Supplemental Table I. WTO impact by industry

This table presents the influence of WTO accessions on each three-digit NAICS code based industry for the manufacturing sector. The WTO impact is estimated based on 5,343 manufacturing industry-year observations from 1993 to 2006. To get the three-digit NAICS code based impact, we first calculate the WTO impact for each six-digit NAICS code based industry and then take the average of the six-digit NAICS code impacts to get the impact for the three-digit NAICS code based industries. The WTO impact for each six-digit NAICS code based industry is calculated as the industry's average % imports from the WTO accession countries over three years following the year of the WTO accessions minus its % imports from the same countries in the year prior to joining the WTO. The China WTO impact for each six-digit NAICS code based industry is calculated as the industry's average % imports from China over three years after 2001 minus its % imports from China in 2000.

Three-digit NAICS code	Industry name	All WTO impact ($Imports\%_{post\text{-}WTO\ years} - Imports\%_{pre\text{-}WTO\ year}$)	China WTO impact ($Imports\%_{post\text{-}2001\ years} - Imports\%_{2000}$)
311	Food Manufacturing	0.015	0.013
312	Beverage and Tobacco Product Manufacturing	0.005	0.005
313	Textile Mills	0.018	0.014
314	Textile Product Mills	0.090	0.149
315	Apparel Manufacturing	0.069	0.047
316	Leather and Allied Product Manufacturing	0.147	0.061
321	Wood Product Manufacturing	0.021	0.020
322	Paper Manufacturing	0.021	0.028
323	Printing and Related Support Activities	0.066	0.064
324	Petroleum and Coal Products Manufacturing	0.016	-0.003
325	Chemical Manufacturing	0.016	0.019
326	Plastics and Rubber Products Manufacturing	0.045	0.035
327	Nonmetallic Mineral Product Manufacturing	0.038	0.030
331	Primary Metal Manufacturing	0.028	0.035
332	Fabricated Metal Product Manufacturing	0.049	0.047
333	Machinery Manufacturing	0.028	0.041
334	Computer and Electronic Product Manufacturing	0.060	0.075
335	Electrical Equipment, Appliance, and Component	0.070	0.050
336	Transportation Equipment Manufacturing	0.013	-0.002
337	Furniture and Related Product Manufacturing	0.110	0.139
339	Miscellaneous Manufacturing	0.080	0.069

Supplemental Table II. China's WTO accession and financial leverage

This table presents the regression results from the random effect estimation of 5,343 manufacturing industry-year observations from 1993 to 2006. The dependent variable is book leverage. We estimate the China WTO-accession impact on each industry as the industry's average % imports from China over the three years after 2001 minus its % imports from China in 2000.[1] We then estimate the following regression:

$$\begin{aligned} Leverage_{i,t} = {} & \alpha + \beta_1 ISL_{i,t-1} + \beta_2 ChinaWTOImpactDummy_{i,t-1} \times 2001Dummy_{t-1} \times ISL_{i,t-1} \\ & + \beta_3 ISL_{i,t-1} \times 2001Dummy_{t-1} + \beta_4 ChinaWTOImpactDummy_{i,t-1} \times 2001Dummy_{t-1} \\ & + \beta_5 ChinaWTOImpactDummy_{i,t-1} \times ISL_{i,t-1} + \beta_6 ChinaWTOImpactDummy_{i,t-1} \\ & + \beta_7 2001Dummy_i + \Gamma \times Control\ Variables_{i,t-1} + \varepsilon_{I,t}, \end{aligned} \quad (S.1)$$

where 2001Dummy equals one if the industry-year is greater than or equal to 2001, and zero otherwise. *ChinaWTOImpactDummy* is a dummy variable that equals one if the China WTO impact for industry i is in the top quartile of the sample in year t-1. Control variables are the same as those in Table IV. The coefficient β_2 measures the difference in the changes of the international sourcing-leverage sensitivity before and after 2001 between industries that experienced a positive shock to their ISLs and industries that did not. A negative β_2 suggests that the influence of international sourcing on financial leverage is strengthened after 2001 in industries that were affected most by China's WTO accession. If the negative relation between international sourcing and leverage is due to reverse causality, we would not expect the interaction term to be significant as shocks to international sourcing should not influence financial leverage. We present the regression results for Equation (S.1) in the Panel A. Column 1 of Panel A reports results for the period 2000-2004, a year before to three years after 2001, and column 2 reports results for the period 1998-2004, three years before to three years after 2001. The coefficient on the three-way interaction is negative and statistically significant at the 5% level for both event windows. We also repeat the analysis after redefining the China WTO impact dummy to represent industries that were least affected by China's WTO accession (i.e., industries with China's WTO impact in the bottom quartile of the sample). The coefficient on the interaction variable is positive for this alternative definition, suggesting that the negative influence of international sourcing on financial leverage is only strengthened after 2001 for industries that were affected most by China's WTO accession. We perform a falsification test to alleviate the concern that the results in Panel A were driven by some omitted variable, e.g., China's strong growth during the sample period. To do this, we falsely assume that China joined the WTO in 1996, instead of 2001. China's strong growth was already present in 1996.[2] If the results are driven by China's strong growth, then we should find similar results when we use 1996 as the accession year to conduct the study. We present the results of this falsification test in Panel B. As shown in the panel, the coefficient on the three-way interaction term is not statistically significant. This result suggests that the observed significance in Panel A is more likely due to China's WTO accession as opposed to China's strong growth. We report in parentheses *p*-values based on robust standard errors clustered at the industry level. Variable definitions are in Appendix A. ***: significant at 1% level; **: significant at 5% level; *: significant at 10% level.

Panel A. China's WTO accession

	China WTO impact Top quartile		China WTO impact Bottom quartile	
	A year before and three years after	Three years before and three years after	A year before and three years after	Three years before and three years after
International sourcing level	-0.011	-0.050	-0.056*	-0.070**
	(0.827)	(0.245)	(0.075)	(0.019)
ISL × 2001Dummy × WTO impact	-0.164**	-0.173**	0.089	0.122*
	(0.021)	(0.013)	(0.267)	(0.095)
ISL × 2001Dummy	0.036	0.027	-0.046	-0.065
	(0.377)	(0.489)	(0.254)	(0.104)
ISL × WTO impact	-0.048	-0.015	0.162	0.072
	(0.487)	(0.813)	(0.303)	(0.587)

(Continued.)

[1] Our results are robust if we (i) exclude year 2001 from the analysis and set the WTO dummy to one if the industry year is 2002 or later; (ii) use five years after 2001 and the average imports over 1998 - 2000 to define the WTO impact.

[2] China's GDP growth rate was 10% in 1996 and 8.3% in 2001. We choose to report results based on 1996 because we have three years data before 1996 and also enough years after 1996, which generates a subperiod that is unlikely to be contaminated by the WTO accession in 2001.

Supplemental Table II Continued.

WTO impact × 2001Dummy	0.025	0.022	-0.009	-0.008
	(0.191)	(0.281)	(0.673)	(0.711)
2001Dummy	-0.060***	-0.033**	0.223***	-0.023
	(0.000)	(0.017)	(0.000)	(0.101)
WTO impact	0.025	0.021	-0.027	-0.019
	(0.327)	(0.352)	(0.436)	(0.528)
Control variables	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes
Number of observations	1,995	2,828	1,995	2,828
R^2	0.118	0.131	0.117	0.129

Panel B. China's WTO accession: Falsification test

	China WTO impact Top quartile		China WTO impact Bottom quartile	
	A year before and three years after	Three years before and three years after	A year before and three years after	Three years before and three years after
International sourcing level	-0.086**	-0.071*	-0.091**	-0.069*
	(0.036)	(0.073)	(0.032)	(0.090)
ISL × 1996Dummy × WTO impact	0.074	0.083	-0.003	0.015
	(0.514)	(0.418)	(0.974)	(0.860)
ISL × 1996Dummy	0.000	-0.020	0.026	0.003
	(0.996)	(0.588)	(0.590)	(0.938)
ISL × WTO impact	0.012	0.035	0.023	0.020
	(0.888)	(0.685)	(0.777)	(0.813)
WTO impact × 1996Dummy	-0.015	-0.020	0.006	0.001
	(0.499)	(0.359)	(0.747)	(0.942)
1996Dummy	0.053***	0.057***	0.005	0.052***
	(0.000)	(0.000)	(0.591)	(0.000)
WTO impact	0.023	0.022	-0.032*	-0.029*
	(0.297)	(0.305)	(0.082)	(0.099)
Control variables	Yes	Yes	Yes	Yes
Year dummies	Yes	Yes	Yes	Yes
Number of observations	2,131	2,559	2,131	2,559
R^2	0.132	0.141	0.126	0.133

Supplemental Table III. Summary statistics for mechanism variables and the sample of all industries

This table presents the summary statistics for the mechanism analysis (Panel A) in Table VII and the sample of three-digit NAICS code based industries (Panel B) in Table VIII. The mechanism analysis includes 5,343 six-digit NAICS industry-year observations from 1993 to 2006. The sample of all industries includes 1,318 three-digit NAICS industries from 1998 to 2011. Discussions on the sample and data sources are in Section 3 and Section 7 of the text. Variable definitions are in the Appendix A and Table VII.

Panel A. Summary Statistics of Mechanism Variables

Variable	Mean	Median	Std.	1%	99%
Sourcing industry operating profit margin growth	-0.029	0.000	0.721	-3.926	3.303
Supplier country political risk	5.781	5.743	0.545	3.414	7.570
Supplier country GDP growth	3.472	3.671	0.976	1.379	6.055
Sourcing industry R&D intensity	0.019	0.008	0.027	0.000	0.136
Supplier industry R&D intensity	0.001	0.000	0.003	0.000	0.044
Supplier country legal environment	6.492	6.490	0.614	3.822	8.295
Sourcing industry age	17.328	15.932	10.025	0.000	55.000
Sourcing industry size	7.583	7.708	2.334	1.351	12.743
Sourcing industry payout ratio	0.220	0.121	0.736	-2.885	4.621
Sourcing industry bond rating %	24.335	14.286	29.415	0.000	100.000
Supplier country concentration	0.280	0.274	0.095	0.080	0.816
U.S. supplier industry concentration	0.016	0.002	0.037	0.000	0.180

Panel B. Summary Statistics for the Sample of All Industries

Variable	Mean	Median	Std.	1%	99%
International sourcing level	0.113	0.038	0.155	0.000	0.788
Financial leverage	0.310	0.300	0.141	0.013	0.906
Size	10.637	10.725	2.120	3.411	15.856
ROA	0.123	0.125	0.051	-0.077	0.259
Asset intensity	0.322	0.274	0.207	0.005	0.833
Depreciation ratio	0.040	0.040	0.017	0.001	0.095
R&D intensity	0.009	0.001	0.017	0.000	0.081
S&A intensity	0.173	0.127	0.151	0.001	0.652
Earnings volatility	0.041	0.022	0.053	0.003	0.358
Stock return volatility	0.449	0.422	0.183	0.029	2.394
Sales growth	0.075	0.056	0.279	-0.979	1.822
Tobin's q	1.274	1.116	0.652	0.279	4.102
Exchange rate effect	0.001	0.000	0.012	-0.045	0.053
% Foreign operation income	0.463	0.333	0.639	0.000	4.498
Industry concentration (HHI)	0.083	0.075	0.041	0.009	0.747

Supplemental Table IV. Distribution of international sourcing by supplier countries: Selected industries

This table presents the country distribution of international sourcing as a percentage of the total international sourcing value for different industries sorted on countries' rule of law indexes. We present three examples of low R&D intensity industries and three examples of high R&D intensity industries. R&D intensity is R&D expenditures divided by total sales. The rule of law index for each country is 10 times the percentile rank of the rule of law index from Kaufmann et al. (2009). We present the average rule of law index for every country during years 1996 to 2006 in the table. The total number of countries in our sample is 164. The average rule of law score for these 164 countries is 4.74. Subtotals are given for countries with the rule of law scores above 4.74 and below 4.74. We only report countries that account for 0.5% or more imports for at least one of the six industries presented to conserve space.

		Low R&D intensity industries			High R&D intensity industries		
Rule of law index	Country	Textile Product Mills	Apparel Products	Leather and Allied Products	Chemical Manufacturing	Machinery Manufacturing	Transportation Equipment
9.90	Norway	0.03%	0.01%	0.05%	0.69%	0.18%	0.05%
9.89	Switzerland	0.17%	0.08%	0.16%	3.19%	2.23%	0.16%
9.84	Denmark	0.18%	0.01%	0.07%	0.92%	0.75%	0.02%
9.83	Finland	0.01%	0.01%	0.02%	0.30%	0.55%	0.13%
9.72	Austria	0.08%	0.02%	0.07%	0.61%	0.78%	0.28%
9.71	Sweden	0.09%	0.01%	0.05%	1.59%	2.10%	1.27%
9.52	Canada	5.42%	2.49%	0.74%	14.91%	12.18%	31.55%
9.48	Netherland	0.52%	0.01%	0.06%	2.16%	1.87%	0.26%
9.39	United Kingdom	1.54%	0.40%	0.89%	8.87%	5.64%	3.80%
9.37	Germany	0.75%	0.14%	0.68%	9.54%	13.37%	9.89%
9.32	Singapore	0.03%	0.57%	0.02%	1.56%	0.52%	0.14%
9.30	Ireland	0.24%	0.03%	0.02%	13.27%	0.36%	0.04%
9.01	Belgium	1.54%	0.02%	0.03%	2.51%	1.01%	0.69%
8.99	France	0.76%	0.41%	1.08%	5.92%	2.98%	3.45%
8.91	Japan	1.38%	0.20%	0.07%	8.85%	25.16%	24.09%
8.76	Hong Kong	0.50%	7.26%	0.75%	0.05%	0.35%	0.03%
8.66	Spain	0.62%	0.06%	1.71%	0.94%	0.51%	0.20%
8.52	Portugal	2.43%	0.16%	0.41%	0.07%	0.10%	0.03%
7.78	Israel	0.94%	0.61%	0.10%	1.37%	0.68%	0.28%
7.68	Taiwan	3.32%	3.31%	1.59%	0.58%	2.75%	0.86%
7.42	South Korea	2.35%	3.40%	1.84%	1.00%	1.98%	3.07%
7.03	Qatar	1.03%	0.00%	0.00%	0.00%	0.00%	0.00%
7.02	Italy	1.32%	2.69%	7.92%	2.85%	5.08%	0.75%
6.96	Macao	0.01%	1.81%	0.03%	0.00%	0.02%	0.00%
6.62	Costa Rica	0.07%	1.25%	0.11%	0.05%	0.01%	0.00%
6.57	Malaysia	0.19%	1.27%	0.05%	0.35%	0.55%	0.04%
6.26	Jordan	0.01%	0.59%	0.01%	0.00%	0.00%	0.00%
5.91	Saudi Arabia	0.10%	0.02%	0.00%	1.68%	0.01%	0.00%
5.87	Thailand	1.87%	2.67%	2.51%	0.22%	0.56%	0.16%
5.78	India	11.07%	3.45%	1.20%	0.90%	0.37%	0.08%
5.67	South Africa	0.09%	0.72%	0.11%	0.32%	0.15%	0.16%
5.60	Trinidad and	0.00%	0.01%	0.00%	1.11%	0.00%	0.00%
5.40	Sri Lanka	0.67%	2.34%	0.25%	0.01%	0.01%	0.00%
5.40	Turkey	2.92%	1.56%	0.07%	0.10%	0.12%	0.05%
5.32	Egypt	0.92%	0.62%	0.00%	0.05%	0.00%	0.00%
	Unlisted countries	1.16%	2.81%	1.08%	2.27%	0.94%	0.51%
	Subtotal (Rule of Law Index >4.74)	**44.33%**	**41.03%**	**23.74%**	**88.84%**	**83.88%**	**82.04%**

Supplemental Table IV Continued.

		Low R&D Intensity Industries			High R&D Intensity Industries		
Rule of Law Index	Country	Textile Product Mills	Apparel Products	Leather and Allied Products	Chemical Manufacturing	Machinery Manufacturing	Transportation Equipment
4.54	Brazil	2.05%	0.20%	5.77%	0.81%	1.78%	1.04%
4.32	China	31.09%	17.71%	54.46%	2.74%	7.91%	1.14%
4.12	Philippines	1.00%	3.12%	0.82%	0.05%	0.13%	0.18%
3.98	Vietnam	0.17%	1.55%	1.32%	0.01%	0.01%	0.01%
3.96	Mexico	7.27%	10.33%	5.68%	3.07%	5.65%	15.15%
3.93	Argentina	0.05%	0.04%	1.15%	0.25%	0.06%	0.03%
3.77	Jamaica	0.01%	0.51%	0.01%	0.06%	0.00%	0.00%
3.58	El Salvador	0.25%	2.17%	0.05%	0.02%	0.00%	0.00%
3.48	Dominican Republic	0.30%	3.60%	1.11%	0.02%	0.01%	0.01%
3.08	Peru	0.03%	0.66%	0.01%	0.05%	0.01%	0.00%
3.01	Iran	0.77%	0.00%	0.00%	0.00%	0.00%	0.00%
2.72	Colombia	0.35%	0.74%	0.20%	0.33%	0.01%	0.00%
2.67	Nicaragua	0.01%	0.61%	0.00%	0.00%	0.00%	0.01%
2.61	Libya	1.49%	0.08%	0.01%	0.00%	0.00%	0.00%
2.60	Indonesia	0.73%	3.63%	3.92%	0.21%	0.15%	0.06%
2.42	Bangladesh	0.97%	3.06%	0.03%	0.01%	0.00%	0.00%
2.35	Honduras	0.04%	3.47%	0.03%	0.00%	0.00%	0.05%
2.34	Pakistan	7.73%	1.62%	0.07%	0.00%	0.00%	0.00%
2.02	Russia	0.06%	0.30%	0.01%	1.39%	0.05%	0.02%
1.71	Guatemala	0.10%	2.32%	0.02%	0.04%	0.00%	0.00%
1.37	Venezuela	0.02%	0.00%	0.01%	1.27%	0.02%	0.07%
1.22	Cambodia	0.07%	1.33%	0.00%	0.00%	0.00%	0.00%
0.55	Angola	0.00%	0.00%	1.00%	0.00%	0.00%	0.00%
	Unlisted countries	0.87%	1.84%	0.45%	0.62%	0.04%	0.02%
	Subtotal (Rule of law index < 4.74)	**55.42%**	**58.91%**	**76.10%**	**10.99%**	**15.83%**	**17.80%**
	Other countries (Rule of law index missing)	0.25%	0.06%	0.16%	0.17%	0.29%	0.16%
	Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Supplemental Table V. Summary statistics, examples, and univariate comparison of firm-level analysis

Panel A presents the supplier information for Boeing Inc. The data is collected from the Supplier Chain Analysis Database of Bloomberg (Bloomberg Function: SPLC) and includes all suppliers that account for more than 1% of costs of goods sold for Boeing. % Costs is relationship value divided by Boeing's costs of goods sold. Panel B presents summary statistics for the firm-level data, which covers 1,296 U.S. firms in 2012. For each of these firms, we collect the nationality and relationship value for each supplier that accounts for 1% or more of the sourcing firm's cost of goods sold (COGS).[3] The international sourcing level of a firm is then estimated as the total relationship values between the firm and its foreign suppliers divided by the firm's costs of goods sold (COGS). All variables are winsorized at the 1st and 99th percentiles. Panel C reports the univariate comparisons between the treatment and control firms' characteristics and their corresponding *t*-statistics. For every firm with foreign suppliers (treatment firms), we identify a control firm that do not source internationally but share the same three-digit NAICS code and have the closest propensity score as the treatment firm. If no match is found in the same three-digit NAICS code, we match on two-digit NAICS code. We use the probit model in Panel B.1 of Table IX to estimate the propensity score for each sample firm.

Panel A. An Example for the Firm-level Data

Supplier name	Supplier country	%Costs	Account as type	Relationship value ($m)	As of date	Source
Safran S.A.	France	1.040	COGS	174.052	9/26/2012	Estimate
Finmeccanica S.p.A	Italy	1.070	COGS	189.188	12/14/2012	Estimate
Rio Tinto Group	U.K.	1.135	COGS	216.060	2/7/2013	Estimate
Bridgestone Corporation	Japan	1.515	COGS	230.355	1/3/2013	Estimate
Honeywell International Inc.	U.S.	1.556	COGS	250.113	6/21/2012	Estimate
United Technologies Corporation	U.S.	1.578	COGS	270.855	1/23/2013	2012A CF
BAE Systems plc	U.K.	1.584	COGS	267.381	11/16/2012	Estimate
Goodrich Corporpation	U.S.	2.168	COGS	302.809	2/2/2012	2011A CF
Spirit Aerosystems Holdings Inc.	U.S.	6.710	COGS	1123.200	8/2/2012	2012Q2 CF

Panel B. Summary Statistics for the Firm-level Data

Variable	Mean	Median	Std. dev.	1%	99%
International sourcing level	0.038	0.000	0.086	0.000	0.461
Foreign supplier dummy	38.580%				
Foreign supplier dummy (≥10% of COGS)	11.574%				
Book leverage	0.235	0.209	0.200	0.000	0.795
Firm size	7.324	7.419	1.978	2.551	11.040
Profitability	0.094	0.114	0.179	-0.597	0.401
Asset intensity	0.260	0.175	0.232	0.006	0.877
Depreciation ratio	0.043	0.035	0.029	0.002	0.149
R&D intensity	0.053	0.000	0.115	0.000	0.584
S&A intensity	0.262	0.191	0.281	0.000	1.324
Earnings volatility	0.244	0.036	1.190	0.004	10.675
Stock return volatility	0.568	0.523	0.234	0.225	1.457
Sales growth	0.070	0.039	0.357	-0.636	1.052

(continued)

[3]Since Bloomberg does not provide the backend data of the supplier chain analysis, we hand-collected each supplier's information from the Bloomberg terminal. The database provides relationship values based on various accounts, such as cost of goods sold, capital expenditures, SG&A, etc. Given our focus on suppliers, we only collect information on costs of goods sold. Most of the supplier relations are documented with data dates in 2012, with the earliest one documented in December 2011 and the last documented in April 2013.

Supplemental Table V Continued.

Tobin's q	1.833	1.440	1.342	0.727	6.705
% Foreign Operation Income	0.323	0.048	0.607	0.000	3.566
Exchange Rate Effect	-0.001	0.000	0.020	-0.087	0.082
Industry Concentration	0.276	0.208	0.206	0.022	1.000

Panel C. Differences in Firm Characteristics between Treatment and Control Firms

	Treatment	Control	Difference	*t*-statistics
Firm size	7.395	7.236	0.159	1.04
Profitability	0.083	0.086	-0.003	-0.20
Asset intensity	0.226	0.234	-0.008	-0.53
Depreciation ratio	0.042	0.041	0.000	0.15
R&D intensity	0.066	0.055	0.011	1.10
S&A intensity	0.286	0.274	0.012	0.61
Earnings volatility	0.240	0.220	0.020	0.24
Stock return volatility	0.551	0.574	-0.023	-1.31
Sales growth	0.055	0.068	-0.013	-0.50
Tobin's q	1.820	1.807	0.013	0.15
% Foreign operation income	0.446	0.327	0.119	2.27
Exchange rate effect	0.000	-0.001	0.001	0.34
Industry concentration	0.283	0.299	-0.016	-0.99

Supplemental Table VI. The international sourcing level and financial leverage: Additional robustness checks

This table presents the regression results from the random effects estimations of 5,343 manufacturing industry-year observations from 1993 to 2006. The dependent variable is financial leverage, which is the sum of book value of long-term debt and debt in current liabilities divided by the book value of assets. ISL (Tercile Rank) has a value of 1, 2, or 3 with 3 representing industries with ISLs in the top tercile of the sample. We report in parentheses *p*-values based on robust standard errors clustered at the industry level. Variable definitions are in Appendix A. ***: significant at 1% level; **: significant at 5% level; *: significant at 10% level.

	First differencing model	Control for lagged leverages	Using ISL tercile rank
International sourcing level	-0.085**	-0.025**	
	(0.023)	(0.016)	
International sourcing level (Tercile Rank)			-0.016***
			(0.003)
Control variables:			
$Leverage_{t-1}$		0.740***	
		(0.000)	
$Leverage_{t-2}$		0.054**	
		(0.011)	
Size	0.015**	0.003***	0.012***
	(0.024)	(0.005)	(0.001)
Profitability	-0.311***	-0.122***	-0.259***
	(0.000)	(0.001)	(0.000)
Asset intensity	0.077	-0.013	-0.006
	(0.221)	(0.449)	(0.893)
Depreciation ratio	0.523	0.262*	0.532*
	(0.198)	(0.065)	(0.088)
R&D intensity	-1.278***	-0.409***	-1.150***
	(0.000)	(0.000)	(0.000)
S&A intensity	0.058	-0.013	0.013
	(0.494)	(0.375)	(0.791)
Earnings volatility	-0.010	-0.019	-0.018
	(0.868)	(0.365)	(0.721)
Stock return volatility	0.020	0.011	0.016
	(0.184)	(0.251)	(0.426)
Sales growth	-0.004	0.007**	0.003
	(0.140)	(0.027)	(0.168)
Tobin's q	0.005	-0.007**	-0.020***
	(0.335)	(0.040)	(0.000)
Exchange rate effect	0.004	-0.113	-0.103
	(0.957)	(0.132)	(0.177)
% Foreign operation income	0.002	0.008**	0.012***
	(0.465)	(0.027)	(0.010)
Industry concentration (HHI)	-0.102*	0.039	0.051
	(0.087)	(0.417)	(0.410)
Intercept	-0.005*	0.060***	0.277***
	(0.088)	(0.000)	(0.000)
Year dummies	Yes	Yes	Yes
Number of observations	5,343	4,786	5,343
R^2	0.076	0.668	0.136