Each of these make up 7 – 8% of the sample making it just sufficient to identify their coefficients. Roughly 12% of firms have some government ownership and 33% of firms export.

Variable	Mean	Std. Dev.	Min.	Max.	N
MNC at Home	0.073	0.261	0	1	8149
Foreign MNC	0.081	0.272	0	1	8149
Foreign non-MNC	0.086	0.281	0	1	8149
Govt. Ownership	0.125	0.331	0	1	8057
Exporter	0.327	0.469	0	1	7996
Size Category	1.752	0.721	1	3	8132
Age Category	2.047	0.816	1	3	7956

Table 1: Summary of Firm Characteristics

Table 2 shows that the average level of influence firms feel they have over all four branches of government is roughly equal at around 1.6 – 1.7, suggesting that the average firm feels it is somewhere between “never” and “seldom” influential. Similarly, the average firm feels that - across all areas of activities - government intervention occurs “seldom”.

Table 3 reports summary statistics for the responses to the questions about different types of regulatory constraint. It is clear from these statistics that high taxes, followed by tax regulation and administration are the most constraining forms of regulation, with the

Variable	Mean	Std. Dev.	Min.	Max.	N
Influence Executive	1.659	1.016	1	5	6095
Influence Regulator	1.701	1.034	1	5	5971
Influence Legislature	1.617	0.987	1	5	6104
Influence Ministry	1.656	1.012	1	5	6094

Table 2: Summary Statistics for Influence Measures.

average firm reporting them to be a moderate obstacle (around 3 on a 4 point scale). The other regulations are all a minor obstacle (around 2 on a 4 point scale) on average. In order of decreasing constraint they are: Customs and Trade Regs., Labour Regs., Business Licensing, Environment Regs., Foreign Exchange Regs., and Fire and Safety Regs. For those interested in the “race-to-the-bottom” debate, it is interesting to note that a country’s own customs and trade regulations are viewed by the average firm as more of a constraint than its environmental regulations.

Variable	Mean	Std. Dev.	Min.	Max.	N
Environment Reg.	2.013	1.02	1	4	7710
Business Licensing	2.102	1.081	1	4	7821
Customs, Trade Reg.	2.179	1.081	1	4	6882
Labour Reg.	2.176	1.059	1	4	7990
Foreign Exchange Reg.	1.915	1.051	1	4	7237
Fire, Safety Reg.	1.879	0.941	1	4	7903
High Taxes	3.286	0.987	1	4	7985
Tax Regs., Admin.	2.771	1.072	1	4	8029

Table 3: Summary Statistics for Regulatory Constraint Measures

2.4 Empirical Approach

Our ambition in this paper is not to test causal relationships. Rather, we suggest that there is much insight to be gained through regression analysis which allows us to examine the correlation between foreign ownership and/or multinational status and various measures of interaction with government, controlling for other observable characteristics (such as size) which may be correlated with foreign/MNC status. Our base regression is of the form:

$$\text{Relationship} = f(\text{mnch}, \text{mncf}, \text{fmmn}, \text{exp}, \text{gvt}, \text{size}, \text{age}, \text{sec}, \text{skr}, \text{country}) \quad (1)$$

Where the *Relationship* measures relate to either Influence or Regulatory Constraint and are defined in Section 2.

The right hand side variables with their short, medium and long descriptions are as per Table 2.4:

Short:	Medium:	Long
mnch:	MNC at Home:	Multinational firm operating in home country
mncf:	MNC Foreign:	Multinational firm outside home/MNC subsidiary
fnmn:	Foreign non-MNC:	Foreign owner not having operations in other countries
exp:	Exporter:	Export some proportion of output
gvt:	Govt. Ownership:	Some government ownership of firm
size:	Medium/Large:	Dummies for size categories
age:	Middle-aged/Old:	Dummies for age categories
sec:	Services/ Other/ Agriculture/ Con- struction:	Dummies for Sectors
skr:	Sales to Capital:	Value of sales to Fixed Assets
country:	Country:	Country dummies

Table 4: Explanatory variable names and descriptions.

3. INFLUENCE OVER GOVERNMENT

We begin our analysis by examining the relationship between foreignness and perceived influence over government. The dependent variable in Table 5 is the average of the influence firms perceive they have over all four arms of government: Executive, Legislature, Ministry and Regulator. The sample here includes firms from all sectors, and dummies for each sector are included.

Column 1 of Table 5 is similar to the existing literature in that it controls for foreignness purely on the basis of ownership. In this specification there is no statistically significant relationship between foreignness and influence over government. In columns 2 and 3 of Table 5 we exploit the information about multi-nationality of the firm which the WBES contains. In column 2 we simply add the control for multi-nationality and find that while foreign ownership remains insignificant, being a part of a multinational firm is strongly and significantly correlated with higher perceived influence over government. In column

3 we use the foreign-ownership and multi-national variables to create three four mutually exclusive groups, multi-nationals operating in their home country, multi-nationals operating in a foreign country (i.e. subsidiaries), firms with foreign ownership which do not identify as part of a multi-national, and the excluded category is purely domestic firms. The results in column 3 confirm that foreign ownership on its own has no relationship with influence, and that while both parent and subsidiary multinationals have higher than average influence, the magnitude of the coefficient for parents (i.e. MNCs in their home country) is almost double that of the one for multi-national subsidiaries.

One interesting observation is that firm age is not correlated significantly with influence in columns 1-3 of Table 5. This lack of correlation may indicate that a firm's age does not affect its ability to influence government, or it may be because the influence of different types of firms evolves differently over time. In particular, we might expect the influence of domestic firms to increase over time as they become more politically entrenched. On the other hand, there is a significant literature dating back to Caves 1971 debating the existence of an obsolescing bargain between foreign multinationals and host governments. The obsolescing bargain hypothesis would suggest that the influence of foreign firms is decreasing over time. In Column 4 of Table 5 we interact the age categories with the multinational and foreign variables. The results suggest that the influence of different types of firms does indeed evolve differently over time. The coefficients on the non-interacted age category dummies suggest that for purely domestic firms influence first decreases and then increases with age. This may reflect a balance between government desire to support innovation and the political entrenchment of older firms. For domestic multinationals, however, the trend is monotonically toward more influence with age. Indeed the coefficient for the non-interacted multinational-in-their-home-country variable is insignificantly different from zero, suggesting that local multinationals only gain influence relative to their fellow domestic firms with age. Foreign multinationals - on the other hand - are influential from the beginning. Furthermore, the negative but not particularly significant co-efficients on the age interaction terms for foreign multinationals provides weak evidence in support of an obsolescing bargain. The signs of the coefficients for foreign non-multinationals follow the same pattern as those for foreign multinationals, however none of them are statistically significant.

Full regression results for all controls included in the regressions which are summarized in Table 5 are given in Table 13 in the Appendix. With reference to Table 13, it is reassuring to note that the coefficients on the other controls have the signs one might expect. Size and government ownership are the most strongly positively correlated with influence,

followed by exporting. In terms of sectors, firms in services, construction and agriculture all report significantly more influence than the excluded category of manufacturing. Since these coefficients are robust and not our primary interest in this paper, they are generally not reported in the rest of the tables in the body of this paper.⁵

The results in Table 6 show how the relationship between the different measures of foreignness and influence varies according to the branch of government in question. Multinationals in their home country appear to be consistently highly influential across all branches of government. Interestingly foreign ownership, for both multinationals and non-multinationals, appears to be associated with relatively lower influence over elected branches of government (executive and legislature) than the bureaucratic branches (ministry and regulator). This lends some support to the idea that popular anti-foreign sentiment decreases the influence of foreign firms.

The primary objectives of the government-firm relationship vary among the sectors, thus it would be reasonable to believe that the pattern of influence varies also. The results in Tables 7 and 16 provide evidence which supports this hypothesis. In particular, all of the globalization-related attributes (multi-nationality, foreignness and exporting) play a more positive role with regard to influence over government in the services sector than they do in manufacturing. Indeed in manufacturing none of these coefficients are statistically significant. Reference to Table 16 in the Appendix shows that the other controls (government ownership, size and age) all play a more important role in the manufacturing sector than they do in the services sector. We will return to the discussion of different patterns of influence across sectors later when considering the firms' perceptions of regulatory constraints.

To summarize with regard to firm perceptions of their influence on government: we find strong evidence that multinationals are more influential than comparable firms and no evidence that foreign firms are less influential than purely domestic firms. In the services sector foreign multinationals appear to be less influential than local multinationals, but they are still significantly more influential than other types of firms. In the services sector foreign non-multinationals are also significantly more influential than similar purely domestic firms. Different patterns of influence across different branches of government and different evolution of influence over time suggest that the source of influence varies between local and foreign multinationals.

⁵The interested reader may, however, find the full set of regression results in the Appendix.

Table 5: Firm Characteristics and Average Influence on Government. Full results including cut points are reported in Table 13.

	(1)	(2)	(3)	(4)
	nflc_av	nflc_av	nflc_av	nflc_av
Foreign Ownership	1.081	0.987		
	(0.0789)	(0.0767)		
Exporter	1.315***	1.271***	1.256***	1.259***
	(0.0830)	(0.0813)	(0.0802)	(0.0804)
Govt. Ownership	1.767***	1.794***	1.790***	1.784***
	(0.150)	(0.153)	(0.152)	(0.152)
Middle_age	0.892*	0.899	0.895*	0.880*
	(0.0593)	(0.0599)	(0.0595)	(0.0646)
Old	1.178**	1.185**	1.178**	1.199**
	(0.0879)	(0.0888)	(0.0877)	(0.100)
MNC		1.339***		
		(0.107)		
MNC at Home			1.436***	0.868
			(0.147)	(0.232)
Foreign MNC			1.263**	1.518**
			(0.122)	(0.318)
Foreign non-MNC			1.071	1.168
			(0.105)	(0.220)
MNC Home X Mid-age				1.957**
				(0.631)
MNC Home X Old				1.700*
				(0.497)
MNC Foreign X Mid-age				0.913
				(0.236)
MNC Foreign X Old				0.731
				(0.175)
Foreign non-MNC X Mid-age				0.893
				(0.215)
Foreign non-MNC X Old				0.882
				(0.209)
Observations	5975	5938	5990	5990

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 6: Firm Characteristics and Influence on Different Branches of Government. Full results including cut points are reported in Table 15.

	Executive	Legislator	Ministry	Regulator
MNC at Home	1.427*** (0.148)	1.465*** (0.151)	1.469*** (0.150)	1.338*** (0.138)
Foreign MNC	1.219** (0.120)	1.169 (0.117)	1.284*** (0.124)	1.279*** (0.122)
Foreign non-MNC	0.979 (0.101)	0.966 (0.0971)	1.053 (0.109)	1.180* (0.114)
Exporter	1.191*** (0.0785)	1.223*** (0.0813)	1.282*** (0.0853)	1.239*** (0.0820)
Govt. Ownership	1.766*** (0.163)	1.685*** (0.157)	1.948*** (0.179)	1.458*** (0.134)
Observations	6074	6071	6047	6058

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 7: Firm Characteristics and Influence on Government by Sector of Firm. Full results including cut points are reported in Table 16.

	Manuf.	Services	Agri.	Constr.
MNC at Home	1.077 (0.178)	1.732*** (0.246)	0.306 (0.451)	3.350** (1.953)
Foreign MNC	1.238 (0.182)	1.303* (0.184)	1.983 (1.103)	1.835 (1.164)
Foreign non-MNC	0.789 (0.117)	1.295* (0.192)	2.059 (1.043)	2.190 (1.058)
Exporter	1.141 (0.114)	1.403*** (0.136)	1.586 (0.625)	0.838 (0.321)
Govt. Ownership	1.920*** (0.276)	1.673*** (0.219)	1.754 (0.636)	1.274 (0.505)
Observations	2135	2855	458	498

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

4. FOREIGN FIRMS, MNCs AND REGULATORY CONSTRAINT

Presumably firms desire influence over governments in order to be able to obtain favorable operating conditions. An excellent indicator of how favorable firms find their operating conditions is provided by the WBES survey question on how much of a constraint firms perceive various types of regulation to be. In this section we examine the pattern of firm responses to this question. Table 8 reports the regression results for a number of the different types of regulatory constraint for firms in all sectors. It is reassuring to note that the results for our various types of international firm are consistent with our interpretations of the definitions of these groups. For example, a related literature finds that foreign firms pay higher wages than domestic firms, which may lead us to expect that they are less constrained by labour regulations. Here we find that Foreign non-MNCs fit our expectation but Foreign-MNCs do not. This could be explained by the fact that labour regulations cover more than simply wages, and Foreign-MNCs are more likely to be affected by constraints on the employment of foreign nationals than non-MNC foreign-owned firms. As we might expect, all three types of firm find customs and trade regulations more constraining than the comparable domestic firm. Interestingly, Foreign-MNCs do not seem to face the same problem with foreign exchange regulations. This may be because MNCs can exploit internal trading and transfer pricing within the firm to minimize exposure to restrictive foreign exchange policies of host countries. The use of intra-firm trading would also explain that Foreign MNCs are the only group who find high taxes significantly less of a constraint than other comparable firms. Finally it is interesting to see that all three types of international firms find environmental regulations less of a constraint than comparable purely domestic firms, though this result is only weakly statistically significant. Furthermore it seems that multinational status is more important to lowering perceived environmental constraint than foreignness. This is interesting in light of the substantial literature which finds that foreign firms tend to have better environmental performance. This literature, however, is generally not able to control independently for multi-nationality.

Tables 9 and 10 summarize the results for the regulatory constraint variables where the sample is restricted to the manufacturing and services sectors respectively. Dividing the sample by sector shows that most of the significant results with regard to international firms are driven by one sector only. For example the advantage of non-MNC foreign firms with regard to labor regulations arises purely from manufacturing firms while the advantages of MNC foreign firms with regard to environmental regulations and avoidance of high taxes is

Table 8: Firm Characteristics and Perceived Regulatory Constraint. Full results including cut points are reported in Table 18.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.155*	0.0479	0.380***	0.274***	-0.0874	0.104
	(0.0915)	(0.0882)	(0.0841)	(0.0913)	(0.0958)	(0.0867)
Foreign MNC	-0.173*	-0.0732	0.233**	0.145	-0.356***	-0.0700
	(0.0906)	(0.0905)	(0.0904)	(0.0899)	(0.0920)	(0.0855)
Foreign non-MNC	-0.119	-0.219***	0.258***	0.231***	-0.110	-0.0770
	(0.0812)	(0.0817)	(0.0792)	(0.0845)	(0.0893)	(0.0827)
Exporter	0.0326	0.0519	0.489***	0.268***	-0.0943	-0.0273
	(0.0590)	(0.0582)	(0.0581)	(0.0604)	(0.0622)	(0.0564)
Govt. Ownership	-0.0186	-0.117	-0.259***	-0.217**	-0.503***	-0.277***
	(0.0788)	(0.0767)	(0.0831)	(0.0858)	(0.0839)	(0.0755)
Observations	6645	6886	5875	6191	6883	6918

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

driven purely by the service sector.

Considering the results for the influence and regulatory constraint regressions together - it does not appear likely that the influence of international firms is responsible for their sometimes significantly lower levels of regulatory constraint. Non-MNC foreign firms were relatively less influential in the manufacturing sector, yet this is the only sector in which they are significantly less constrained by any form of regulation. Conversely MNC foreign firms were relatively more influential in the manufacturing sector, but their regulatory advantages appear in the services sector. We examine the relationship between influence and regulatory constraint more directly in Table 11.

The results in Table 11 do not lend any support to the idea that firms are able to use their influence to achieve reduced regulatory constraint. For some of the regulatory types the influence variable is insignificant, and for others it is significant with the wrong sign. That is, for some of the regressions it appears that greater influence is associated with higher regulatory constraint. This ‘wrong’ sign suggests an endogeneity problem. We suggest that the source of this problem is the omission of any variable which measures how important the operations of the firm are to the government. That is, if the government cares about what the firm does, that firm is likely to both be influential and face greater regulatory constraint. Thankfully the WBES survey has a variable which proxies fairly well for how important the firm’s operations are to the government. That variable is the firms’ responses to questions about how often the government intervenes in various decisions that the firm makes. The

Table 9: Firm Characteristics and Perceived Regulatory Constraint: Manufacturing Sector. Full results including cut points are reported in Table 19.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.223 (0.142)	0.0751 (0.139)	0.199 (0.137)	0.0519 (0.146)	-0.0813 (0.157)	0.0619 (0.138)
Foreign MNC	0.0202 (0.135)	0.0398 (0.138)	0.259* (0.135)	0.166 (0.144)	-0.220 (0.141)	0.0618 (0.131)
Foreign non-MNC	0.0311 (0.112)	-0.373*** (0.117)	0.164 (0.110)	0.0938 (0.121)	-0.206 (0.135)	-0.0536 (0.123)
Exporter	0.0400 (0.0920)	0.0370 (0.0919)	0.401*** (0.0928)	0.205** (0.0946)	-0.0985 (0.101)	-0.0383 (0.0908)
Govt. Ownership	0.125 (0.129)	-0.0591 (0.125)	-0.214* (0.129)	-0.168 (0.132)	-0.394*** (0.134)	-0.257** (0.124)
Observations	2532	2594	2390	2436	2598	2602

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 10: Firm Characteristics and Perceived Regulatory Constraint: Services Sector. Full results including cut points are reported in Table 20.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.0989 (0.144)	-0.0000687 (0.133)	0.523*** (0.123)	0.361*** (0.135)	-0.101 (0.140)	0.0618 (0.126)
Foreign MNC	-0.300** (0.140)	-0.107 (0.137)	0.275** (0.140)	0.226* (0.131)	-0.394*** (0.139)	-0.100 (0.132)
Foreign non-MNC	-0.180 (0.134)	-0.0338 (0.134)	0.386*** (0.136)	0.401*** (0.140)	0.0164 (0.137)	-0.0504 (0.130)
Exporter	0.0954 (0.0943)	0.0933 (0.0925)	0.556*** (0.0907)	0.353*** (0.0936)	-0.103 (0.0971)	0.0145 (0.0876)
Govt. Ownership	-0.197 (0.130)	-0.145 (0.127)	-0.423*** (0.139)	-0.457*** (0.141)	-0.751*** (0.140)	-0.457*** (0.121)
Observations	3057	3198	2637	2869	3192	3217

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 11: Firm Characteristics and Perceived Regulatory Constraint. Full results including cut points are reported in Table 21.

	Envnt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.166*	0.0496	0.289***	0.166*	-0.0974	0.130
	(0.0970)	(0.0938)	(0.0897)	(0.0969)	(0.103)	(0.0933)
Foreign MNC	-0.218**	-0.0811	0.0540	0.0410	-0.418***	-0.0790
	(0.0988)	(0.0967)	(0.0970)	(0.0982)	(0.0982)	(0.0919)
Foreign non-MNC	-0.0985	-0.128	0.188**	0.204**	-0.0786	-0.0354
	(0.0932)	(0.0908)	(0.0894)	(0.0982)	(0.104)	(0.0942)
Exporter	0.00130	0.0827	0.468***	0.267***	-0.123*	-0.0878
	(0.0637)	(0.0622)	(0.0624)	(0.0656)	(0.0676)	(0.0605)
Govt. Ownership	-0.0460	-0.103	-0.293***	-0.241***	-0.508***	-0.286***
	(0.0820)	(0.0799)	(0.0877)	(0.0912)	(0.0878)	(0.0779)
Influence Regulator	0.0502**	0.0421	0.120***	0.108***	-0.00823	0.0155
	(0.0252)	(0.0256)	(0.0283)	(0.0280)	(0.0281)	(0.0246)
Observations	5738	5957	5015	5307	5961	5993

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

WBES survey asked firms about frequency of intervention in employment, wages, dividends, mergers and acquisitions, pricing and sales. We create our proxy variable for how much the government cares about the firm's operations by taking the negative of the average of the intervention responses.⁶ The results obtained by including our proxy for how important the firm's operations are to the government are presented in Table 12.

The results in Table 12 support our hypothesis as to the source of the endogeneity problem in Table 11. The government intervention variable is significant at the 1% level across all regulatory types. The influence variable is now insignificant for all regulatory constraints except high taxes, for which it is now statistically significant at the 5% level with the correct (negative) sign.

5. CONCLUSION

The broad agreement among policy-makers which prevailed in the late nineties and early two thousands about the appropriateness of providing stronger legal rights to foreign firms through international investment agreements has been shaken by the rapid rise in case brought under these agreements against host governments in recent years. The argument for

⁶The original responses were coded in such a way that higher numbers indicated less frequent intervention.

Table 12: Firm Characteristics and Perceived Regulatory Constraint. Full results including cut points are reported in Table 22.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.190*	0.0982	0.356***	0.143	-0.0184	0.0971
	(0.112)	(0.107)	(0.103)	(0.113)	(0.119)	(0.108)
Foreign MNC	-0.229**	-0.0416	0.127	0.0792	-0.372***	-0.0459
	(0.110)	(0.109)	(0.106)	(0.110)	(0.108)	(0.102)
Foreign non-MNC	-0.176*	-0.143	0.166	0.270**	-0.0352	-0.0813
	(0.105)	(0.105)	(0.104)	(0.110)	(0.121)	(0.111)
Exporter	0.0687	0.117	0.456***	0.246***	-0.0933	-0.00486
	(0.0747)	(0.0728)	(0.0734)	(0.0765)	(0.0787)	(0.0714)
Govt. Ownership	-0.195*	-0.203**	-0.470***	-0.424***	-0.566***	-0.301***
	(0.105)	(0.102)	(0.108)	(0.113)	(0.110)	(0.0980)
Influence Regulator	-0.00358	-0.00566	0.0465	0.0377	-0.0721**	-0.0316
	(0.0311)	(0.0315)	(0.0337)	(0.0340)	(0.0331)	(0.0295)
g_intervention	-0.173***	-0.163***	-0.170***	-0.168***	-0.128***	-0.133***
	(0.0263)	(0.0263)	(0.0269)	(0.0265)	(0.0298)	(0.0259)
Observations	4116	4243	3696	3896	4242	4255

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

these agreements was largely propositioned on the idea that foreign firms are politically disadvantaged and therefore more likely to be subjected to regulatory takings of various forms. Critics of international investment agreements on the other hand maintained that multinational firms were politically powerful and these agreements represented further evidence of the rules of globalization being written to these firms advantage. Using a substantial dataset collected by the World Bank, this paper set out to see whether the claims of either side of the debate were supported empirically. While some evidence which might explain the perception of anti-foreign bias was found, on balance our findings support the claims of the critics of “corporate globalization”.

An important contribution of this paper was to highlight the difference oft-neglected between foreign firms and multinational firms. Not all foreign-owned firms see themselves as part of a multinational, and multinationals interact with governments both at home and abroad.⁷ We find that multinational firms have, much as globalization’s critics claim, significantly more influence over governments than similar firms both at home and abroad. Non-multinational foreign firms, while not as influential as their multinational counterparts,

⁷The WBES data which we use asks whether firms have operations or holdings in other countries. We classified firms answering ‘yes’ to this question as multinational firms.

are still as least as influential as purely domestic firms with similar characteristics.

Despite broadly supporting the critics view of the influence of international firms, our analysis does provide some clues as to the source of the perception among proponents of investment agreements that foreign firms are politically disadvantaged. Firstly we saw that when all sectors are pooled, domestic multinationals are more influential than foreign multinationals. Thus from the perspective of the senior executives of multinational corporations, anti-foreign bias may seem a genuine issue. The idea that the source of this bias is essentially political is also supported by the finding that both multinational and non-multinational foreign firms are relatively perceive they have relatively less influence over the elected arms of government (executive and legislature) than the bureaucratic arms (ministry and regulator).

Influence, of course, is a means and not an ends. One important area that firms try to influence is their regulatory environment. The WBES data allowed us to test whether there was a connection between firm influence and perceptions of the constraint experienced in a range of regulatory areas. Contrary to findings in previous research, we find no evidence that that firm influence leads to lower perceived regulatory constraint. To the contrary, in some regulatory areas we find a positive correlation between influence and constraint.

The driver for the initially counter-intuitive result that influence and constraint were positively correlated in some areas was found to be omitted variable bias. We posit that both influence and regulatory constraint are driven by the degree of interest that the government has in the firms operations. If the firms operations are important to the government then the government will have incentive to try to maximize the social benefits from those operations (leading to regulatory constraint) but will also want to ensure that the firm continues to operate (leading to higher influence). The question on frequency of intervention by government in the firm's affairs provides a suitable proxy for the level of interest that the government has in the firm's activities. Including this variable in the regulatory constraint regressions we found that frequency of intervention was a statistically significant determinant of regulatory constraint. Furthermore, the influence variable was now insignificant for most regulatory areas and was negative and significant with regard to tax burden. Interestingly high taxes stood out as the area in which foreign multinationals were the least constrained relative to all other types of firms.

Thus we conclude that the WBES data supports the claim that multinational firms are highly influential, and provides little or no support for the counter-claim that foreign firms are in need of stronger legal protections. However, our analysis also cautions against the

assumption that multinationals use their influence over governments to achieve less constraint in controversial areas such as environmental and labour regulations.

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6. APPENDIX

Table 13: Firm Characteristics and Average Influence on Government. Country dummies included but coefficients not reported.

	(1)	(2)	(3)	(4)
	nflc_av	nflc_av	nflc_av	nflc_av
Foreign Ownership	1.081 (0.0789)	0.987 (0.0767)		
Exporter	1.315*** (0.0830)	1.271*** (0.0813)	1.256*** (0.0802)	1.259*** (0.0804)
Govt. Ownership	1.767*** (0.150)	1.794*** (0.153)	1.790*** (0.152)	1.784*** (0.152)
Medium	1.433*** (0.0898)	1.407*** (0.0885)	1.412*** (0.0886)	1.400*** (0.0883)
Large	2.382*** (0.206)	2.263*** (0.199)	2.281*** (0.199)	2.289*** (0.201)
Middle_age	0.892* (0.0593)	0.899 (0.0599)	0.895* (0.0595)	0.880* (0.0646)
Old	1.178** (0.0879)	1.185** (0.0888)	1.178** (0.0877)	1.199** (0.100)
Services	1.391*** (0.0838)	1.375*** (0.0833)	1.364*** (0.0824)	1.366*** (0.0824)
Other	0.767 (0.248)	0.699 (0.221)	0.745 (0.239)	0.764 (0.250)
Agriculture	0.996 (0.113)	1.001 (0.114)	0.994 (0.113)	0.994 (0.113)
Construction	1.209** (0.116)	1.197* (0.115)	1.187* (0.114)	1.190* (0.115)
MNC		1.339***		

		(0.107)		
MNC at Home			1.436***	0.868
			(0.147)	(0.232)
Foreign MNC			1.263**	1.518**
			(0.122)	(0.318)
Foreign non-MNC			1.071	1.168
			(0.105)	(0.220)
MNC Home X Mid-age				1.957**
				(0.631)
MNC Home X Old				1.700*
				(0.497)
MNC Foreign X Mid-age				0.913
				(0.236)
MNC Foreign X Old				0.731
				(0.175)
Foreign non-MNC X Mid-age				0.893
				(0.215)
Foreign non-MNC X Old				0.882
				(0.209)
cut1	0.0251	0.0258	0.0256	0.0257
	(0.00638)	(0.00656)	(0.00654)	(0.00670)
cut2	0.0264	0.0271	0.0270	0.0271
	(0.00671)	(0.00690)	(0.00687)	(0.00704)
cut3	0.0289	0.0298	0.0296	0.0297
	(0.00736)	(0.00757)	(0.00754)	(0.00773)
cut4	0.0352	0.0362	0.0359	0.0361
	(0.00893)	(0.00918)	(0.00914)	(0.00937)
cut5	0.557	0.570	0.569	0.573
	(0.141)	(0.144)	(0.144)	(0.148)
cut6	0.696	0.713	0.712	0.717
	(0.176)	(0.180)	(0.180)	(0.185)
cut7	0.907	0.932	0.928	0.935
	(0.229)	(0.235)	(0.235)	(0.241)
cut8	1.116	1.148	1.145	1.153
	(0.282)	(0.290)	(0.290)	(0.298)
cut9	2.293	2.358	2.366	2.385
	(0.582)	(0.598)	(0.601)	(0.619)
cut10	2.906	2.991	2.999	3.024
	(0.738)	(0.760)	(0.763)	(0.786)
cut11	3.728	3.834	3.847	3.880
	(0.949)	(0.975)	(0.980)	(1.010)
cut12	4.347	4.469	4.485	4.525
	(1.108)	(1.138)	(1.145)	(1.180)
cut13	7.690	7.906	7.952	8.026

	(1.970)	(2.025)	(2.041)	(2.103)
cut14	9.431	9.715	9.755	9.847
	(2.406)	(2.477)	(2.492)	(2.569)
cut15	12.08	12.48	12.50	12.62
	(3.077)	(3.176)	(3.188)	(3.288)
cut16	15.40	15.95	15.95	16.10
	(3.956)	(4.096)	(4.100)	(4.228)
cut17	29.22	30.26	30.27	30.55
	(7.721)	(7.993)	(8.002)	(8.253)
cut18	37.82	39.26	39.18	39.54
	(10.13)	(10.52)	(10.50)	(10.82)
cut19	53.89	55.32	55.81	56.34
	(14.72)	(15.10)	(15.25)	(15.70)
cut20	67.45	69.24	69.86	70.52
	(18.96)	(19.44)	(19.63)	(20.20)
Observations	5975	5938	5990	5990

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 14: Interacted Firm Characteristics and Average Influence on Government.

	(1)	(2)	(3)
	nflc_av	nflc_av	nflc_av
MNC at Home	0.362***	-0.141	0.387***
	(0.102)	(0.267)	(0.109)
Foreign MNC	0.233**	0.417**	0.218**
	(0.0968)	(0.210)	(0.0996)
Foreign non-MNC	0.0687	0.155	0.0793
	(0.0977)	(0.188)	(0.104)
Exporter	0.228***	0.230***	0.229***
	(0.0638)	(0.0639)	(0.0638)
Govt. Ownership	0.582***	0.579***	0.591***
	(0.0850)	(0.0854)	(0.0948)
Medium	0.345***	0.336***	0.345***
	(0.0627)	(0.0630)	(0.0630)
Large	0.825***	0.828***	0.826***
	(0.0873)	(0.0877)	(0.0875)
Middle_age	-0.111*	-0.128*	-0.110*
	(0.0665)	(0.0734)	(0.0665)
Old	0.164**	0.181**	0.163**
	(0.0745)	(0.0836)	(0.0744)
Services	0.310***	0.312***	0.311***
	(0.0604)	(0.0603)	(0.0604)

Other	-0.294 (0.321)	-0.269 (0.328)	-0.290 (0.324)
Agriculture	-0.00623 (0.114)	-0.00582 (0.114)	-0.00575 (0.114)
Construction	0.171* (0.0960)	0.174* (0.0962)	0.172* (0.0960)
MNC Home X Mid-age		0.671** (0.322)	
MNC Home X Old		0.531* (0.293)	
MNC Foreign X Mid-age		-0.0914 (0.259)	
MNC Foreign X Old		-0.314 (0.240)	
Foreign non-MNC X Mid-age		-0.114 (0.240)	
Foreign non-MNC X Old		-0.125 (0.237)	
MNC Home X Gvt			-0.187 (0.296)
MNC Foreign X Gvt			0.221 (0.369)
Foreign non-MNC X Gvt			-0.0663 (0.280)
cut1	-3.596 (0.254)	-3.605 (0.251)	-3.588 (0.255)
cut2	-3.546 (0.254)	-3.554 (0.251)	-3.538 (0.254)
cut3	-3.452 (0.254)	-3.461 (0.251)	-3.444 (0.254)
cut4	-3.258 (0.253)	-3.267 (0.250)	-3.250 (0.254)
cut5	-0.496 (0.252)	-0.502 (0.249)	-0.488 (0.253)
cut6	-0.272 (0.252)	-0.278 (0.249)	-0.264 (0.253)
cut7	-0.00675 (0.252)	-0.0126 (0.249)	0.00116 (0.253)
cut8	0.203 (0.252)	0.197 (0.249)	0.211 (0.253)
cut9	0.929 (0.252)	0.924 (0.249)	0.937 (0.253)
cut10	1.166 (0.252)	1.162 (0.249)	1.174 (0.253)

cut11	1.415 (0.252)	1.411 (0.249)	1.423 (0.253)
cut12	1.568 (0.252)	1.565 (0.249)	1.577 (0.252)
cut13	2.141 (0.253)	2.138 (0.250)	2.150 (0.254)
cut14	2.345 (0.254)	2.342 (0.251)	2.354 (0.255)
cut15	2.593 (0.255)	2.590 (0.252)	2.602 (0.256)
cut16	2.837 (0.255)	2.834 (0.252)	2.846 (0.256)
cut17	3.478 (0.261)	3.474 (0.258)	3.487 (0.262)
cut18	3.736 (0.264)	3.732 (0.262)	3.745 (0.265)
cut19	4.090 (0.271)	4.086 (0.269)	4.099 (0.272)
cut20	4.314 (0.276)	4.311 (0.274)	4.323 (0.277)
Observations	5990	5990	5990

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 15: Interacted Firm Characteristics and Average Influence on Government. Country dummies included but coefficients not reported.

	Executive	Legislator	Ministry	Regulator
MNC at Home	1.427*** (0.148)	1.465*** (0.151)	1.469*** (0.150)	1.338*** (0.138)
Foreign MNC	1.219** (0.120)	1.169 (0.117)	1.284*** (0.124)	1.279*** (0.122)
Foreign non-MNC	0.979 (0.101)	0.966 (0.0971)	1.053 (0.109)	1.180* (0.114)
Exporter	1.191*** (0.0785)	1.223*** (0.0813)	1.282*** (0.0853)	1.239*** (0.0820)
Govt. Ownership	1.766*** (0.163)	1.685*** (0.157)	1.948*** (0.179)	1.458*** (0.134)
Medium	1.320*** (0.0851)	1.253*** (0.0822)	1.335*** (0.0881)	1.359*** (0.0847)
Large	2.141*** (0.193)	2.016*** (0.181)	2.237*** (0.202)	1.965*** (0.173)

Middle_age	0.883*	0.911	0.937	0.848**
	(0.0612)	(0.0636)	(0.0647)	(0.0578)
Old	1.097	1.112	1.143*	1.149*
	(0.0843)	(0.0861)	(0.0883)	(0.0889)
Services	1.278***	1.232***	1.314***	1.398***
	(0.0804)	(0.0768)	(0.0823)	(0.0875)
Other	0.675	0.822	0.814	1.057
	(0.241)	(0.295)	(0.304)	(0.384)
Agriculture	1.031	0.963	0.959	0.982
	(0.127)	(0.117)	(0.115)	(0.117)
Construction	1.150	1.068	1.156	1.309***
	(0.114)	(0.108)	(0.117)	(0.130)
cut1	0.0389	0.0277	0.0409	0.0397
	(0.00863)	(0.00542)	(0.0105)	(0.00772)
cut2	1.036	0.803	1.187	0.942
	(0.227)	(0.154)	(0.302)	(0.180)
cut3	3.609	2.821	3.940	2.994
	(0.797)	(0.542)	(1.011)	(0.576)
cut4	10.03	7.765	11.53	9.176
	(2.258)	(1.506)	(2.996)	(1.803)
cut5	30.26	22.98	37.23	29.57
	(6.885)	(4.608)	(10.00)	(6.058)
Observations	6074	6071	6047	6058

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 16: Firm Characteristics and Influence on Government by Sector of Firm. Country dummies included but coefficients not reported.

	Manuf.	Services	Agri.	Constr.
MNC at Home	1.077	1.732***	0.306	3.350**
	(0.178)	(0.246)	(0.451)	(1.953)
Foreign MNC	1.238	1.303*	1.983	1.835
	(0.182)	(0.184)	(1.103)	(1.164)
Foreign non-MNC	0.789	1.295*	2.059	2.190
	(0.117)	(0.192)	(1.043)	(1.058)
Exporter	1.141	1.403***	1.586	0.838
	(0.114)	(0.136)	(0.625)	(0.321)
Govt. Ownership	1.920***	1.673***	1.754	1.274
	(0.276)	(0.219)	(0.636)	(0.505)
Medium	1.509***	1.349***	1.702	1.003
	(0.168)	(0.123)	(0.580)	(0.228)

Large	2.360*** (0.343)	2.472*** (0.321)	1.774 (0.865)	1.846 (0.702)
Middle_age	0.970 (0.119)	0.917 (0.0875)	0.741 (0.201)	0.985 (0.245)
Old	1.345** (0.173)	1.190 (0.134)	0.718 (0.277)	2.065** (0.592)
cut1	0.00776 (0.00551)	0.0266 (0.00773)	0.0133 (0.0265)	0.0104 (0.00558)
cut2	0.00810 (0.00575)	0.0280 (0.00813)	0.0143 (0.0284)	0.0107 (0.00572)
cut3	0.00913 (0.00648)	0.0312 (0.00902)	0.0145 (0.0289)	0.0115 (0.00613)
cut4	0.0119 (0.00843)	0.0360 (0.0104)	0.0186 (0.0370)	0.0138 (0.00734)
cut5	0.201 (0.142)	0.607 (0.173)	0.245 (0.487)	0.335 (0.164)
cut6	0.259 (0.183)	0.758 (0.216)	0.290 (0.577)	0.433 (0.210)
cut7	0.338 (0.239)	0.981 (0.279)	0.420 (0.837)	0.604 (0.289)
cut8	0.423 (0.299)	1.192 (0.339)	0.551 (1.097)	0.796 (0.381)
cut9	0.920 (0.651)	2.443 (0.699)	1.197 (2.383)	1.710 (0.812)
cut10	1.184 (0.838)	3.124 (0.897)	1.398 (2.782)	2.131 (1.020)
cut11	1.559 (1.104)	3.980 (1.144)	1.855 (3.690)	2.603 (1.253)
cut12	1.825 (1.293)	4.650 (1.342)	2.279 (4.545)	2.976 (1.441)
cut13	3.371 (2.391)	8.164 (2.360)	4.518 (8.978)	5.308 (2.588)
cut14	4.057 (2.875)	10.29 (2.937)	5.772 (11.45)	6.266 (3.007)
cut15	5.579 (3.934)	12.65 (3.606)	6.332 (12.52)	9.398 (4.735)
cut16	6.504 (4.592)	16.81 (4.850)	8.668 (17.17)	14.42 (7.388)
cut17	12.14 (8.622)	33.04 (9.940)	31.85 (63.08)	17.45 (9.171)
cut18	14.80 (10.49)	43.11 (13.13)	42.50 (84.78)	28.96 (16.71)
cut19	18.80 (13.08)	67.20 (21.65)	63.85 (129.4)	42.14 (26.28)

cut20	20.35 (14.21)	86.55 (29.19)		74.74 (54.45)
Observations	2135	2855	458	498

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 17: Firm Characteristics and Influence on Government by Region of Host Country. Country dummies included but coefficients not reported.

	Trans.Eur.	E.Asia	S.Asia	Lat.Am.	OECD
MNC at Home	1.323 (0.254)	1.559 (0.485)	1.245 (0.928)	1.587*** (0.214)	1.534 (0.437)
Foreign MNC	1.503 (0.399)	1.627* (0.476)	2.854 (2.459)	1.495*** (0.201)	0.982 (0.217)
Foreign non-MNC	1.107 (0.179)	0.689 (0.201)	0.565 (0.450)	1.547*** (0.223)	0.738 (0.203)
Exporter	1.347*** (0.123)	0.870 (0.175)	1.187 (0.574)	1.102 (0.105)	1.076 (0.187)
Govt. Ownership	1.536*** (0.151)	2.021** (0.721)	2.792 (1.926)	1.986*** (0.429)	2.025*** (0.500)
Medium	1.279*** (0.105)	1.343 (0.291)	1.632 (0.820)	1.480*** (0.170)	1.858*** (0.353)
Large	2.082*** (0.318)	1.524 (0.399)	1.007 (0.742)	2.433*** (0.327)	3.935*** (0.954)
Middle_age	0.948 (0.0716)	0.658* (0.157)	1.101 (0.695)	0.800 (0.122)	0.621* (0.154)
Old	1.368*** (0.152)	0.787 (0.205)	0.643 (0.364)	0.952 (0.136)	0.997 (0.227)
o.region1==2	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.region1==3	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.region1==4	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.region1==5	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.region1==6	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.region1==7	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.(region1==2)*vsfa	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)

o.(region1==4)*vsfa	1	1.000***	1	1	1
	(.)	(0.0000110)	(.)	(.)	(.)
o.(region1==5)*vsfa	1	1	1.000	1	1
	(.)	(.)	(0.000112)	(.)	(.)
o.(region1==6)*vsfa	1	1	1	1.000	1
	(.)	(.)	(.)	(0.00000888)	(.)
o.(region1==7)*vsfa	1	1	1	1	1.000
	(.)	(.)	(.)	(.)	(0.0000757)
o.country==23	1	1	1	0.328***	1
	(.)	(.)	(.)	(0.0975)	(.)
o.country==24	1	1	1	0.341***	1
	(.)	(.)	(.)	(0.106)	(.)
o.country==25	1	1	1	0.427***	1
	(.)	(.)	(.)	(0.132)	(.)
o.country==26	1	1	1	0.381***	1
	(.)	(.)	(.)	(0.110)	(.)
o.country==27	1	1	1	0.442**	1
	(.)	(.)	(.)	(0.145)	(.)
o.country==28	1	1	1	0.169***	1
	(.)	(.)	(.)	(0.0549)	(.)
o.country==29	1	1	1	0.261***	1
	(.)	(.)	(.)	(0.0861)	(.)
o.country==30	1	1	1	0.187***	1
	(.)	(.)	(.)	(0.0632)	(.)
o.country==31	1	1	1	0.175***	1
	(.)	(.)	(.)	(0.0581)	(.)
o.country==32	1	1	1	0.217***	1
	(.)	(.)	(.)	(0.0688)	(.)
o.country==33	1	1	1	0.309***	1
	(.)	(.)	(.)	(0.103)	(.)
o.country==34	1	1	1	0.564*	1
	(.)	(.)	(.)	(0.183)	(.)
o.country==35	1	1	1	0.306***	1
	(.)	(.)	(.)	(0.0989)	(.)
o.country==36	1	1	1	0.782	1
	(.)	(.)	(.)	(0.217)	(.)
o.country==37	1	1	1	0.362***	1
	(.)	(.)	(.)	(0.111)	(.)
o.country==38	1	1	1	0.315***	1
	(.)	(.)	(.)	(0.108)	(.)
o.country==40	1	0.244***	1	1	1
	(.)	(0.0793)	(.)	(.)	(.)
o.country==41	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)

o.country==42	1	0.707	1	1	1
	(.)	(0.205)	(.)	(.)	(.)
o.country==43	1	0.603*	1	1	1
	(.)	(0.169)	(.)	(.)	(.)
o.country==45	1	0.298***	1	1	1
	(.)	(0.0932)	(.)	(.)	(.)
o.country==46	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==62	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==64	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==65	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==68	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==70	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==71	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==73	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==74	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==79	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==80	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==81	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==83	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==85	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==87	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==88	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==89	1	1	1	1	1
	(.)	(.)	(.)	(.)	(.)
o.country==101	1	1	1	1	0.257***
	(.)	(.)	(.)	(.)	(0.0879)
o.country==111	1	1	1	1	0.146***
	(.)	(.)	(.)	(.)	(0.0671)

o.country==121	1 (.)	1 (.)	1 (.)	1 (.)	0.0771*** (0.0283)
o.country==131	1 (.)	1 (.)	1 (.)	1 (.)	0.418*** (0.141)
o.country==141	1 (.)	1 (.)	1 (.)	1 (.)	0.661 (0.203)
o.country==151	1 (.)	1 (.)	1 (.)	1 (.)	0.196*** (0.0667)
o.country==161	1 (.)	1 (.)	1 (.)	1 (.)	0.148*** (0.0492)
o.country==170	1 (.)	1 (.)	1 (.)	0.196*** (0.0639)	1 (.)
o.country==180	1 (.)	1 (.)	1 (.)	0.237*** (0.0701)	1 (.)
o.country==191	1 (.)	1 (.)	1 (.)	1 (.)	0.249*** (0.0839)
o.country==200	1 (.)	1 (.)	1 (.)	0.320*** (0.0960)	1 (.)
o.country==211	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==220	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==501	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==503	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==504	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==505	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==506	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==2007	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
o.country==2026	1 (.)	1 (.)	1 (.)	1 (.)	1 (.)
cut1	0.173 (0.0189)	0.185 (0.0583)	0.607 (0.293)	0.526 (0.146)	0.393 (0.132)
cut2	0.183 (0.0198)	0.222 (0.0690)	0.723 (0.348)	0.681 (0.189)	0.435 (0.146)
cut3	0.201 (0.0216)	0.281 (0.0864)	0.809 (0.396)	0.831 (0.231)	0.593 (0.198)
cut4	0.247 (0.0263)	0.334 (0.102)	1.120 (0.556)	0.979 (0.272)	0.768 (0.258)

cut5	2.323 (0.250)	0.755 (0.226)	1.313 (0.663)	2.110 (0.592)	2.062 (0.692)
cut6	3.004 (0.326)	0.846 (0.252)	1.897 (0.999)	2.772 (0.783)	2.533 (0.856)
cut7	4.042 (0.444)	1.056 (0.315)	2.629 (1.426)	3.610 (1.024)	3.154 (1.058)
cut8	5.114 (0.572)	1.179 (0.352)	4.662 (2.641)	4.217 (1.203)	3.629 (1.224)
cut9	9.395 (1.113)	2.196 (0.665)	5.901 (3.295)	7.500 (2.176)	5.692 (1.924)
cut10	12.46 (1.530)	2.790 (0.850)	6.438 (3.469)	8.844 (2.587)	7.756 (2.614)
cut11	15.98 (2.028)	3.162 (0.980)	9.640 (5.582)	11.26 (3.352)	11.66 (3.864)
cut12	19.18 (2.526)	4.389 (1.398)	23.95 (17.87)	13.14 (3.916)	13.24 (4.377)
cut13	35.86 (5.309)	11.03 (3.862)	41.03 (36.56)	19.48 (6.003)	27.14 (10.12)
cut14	42.35 (6.521)	13.55 (4.931)	62.29 (61.38)	24.39 (7.600)	35.95 (13.66)
cut15	55.80 (9.347)	17.40 (6.745)	125.9 (159.1)	35.22 (11.45)	47.11 (18.72)
cut16	77.46 (14.32)	21.97 (8.967)		41.24 (13.49)	67.82 (30.34)
cut17	153.0 (36.83)				
cut18	195.9 (51.17)				
cut19	271.8 (80.97)				
cut20	353.7 (118.6)				
Observations	3293	437	82	1955	698

Exponentiated coefficients; Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 18: Firm Characteristics and Perceived Regulatory Constraint. Country dummies included but coefficients not reported.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.155* (0.0915)	0.0479 (0.0882)	0.380*** (0.0841)	0.274*** (0.0913)	-0.0874 (0.0958)	0.104 (0.0867)

Foreign MNC	-0.173*	-0.0732	0.233**	0.145	-0.356***	-0.0700
	(0.0906)	(0.0905)	(0.0904)	(0.0899)	(0.0920)	(0.0855)
Foreign non-MNC	-0.119	-0.219***	0.258***	0.231***	-0.110	-0.0770
	(0.0812)	(0.0817)	(0.0792)	(0.0845)	(0.0893)	(0.0827)
Exporter	0.0326	0.0519	0.489***	0.268***	-0.0943	-0.0273
	(0.0590)	(0.0582)	(0.0581)	(0.0604)	(0.0622)	(0.0564)
Govt. Ownership	-0.0186	-0.117	-0.259***	-0.217**	-0.503***	-0.277***
	(0.0788)	(0.0767)	(0.0831)	(0.0858)	(0.0839)	(0.0755)
Medium	0.230***	0.243***	0.148**	0.124*	0.0531	0.0700
	(0.0584)	(0.0578)	(0.0626)	(0.0643)	(0.0643)	(0.0575)
Large	0.378***	0.212***	0.0704	0.0187	-0.148*	-0.0813
	(0.0805)	(0.0771)	(0.0813)	(0.0847)	(0.0846)	(0.0765)
Middle_age	-0.00793	0.0699	0.0807	0.0354	0.0531	0.0181
	(0.0615)	(0.0608)	(0.0662)	(0.0673)	(0.0659)	(0.0597)
Old	0.0776	0.141**	-0.0212	-0.0784	0.0614	-0.0848
	(0.0694)	(0.0697)	(0.0742)	(0.0758)	(0.0760)	(0.0696)
Services	-0.474***	-0.161***	-0.0548	0.00256	-0.203***	-0.0951*
	(0.0566)	(0.0564)	(0.0597)	(0.0596)	(0.0608)	(0.0547)
Other	-0.497	0.0418	-0.934**	-0.586*	-0.185	-0.105
	(0.337)	(0.310)	(0.388)	(0.348)	(0.301)	(0.277)
Agriculture	0.186*	0.154	-0.0122	-0.382***	-0.350***	-0.0831
	(0.108)	(0.107)	(0.127)	(0.142)	(0.122)	(0.110)
Construction	0.159*	0.242***	-0.301***	-0.117	-0.00324	0.234***
	(0.0861)	(0.0902)	(0.0997)	(0.104)	(0.107)	(0.0889)
cut1	-0.376	-1.448	-0.0312	0.124	-2.377	-2.962
	(0.378)	(0.204)	(0.284)	(0.223)	(0.256)	(0.376)
cut2	0.905	-0.0628	1.023	1.232	-1.389	-1.776
	(0.379)	(0.204)	(0.285)	(0.223)	(0.254)	(0.374)
cut3	2.373	1.476	2.531	2.429	-0.115	-0.313
	(0.381)	(0.205)	(0.287)	(0.225)	(0.253)	(0.374)
Observations	6645	6886	5875	6191	6883	6918

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 19: Firm Characteristics and Perceived Regulatory Constraint: Manufacturing Sector. Country dummies included but coefficients not reported.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.223	0.0751	0.199	0.0519	-0.0813	0.0619
	(0.142)	(0.139)	(0.137)	(0.146)	(0.157)	(0.138)
Foreign MNC	0.0202	0.0398	0.259*	0.166	-0.220	0.0618
	(0.135)	(0.138)	(0.135)	(0.144)	(0.141)	(0.131)

Foreign non-MNC	0.0311 (0.112)	-0.373*** (0.117)	0.164 (0.110)	0.0938 (0.121)	-0.206 (0.135)	-0.0536 (0.123)
Exporter	0.0400 (0.0920)	0.0370 (0.0919)	0.401*** (0.0928)	0.205** (0.0946)	-0.0985 (0.101)	-0.0383 (0.0908)
Govt. Ownership	0.125 (0.129)	-0.0591 (0.125)	-0.214* (0.129)	-0.168 (0.132)	-0.394*** (0.134)	-0.257** (0.124)
Medium	0.106 (0.103)	0.158 (0.0996)	0.247** (0.108)	0.110 (0.112)	0.119 (0.113)	0.0292 (0.103)
Large	0.241* (0.130)	0.134 (0.127)	0.165 (0.131)	-0.0374 (0.141)	-0.125 (0.139)	-0.117 (0.129)
Middle_age	0.0773 (0.109)	0.0586 (0.112)	0.108 (0.115)	0.0554 (0.122)	0.189 (0.118)	0.0663 (0.108)
Old	0.121 (0.117)	0.163 (0.125)	-0.0927 (0.125)	-0.109 (0.132)	0.122 (0.128)	-0.114 (0.120)
cut1	-1.245 (0.256)	-1.488 (0.264)	0.595 (0.761)	-0.601 (0.196)	-1.869 (0.462)	-1.134 (0.202)
cut2	0.123 (0.255)	-0.0840 (0.264)	1.845 (0.763)	0.548 (0.196)	-0.786 (0.460)	0.189 (0.201)
cut3	1.737 (0.258)	1.445 (0.266)	3.500 (0.765)	1.847 (0.201)	0.522 (0.459)	1.690 (0.204)
Observations	2532	2594	2390	2436	2598	2602

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 20: Firm Characteristics and Perceived Regulatory Constraint: Services Sector. Country dummies included but coefficients not reported.

	Envt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.0989 (0.144)	-0.0000687 (0.133)	0.523*** (0.123)	0.361*** (0.135)	-0.101 (0.140)	0.0618 (0.126)
Foreign MNC	-0.300** (0.140)	-0.107 (0.137)	0.275** (0.140)	0.226* (0.131)	-0.394*** (0.139)	-0.100 (0.132)
Foreign non-MNC	-0.180 (0.134)	-0.0338 (0.134)	0.386*** (0.136)	0.401*** (0.140)	0.0164 (0.137)	-0.0504 (0.130)
Exporter	0.0954 (0.0943)	0.0933 (0.0925)	0.556*** (0.0907)	0.353*** (0.0936)	-0.103 (0.0971)	0.0145 (0.0876)
Govt. Ownership	-0.197 (0.130)	-0.145 (0.127)	-0.423*** (0.139)	-0.457*** (0.141)	-0.751*** (0.140)	-0.457*** (0.121)
Medium	0.364*** (0.0861)	0.313*** (0.0854)	0.0162 (0.0904)	0.101 (0.0928)	-0.00123 (0.0946)	0.0634 (0.0853)
Large	0.466*** (0.127)	0.329*** (0.116)	-0.0797 (0.127)	0.0712 (0.124)	-0.288** (0.127)	-0.0608 (0.118)

Middle_age	-0.0353 (0.0925)	0.0102 (0.0886)	0.0723 (0.0948)	0.0143 (0.0962)	-0.0329 (0.0939)	-0.0161 (0.0869)
Old	0.0559 (0.106)	0.0383 (0.103)	0.168 (0.110)	0.145 (0.110)	0.0131 (0.113)	-0.0671 (0.103)
cut1	-0.382 (0.566)	-1.330 (0.238)	-0.998 (0.655)	-0.0972 (0.720)	-3.760 (0.574)	-1.728 (0.325)
cut2	0.849 (0.567)	0.0880 (0.238)	-0.00556 (0.655)	1.056 (0.721)	-2.794 (0.571)	-0.610 (0.322)
cut3	2.227 (0.569)	1.662 (0.241)	1.406 (0.655)	2.280 (0.720)	-1.459 (0.571)	0.876 (0.322)
Observations	3057	3198	2637	2869	3192	3217

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 21: Firm Characteristics and Perceived Regulatory Constraint. Country dummies included but coefficients not reported.

	Envnt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.166* (0.0970)	0.0496 (0.0938)	0.289*** (0.0897)	0.166* (0.0969)	-0.0974 (0.103)	0.130 (0.0933)
Foreign MNC	-0.218** (0.0988)	-0.0811 (0.0967)	0.0540 (0.0970)	0.0410 (0.0982)	-0.418*** (0.0982)	-0.0790 (0.0919)
Foreign non-MNC	-0.0985 (0.0932)	-0.128 (0.0908)	0.188** (0.0894)	0.204** (0.0982)	-0.0786 (0.104)	-0.0354 (0.0942)
Exporter	0.00130 (0.0637)	0.0827 (0.0622)	0.468*** (0.0624)	0.267*** (0.0656)	-0.123* (0.0676)	-0.0878 (0.0605)
Govt. Ownership	-0.0460 (0.0820)	-0.103 (0.0799)	-0.293*** (0.0877)	-0.241*** (0.0912)	-0.508*** (0.0878)	-0.286*** (0.0779)
Medium	0.208*** (0.0628)	0.215*** (0.0615)	0.0804 (0.0674)	0.0698 (0.0697)	0.0385 (0.0708)	0.0651 (0.0616)
Large	0.368*** (0.0875)	0.129 (0.0830)	-0.00839 (0.0876)	-0.0712 (0.0917)	-0.208** (0.0920)	-0.111 (0.0810)
Middle_age	0.00453 (0.0667)	0.0486 (0.0654)	0.0909 (0.0721)	0.0373 (0.0732)	-0.00106 (0.0726)	0.0288 (0.0644)
Old	0.117 (0.0751)	0.181** (0.0752)	0.00419 (0.0810)	-0.0475 (0.0825)	0.0168 (0.0837)	-0.0797 (0.0745)
Services	-0.500*** (0.0613)	-0.152** (0.0610)	-0.0843 (0.0651)	-0.0421 (0.0650)	-0.258*** (0.0672)	-0.174*** (0.0590)
Other	-0.460 (0.335)	0.0919 (0.311)	-0.867** (0.387)	-0.562 (0.352)	-0.142 (0.301)	-0.0942 (0.273)
Agriculture	0.160 (0.111)	0.216* (0.111)	-0.0332 (0.130)	-0.451*** (0.148)	-0.298** (0.128)	-0.145 (0.113)

Construction	0.139 (0.0893)	0.289*** (0.0944)	-0.283*** (0.108)	-0.112 (0.112)	0.00108 (0.117)	0.214** (0.0948)
Influence Regulator	0.0502** (0.0252)	0.0421 (0.0256)	0.120*** (0.0283)	0.108*** (0.0280)	-0.00823 (0.0281)	0.0155 (0.0246)
cut1	-1.087 (0.205)	-0.789 (0.256)	-1.003 (0.230)	-0.467 (0.210)	-2.790 (0.237)	-2.286 (0.214)
cut2	0.140 (0.204)	0.586 (0.256)	0.0304 (0.230)	0.617 (0.210)	-1.801 (0.235)	-1.143 (0.213)
cut3	1.592 (0.205)	2.133 (0.258)	1.533 (0.231)	1.816 (0.212)	-0.543 (0.233)	0.329 (0.212)
Observations	5738	5957	5015	5307	5961	5993

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$

Table 22: Firm Characteristics and Perceived Regulatory Constraint. Country dummies included but coefficients not reported.

	Envnt.	Labor	Trade	ForEx	H.Tax	TaxAd.
MNC at Home	-0.166* (0.0970)	0.0496 (0.0938)	0.289*** (0.0897)	0.166* (0.0969)	-0.0974 (0.103)	0.130 (0.0933)
Foreign MNC	-0.218** (0.0988)	-0.0811 (0.0967)	0.0540 (0.0970)	0.0410 (0.0982)	-0.418*** (0.0982)	-0.0790 (0.0919)
Foreign non-MNC	-0.0985 (0.0932)	-0.128 (0.0908)	0.188** (0.0894)	0.204** (0.0982)	-0.0786 (0.104)	-0.0354 (0.0942)
Exporter	0.00130 (0.0637)	0.0827 (0.0622)	0.468*** (0.0624)	0.267*** (0.0656)	-0.123* (0.0676)	-0.0878 (0.0605)
Govt. Ownership	-0.0460 (0.0820)	-0.103 (0.0799)	-0.293*** (0.0877)	-0.241*** (0.0912)	-0.508*** (0.0878)	-0.286*** (0.0779)
Medium	0.208*** (0.0628)	0.215*** (0.0615)	0.0804 (0.0674)	0.0698 (0.0697)	0.0385 (0.0708)	0.0651 (0.0616)
Large	0.368*** (0.0875)	0.129 (0.0830)	-0.00839 (0.0876)	-0.0712 (0.0917)	-0.208** (0.0920)	-0.111 (0.0810)
Middle_age	0.00453 (0.0667)	0.0486 (0.0654)	0.0909 (0.0721)	0.0373 (0.0732)	-0.00106 (0.0726)	0.0288 (0.0644)
Old	0.117 (0.0751)	0.181** (0.0752)	0.00419 (0.0810)	-0.0475 (0.0825)	0.0168 (0.0837)	-0.0797 (0.0745)
Services	-0.500*** (0.0613)	-0.152** (0.0610)	-0.0843 (0.0651)	-0.0421 (0.0650)	-0.258*** (0.0672)	-0.174*** (0.0590)
Other	-0.460 (0.335)	0.0919 (0.311)	-0.867** (0.387)	-0.562 (0.352)	-0.142 (0.301)	-0.0942 (0.273)
Agriculture	0.160 (0.111)	0.216* (0.111)	-0.0332 (0.130)	-0.451*** (0.148)	-0.298** (0.128)	-0.145 (0.113)

Construction	0.139 (0.0893)	0.289*** (0.0944)	-0.283*** (0.108)	-0.112 (0.112)	0.00108 (0.117)	0.214** (0.0948)
Influence Regulator	0.0502** (0.0252)	0.0421 (0.0256)	0.120*** (0.0283)	0.108*** (0.0280)	-0.00823 (0.0281)	0.0155 (0.0246)
cut1	-1.087 (0.205)	-0.789 (0.256)	-1.003 (0.230)	-0.467 (0.210)	-2.790 (0.237)	-2.286 (0.214)
cut2	0.140 (0.204)	0.586 (0.256)	0.0304 (0.230)	0.617 (0.210)	-1.801 (0.235)	-1.143 (0.213)
cut3	1.592 (0.205)	2.133 (0.258)	1.533 (0.231)	1.816 (0.212)	-0.543 (0.233)	0.329 (0.212)
Observations	5738	5957	5015	5307	5961	5993

Standard errors in parentheses

* $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$