

A Appendix

A.1 Participating Countries

A.1.1 List of participating Countries

Country names		
Afghanistan	Ecuador	Nicaragua
Albania	El Salvador	Niger
Angola	Estonia	Panama
Argentina	Ethiopia	Paraguay
Armenia	Macedonia, FYR	Peru
Azerbaijan	Georgia	Poland
Bangladesh	Guatemala	Romania
Belarus	Honduras	Russia
Benin	Hungary	Rwanda
Bhutan	Indonesia	Serbia
Bolivia	Kazakhstan	Sierra Leone
Bosnia	Kosovo	Slovakia
Botswana	Kyrgyz	Slovenia
Brazil	Lao PDR	South Africa
Bulgaria	Latvia	Tajikistan
Burkina Faso	Lesotho	Tanzania
Cambodia	Liberia	Timor-Leste
Cameroon	Lithuania	Togo
Cape Verde	Malawi	Turkey
Chile	Mali	Uganda
Colombia	Mexico	Ukraine
Côte d'Ivoire	Moldova	Uruguay
Croatia	Mongolia	Uzbekistan
Czech	Montenegro	Vietnam
Dominican Republic	Myanmar	Yemen
DRC	Nepal	

Table A1: List of all countries of the analysis.

A.1.2 Map of participating Countries

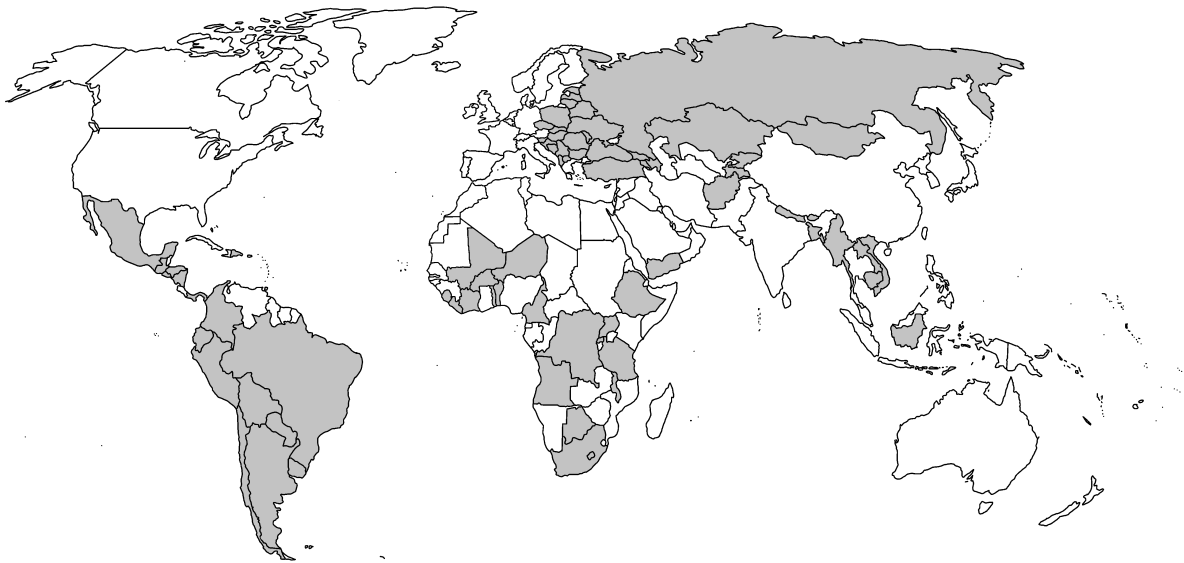
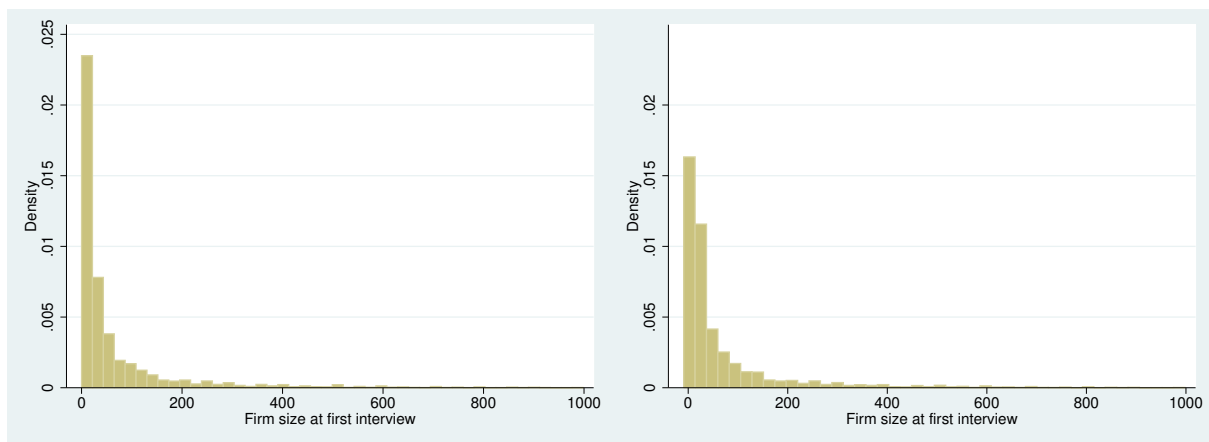


Figure A1: Worldmap with all countries in the two-panel data set.

A.2 Distribution of Firm Size



(a) Complete data set

(b) Two-panel data set

Figure A2: Firm size distribution of the complete and the two-panel data set.

A.3 Codebook

Variable	Variable label	Abbreviation in Tables
a1_income	Income group of country classified by World Bank	Income group
a4b	Industry Screener Sector	Industry
b7	How many years of experience working in this sector does the top manager have?	Manager Experience
c30a	How much of an obstacle is electricity to the current operations of this firm?	Electricity: Access
CPIx	Level of CPI in year x	CPI
d2	In last fiscal year, what were this establishment's total annual sales?	Sales
delcpi	CPI in the year of the first and two years before second interview	Change CPI
delcpi2	CPI in the year of the first and three years before second interview	Change CPI (lag)
did_d	Binary treatment variable (0: No treatment; 1: treatment of more corruption)	Low CPI x Time
did_placebo	Random assignment of whether a firm experienced is in the treatment group or not	
did_u	Binary treatment variable (0: No treatment; 1: treatment of less corruption)	High CPI x Time
EAP	Dummy variable: 1 if firm is located in East Asia/Pacific	EAP
ECA	Dummy variable: 1 if firm is located in Europe/Central Asia	ECA
g30a	How much of an obstacle is access to land to the operations of this firm?	Land: Access
GDPDollar	Level of GDP in a country, given in international dollars over time	GDP
GINI	Level of GINI across countries over time	GINI
j2	What percentage of senior management time was spent in dealing with govt regulations?	Regulation
j30a	Obstacle to the current operations: Tax rates	Taxes: Obstacle
j30c	Obstacle to the current operations: Business licensing and permits	Licenses: Obstacle
j30f	Obstacle to the current operations: Corruption	Corruption: Obstacle
k30	How much of an obstacle is: Access to finance	Finance: Access

k4	Did this establishment purchase any fixed assets in last fiscal yr?	Credit
k8	Does this establishment have a line of credit or loan from a financial institution?	Assets
l1	Number permanent, full-time employees of this firm at end of last fiscal year	Employees
LAC	Dummy variable: 1 if firm is located in Latin America/ Caribbean	LAC
large	Dummy variable: 1 if size of firm is big	Big
maxcpi_dist	Number of years between the second interview and the year with highest shock	Years after Shock
medium	Dummy variable: 1 if firm is medium-sized	Medium
MENA	Dummy variable: 1 if firm is located in Middle East/ Northern Africa	MENA
n2a	Total labor cost (incl. wages, salaries, bonuses, etc) in last fiscal year	Labor
n2e	Cost of raw materials and intermediate goods used in production in last fiscal year	Material
n5a	Total annual expenditure for purchases of equipment in last fiscal year	Equipment
n5b	Total annual expenditure for purchases of land and buildings in last fiscal year	Land
period	Number of years between first and second interview	Period
region	Region of country classified by World Bank	Region
SA	Dummy variable: 1 if firm is located in South Asia	SA
SSA	Dummy variable: 1 if firm is located in Sub-Saharan Africa	SSA
time	Binary period variable (0: base line; 1: follow up)	Time
treated_d	Indicator of treatment: 1 if CPI change was smaller than -0.2	Low CPI
treated_u	Indicator of treatment: 1 if CPI change was bigger than +0.2	High CPI
Unemployment	Level of Unemployment across countries over time	Unemployment

Table A2: Codebook

A.3.1 Summary statistics: Dependent variables

VARIABLES	(1) N	(2) mean	(3) sd	(4) min	(5) max
Complete dataset:					
Sales	40,139	1.311×10^9	4.946×10^{10}	-33.84	8.091×10^{12}
Sales (winsorized)	40,139	44.01×10^6	262.8×10^6	747.4	2.397×10^9
Employees	47,415	108.5	539.9	0	64,000
Employees (winsorized)	47,415	90.20	211.1	2	1,480
Two-panel dataset:					
Sales	26,586	1.181×10^9	5.322×10^{10}	-33.84	8.091×10^{12}
Sales (winsorized)	26,586	45.03×10^6	263.3×10^6	354.0	2.369×10^9
Employees	31,492	112.0	586.5	0	64,000
Employees (winsorized)	31,492	92.99	214.2	2	1,500

Table A3: Descriptive statistics of the measures of performance for the complete and the two-panel data set.

A.3.2 Summary statistics: Covariates

VARIABLES	(1) N	(2) mean	(3) sd	(4) min	(5) max
Complete dataset					
Period	46,310	1.446	2.129	0	8
Region	47,648	2.542	1.553	1	6
Income group	47,648	2.636	1.080	1	5
Medium	47,776	0.422	0.494	0	1
Big	47,776	0.313	0.464	0	1
Sector	45,841	31.81	19.71	0	99
Electricity: Access	47,610	1.631	1.630	0	11
Taxes: Obstacle	47,224	1.996	1.608	0	12
Licences: Obstacle	47,143	1.429	2.138	0	11
Manager Experience	41,669	17.13	11.46	0	75
Finance: Access	42,629	1.724	1.767	0	12
Corruption: Obstacle	47,345	2.073	2.158	0	12
Land: Access	46,810	1.409	2.280	0	12
Two-panel dataset:					
Period	31,652	2.117	2.283	0	8
Region	31,652	2.647	1.595	1	6
Income group	31,652	2.570	1.126	1	5
Medium	31,652	0.416	0.493	0	1
Big	31,652	0.319	0.466	0	1
Sector	29,688	30.76	20.08	0	99
Electricity: Access	31,619	1.626	1.607	0	11
Taxes: Obstacle	31,231	1.868	1.575	0	12
Licenses: Obstacle	31,158	1.353	2.009	0	11
Manager Experience	26,011	17.79	11.45	0	74
Finance: Access	31,007	1.680	1.745	0	12
Corruption: Obstacle	31,362	2.032	2.136	0	12
Land: Access	30,827	1.301	2.084	0	12
Difference-in-Differences:					
Years after Shock	31,369	1.218	1.470	0	7

Table A4: Descriptive statistics of the variables used as covariates for the complete and the two-panel data set.

A.4 Tables

A.4.1 Fixed effects with heterogeneity analysis for region and size

VARIABLES	(1) Log(Sales)	(2) Log(employees)
Change CPI	0.808*** (0.140)	0.294*** (0.0609)
Change CPI x Medium	-0.721*** (0.106)	-0.519*** (0.0443)
Change CPI x Big	-0.891*** (0.119)	-0.910*** (0.0495)
Change CPI x EAP	0.449*** (0.172)	0.307*** (0.0751)
Change CPI x SSA	-1.101*** (0.163)	0.195*** (0.0704)
Change CPI x ECA	-0.0994 (0.151)	0.0696 (0.0643)
Change CPI x LAC	0.205 (0.156)	0.358*** (0.0666)
Period	-0.0376*** (0.00737)	-0.00995*** (0.00309)
Manager Experience	0.00385** (0.00170)	0.00387*** (0.000713)
Sector	Yes	Yes
Electricity: Access	Yes	Yes
Tax rates: Obstacle	Yes	Yes
Licenses: Obstacle	Yes	Yes
Finance: Access	Yes	Yes
Corruption: Obstacle	Yes	Yes
Land: Access	Yes	Yes
Constant	13.36*** (0.212)	3.201*** (0.0892)
Observations	22,151	24,563
R-squared	0.056	0.072
Number of firms	13,724	14,269

Standard errors in parentheses

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

Table A5: Fixed effects estimation: simultaneous heterogeneity analysis on regions and firm size.

A.4.2 Channels without controlling for Heterogeneity

VARIABLES	Logistic Regression		Fixed Effects Regression				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Credit	Assets	Log(Equipment)	Log(Land)	Log(Labor)	Log(Material)	Regulation
Change CPI delcpi	0.306*** (0.0115)	0.178*** (0.0112)	-0.103 (0.589)	4.984*** (0.867)	0.349*** (0.0499)	0.412*** (0.0997)	-1.714** (0.666)
Period	-0.0127* (0.00656)	-0.0957*** (0.00645)	0.349*** (0.0788)	-1.053*** (0.119)	-0.00226 (0.00616)	-0.0376*** (0.0111)	0.444*** (0.0833)
Manager Experience	0.0170*** (0.00123)	0.00689*** (0.00120)	0.0518*** (0.0193)	-0.0595** (0.0280)	0.00273* (0.00160)	0.00447 (0.00293)	0.0428** (0.0214)
Sector	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Electricity: Access	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Tax rates: Obstacle	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Licenses: Obstacle	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Finance: Access	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Corruption: Obstacle	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Land: Access	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-1.956*** (0.0846)	-0.708*** (0.0811)	-0.0647 (2.358)	-32.56*** (3.410)	13.40*** (0.187)	14.12*** (0.359)	12.36*** (2.517)
Observations	24,316	24,453	13,431	12,907	21,813	11,103	23,004
R-squared			0.219	0.131	0.046	0.048	0.032
Number of firms			10,096	9,834	13,715	7,524	13,872

Standard errors in parentheses

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

Table A6: Channels of corruption without controlling for heterogeneity.

A.4.3 Channels: Heterogeneity Analysis for Sizes and Regions

VARIABLES	Logistic Regression		Fixed Effects Regression				
	(1) Credit	(2) Assets	(3) Log(Equipment)	(4) Log(Land)	(5) Log(Labor)	(6) Log(Material)	(7) Regulation
Change CPI	0.0509** (0.0240)	-0.246*** (0.0256)	-5.828*** (2.247)	-0.595 (3.224)	0.694*** (0.128)	0.611* (0.317)	6.311*** (1.769)
Change CPI x Medium	0.158*** (0.0101)	0.150*** (0.00979)	-0.0869 (1.577)	1.830 (2.271)	-0.379*** (0.0979)	-0.679*** (0.233)	1.799 (1.343)
Change CPI x Big	0.335*** (0.0113)	0.312*** (0.0110)	-2.159 (1.602)	1.454 (2.298)	-0.781*** (0.111)	-1.102*** (0.249)	-3.919*** (1.503)
Change CPI x EAP	0.00242 (0.0253)	0.124*** (0.0262)	1.859 (2.556)	4.515 (3.605)	0.723*** (0.157)	0.688** (0.330)	-9.723*** (2.195)
Change CPI x SSA	-0.139*** (0.0221)	0.212*** (0.0231)	7.721*** (2.495)	15.42*** (3.629)	-0.519*** (0.149)	1.099*** (0.359)	-7.816*** (2.117)
Change CPI x ECA	0.0503** (0.0211)	0.261*** (0.0226)	6.167*** (2.123)	1.290 (3.024)	0.0706 (0.137)	0.798** (0.332)	-8.441*** (1.887)
Change CPI x LAC	0.100*** (0.0208)	0.254*** (0.0223)	8.832*** (2.087)	5.052* (2.958)	0.122 (0.144)	0.299 (0.318)	-9.730*** (1.912)
Period	0.00711 (0.00688)	-0.0915*** (0.00671)	0.414*** (0.0854)	-1.121*** (0.127)	-0.00272 (0.00688)	-0.0570*** (0.0135)	0.492*** (0.0925)
Manager Experience	0.0121*** (0.00128)	0.00347*** (0.00125)	0.0522*** (0.0193)	-0.0525* (0.0280)	0.00196 (0.00160)	0.00423 (0.00294)	0.0400* (0.0214)
Vector of categorical covariates	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	-1.753*** (0.0898)	-0.453*** (0.0864)	-3.119 (2.474)	-37.55*** (3.608)	13.51*** (0.197)	13.78*** (0.387)	17.64*** (2.663)
Observations	24,316	24,453	13,431	12,907	21,813	11,103	23,004
R-squared			0.226	0.139	0.059	0.057	0.038
Number of firms			10,096	9,834	13,715	7,524	13,872

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

Table A7: Channels of corruption: simultaneous heterogeneity analysis on regions and firm size.

A.4.4 Double lag of the CPI: Full table

VARIABLES	(1) Log(Sales)	(2) Log(Sales)	(3) Log(Sales)	(4) Log(employees)	(5) Log(employees)	(6) Log(employees)
Change CPI (lag)	-0.0742 (0.0516)	0.213*** (0.0681)	0.310*** (0.0819)	0.0627*** (0.0196)	0.292*** (0.0285)	0.0899** (0.0352)
Change CPI x Medium		-0.161** (0.0784)			-0.239*** (0.0325)	
Change CPI x Big		-0.226** (0.0903)			-0.592*** (0.0377)	
Change CPI x EAP			0.445*** (0.136)			0.0265 (0.0597)
Change CPI x SSA			-1.072*** (0.140)			0.0344 (0.0600)
Change CPI x ECA			0.0135 (0.0921)			-0.186*** (0.0377)
Change CPI x LAC			0.120 (0.106)			0.0134 (0.0452)
Period		-0.0382*** (0.00619)	-0.0309*** (0.00735)		2.70e-05 (0.00262)	-0.00913*** (0.00313)
Manager Experience		0.00410** (0.00171)	0.00400** (0.00170)		0.00340*** (0.000714)	0.00445*** (0.000722)
Vector of						
Categorical Covariates		Yes	Yes		Yes	Yes
Constant	14.11*** (0.166)	13.48*** (0.220)	13.04*** (0.237)	3.114*** (0.0633)	3.280*** (0.0926)	3.088*** (0.101)
Observations	26,525	22,151	22,151	30,814	24,563	24,563
R-squared	0.000	0.038	0.050	0.001	0.063	0.042
Number of firms	15,292	13,724	13,724	15,819	14,269	14,269

Standard errors in parentheses

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

Table A8: Fixed effects estimation: double lagged CPI (Full table).

A.4.5 Winsorized at 5 Percent

VARIABLES	(1) Log(Sales)	(2) Log(Sales)	(3) Log(Sales)
CPI Change	-0.0384 (0.0355)	0.603*** (0.0835)	0.344*** (0.115)
CPI Change x Medium		-0.567*** (0.0968)	
CPI Change x Big		-0.686*** (0.106)	
CPI Change x EAP			0.140 (0.158)
CPI Change x SSA			-0.960*** (0.150)
CPI Change x ECA			-0.280** (0.137)
CPI Change x LAC			-0.0341 (0.141)
Period		-0.0489*** (0.00609)	-0.0324*** (0.00679)
Manager Experience		0.00449*** (0.00157)	0.00420*** (0.00157)
Sector		Yes	Yes
Electricity: Access		Yes	Yes
Tax rates: Obstacle		Yes	Yes
Licenses: Obstacle		Yes	Yes
Finance: Access		Yes	Yes
Corruption: Obstacle		Yes	Yes
Land: Access		Yes	Yes
Constant	13.99*** (0.116)	13.26*** (0.186)	13.45*** (0.196)
Observations	26,525	22,151	22,151
R-squared	0.000	0.044	0.048
Number of firms	15,292	13,724	13,724

Standard errors in parentheses

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

Table A9: Fixed effect estimation: sales winsorized at the 5 and 95 percent level.

A.5 STATA Code

A.5.1 Construction of the Dataset

Masterfile_1_Construction - Printed on 14.08.2018 12:15:50

```
1 *****
2 **          Construction, cleaning and preparation of dataset
3 *****
4 set maxvar 10000
5 ***** Construction of the dataset
6 *Input: Around 125 datasets from countries
7 *Problem: Even though datasets contain the same core questions, the variables are
8 partially named different and some variables differ across countries.
9
10 *Adjust the variables from each of the datasets such that they can be merged by
11 replacing, renaming and dropping variables
12 run 01_Dataset2002.do
13 run 02_Dataset2003_1.do
14 run 03_Dataset2003_2.do
15 run 04_Dataset2004.do
16 run 05_Dataset2005.do
17 run 06_Dataset2006.do
18 run 07_Dataset2007.do
19 run 08_Dataset2008.do
20 run 09_Dataset2009_1.do
21 run 10_Dataset2009_2.do
22 run 11_Dataset2010.do
23 run 12_Dataset2011.do
24 run 13_Dataset2013.do
25
26 *Append all datasets:
27 run Append_all.do
28
29 save "C:\Users\AnneW\OneDrive\Documents\Studium
30 Louvain\Thesis\Data\Data_unzipped\0Datasets\PanelID_Countrycode\Appended_dataset.dta",
31 replace
32
33 ***** Cleaning the data
34 *Clean the data by dropping all variables with no observations.
35 *Replace, rename and drop variables that show up more often due to ambiguous naming
36 across countries
37 *Only keep variables with at least one observations
38 use "C:\Users\AnneW\OneDrive\Documents\Studium
39 Louvain\Thesis\Data\Data_unzipped\0Datasets\PanelID_Countrycode\Appended_dataset.dta",
40 clear
41 run 14_Cleaning_dataset.do
42 save "C:\Users\AnneW\OneDrive\Documents\Studium
43 Louvain\Thesis\Stata\Dataset\15_Cleaned_dataset.dta", replace
44
45
46 ***** Generate Country Characteristics
47 * Generate regions
48 run 15_Regions.do
49
50 * Generate income groups:
51 run 16_Income_groups
52 save "C:\Users\AnneW\OneDrive\Documents\Studium
53 Louvain\Thesis\Stata\Dataset\16_regions_and_income.dta", replace
54
55 *Only keep variables with at least 500 observations
56 foreach v of varlist _all {
57     count if !missing(`v')
58     if `r(N)' <= 500 {
59         drop `v'
60     }
61 }
62
63 save "C:\Users\AnneW\OneDrive\Documents\Studium
64 Louvain\Thesis\Stata\Dataset\16_Keep_variables_+500.dta", replace
65
66 ***** Corruption Perception Index
67 *Merge with dataset on Corruption Perception Index and rescale the index
68 do Corruption_Perception_Index.do
69
70
71 ***** Generation of variables for the estimation
72 use "C:\Users\AnneW\OneDrive\Documents\Studium
73 Louvain\Thesis\Stata\Dataset\17_Full_Dataset.dta", clear
74 *Number of occurrence of interviews:
75 *Generate for each firm a variable that indicates whether it's the 1st, 2nd, 3rd or 4th
```

```

survey.
65 drop if panelid==.
66 gen aux=1
67 by panelid (year), sort: gen noccur=sum(aux)
68 drop aux
69 label variable noccur "Number of the interview"
70
71 *Generate observations for ID of firms with more coherent numbers.
72 gen idind=_n if noccur==1
73 bysort panelid (noccur) : replace idind= idind[_n-1] if missing(idind)
74
75 drop panelid
76 rename idind panelid
77 label variable panelid "Firm-specific ID which is constant across years for a given firm"
78
79 drop panel
80 duplicates tag panelid, gen(panel)
81 replace panel=panel+1
82 label variable panel "Number of participation in interviews over the years"
83 save "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\17_Full_Dataset2.dta", replace
84
85 /*17 Timing variables:
86 - variables cpi"year1""year2" that indicates change of cpi from one to the next year.
87 - Generate variable year1 that takes the year of the first interview and a variable year2
that takes the year of the second interview.
88 - Generate variable maxcpi that the maximum absolute value by which the cpi changes from
one to the next year between the two interviews (needed to identify shocks in the diff in
diff estimation)
89 - Generate variable maxcpi_year that indicates in which year the highest shock happened
90 - Generate variable maxcpi_dist that indicates the number of years between the second
interview and the year with the highest shock to be used in the Diff-in-Diff.
91 - Create a variable that indicates how much time lies between the first and the second
interview
92 - Generate variable delcpi that indicates how big the average change is from the first
year to two years before the second interview (dependent variable for the fixed effects
regression)
93 - Generate variable delcpi2 that indicates the same but is lagged another year (used in
the robustness check including a double lag.)
94 - Generate cpichange that indicates how big the change in the countries was on average
and in which range it was
95 - cpi0: takes the value of CPI in the firm's country when the first interview was conducted
96 - cpi1: takes the value of CPI in the firm's country two years before the second
interview was conducted*/
97 run 17_Timing_variables.do
98
99 *To understand the shocks: Show range of changes and absolute average of change
100 sum cpichange //See range of changes.
101 gen cpichangeabs=abs(cpichange)
102 sum cpichangeabs //See absolute average change
103 histogram cpichange
104 graph export "cpichange.eps", as(eps) replace
105
106 ***** Definition of treatment and of time indication
107 *Generate a variable treated that indicates whether a country experienced a change in CPI
of at least 0.20 (1) or not (0).
108 generate shock_cat=0
109 replace shock_cat=-1 if maxcpi<=-0.2
110 replace shock_cat=1 if maxcpi>=0.2
111 replace shock_cat=. if maxcpi==.
112 tab shock_cat
113
114 *gen treated=0 if shock_cat==0
115 generate treated_u=0 if shock_cat==0
116 generate treated_d=0 if shock_cat==0
117
118 replace treated_u=1 if shock_cat==1
119 replace treated_d=1 if shock_cat==-1
120
121 **label variable treated "Indicator of treatment: 1 if CPI change was bigger than (-/+)0.2"
122 label variable treated_u "Indicator of treatment: 1 if CPI change was bigger than +0.2"
123 label variable treated_d "Indicator of treatment: 1 if CPI change was bigger than -0.2"
124
125 *Generate variable that indicates the time dimension of the paneldata
126 gen time=noccur-1

```

```

127 label variable time "binary period variable (0: base line; 1: follow up)"
128
129 save "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\17_Merged_CPI.dta", replace
130
131
132 ***** Outcome variables: Correction and descriptive statistics on the
complete data set
133 *Convert annual sales to international dollars and correct values, winsorizing them at
the 1 and 99 percent level.
134 run Correction_Sales.do
135
136 *Correct Number of employees, generate categories of firm sizes and winsorize values
137 run Correction_Employees.do
138
139 *Show that small firms are represented stronger in the full dataset than in the two-panel
dataset.
140 histogram l1_begin if l1_begin<1000, yscale(range(0 0.025))
141 graph export "FirmsizeFullpanel.eps", as(eps) replace
142
143 save "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\19_Descriptive.dta", replace
144 * To get summary statistic in Latex
145 use "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\19_Descriptive.dta", clear
146 keep d2 d2_win l1 l1_win
147 order d2 d2_win l1 l1_win
148 sum d2 d2_win l1 l1_win , det
149 outreg2 using "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Descriptive_Statistics\Descriptive_Statistics_allobs", sum(log) tex
replace
150
151
152 ***** Covariates: Correction and descriptive statistics on the complete
data set
153 *Adjustment like for the dependent variables: controlling for outliers; if categorical
variables include a "Don't know", "Doesn't apply" or "Refused" as categorical answers,
they are kept in the analysis.
154 run 18 Covariates.do
155
156 *Get summary statistics for complete data set
157 keep period region a1_inc a4b c30a j30a j30c b7 k30 j30f g30a maxcpi_dist //dist_yearmax
158 order period region a1_inc a4b c30a j30a j30c b7 k30 j30f g30a maxcpi_dist //dist_yearmax
159 sum period region a1_inc a4b c30a j30a j30c b7 k30 j30f g30a maxcpi_dist //dist_yearmax,
det
160 outreg2 using "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Descriptive_Statistics\Descriptive_Statistics_complete", sum(log)
tex replace
161
162 ***** Generate two-panel data set
163 use "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\18_Covariates.dta", clear
164 *Set paneldimension: Keep observations with at least two interviews. Only considere first
two interviews.
165 keep if panel>=2
166 drop if noccur>=3
167
168 *Show distribution of firm sizes in two-panel dataset
169 histogram l1_begin if l1_begin<1000, yscale(range(0 0.025))
170 graph export "FirmsizeTwo-panel.eps", as(eps) replace
171
172 save "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\Two-Panel.dta", replace
173 * To get summary statistics in Latex
174 keep d2 d2_win l1 l1_win period region a1_inc a4b c30a j30a j30c b7 k30 j30f g30a
maxcpi_dist //dist_yearmax
175 order d2 d2_win l1 l1_win period region a1_inc a4b c30a j30a j30c b7 k30 j30f g30a
maxcpi_dist //dist_yearmax
176 sum d2 d2_win l1 l1_win period region a1_inc a4b c30a j30a j30c b7 k30 j30f g30a
maxcpi_dist // dist_yearmax, det
177 outreg2 using "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Descriptive_Statistics\Descriptive_Statistics_two-panel", sum(log)
tex replace
178 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\Two-Panel.dta"
, clear

```

A.5.2 Fixed Effects Analysis

Masterfile_2_FE* - Printed on 10.08.2018 14:23:02

```
1
2 *****
3 ** Fixed Effects estimation
4 *****
5 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\Two-Panel.dta"
6 , clear
7 *Generate Interaction terms for the heterogeneity analysis and rescale the order of
8 regions such that the forvalues command can run through it.
9 run FE_Interaction_Terms.do
10
11 ***** Regressions
12
13 *****Without covariates.
14 foreach i of varlist d2_win_log l1_win_log {
15 xtreg `i' delcpi, fe
16 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FE, tex
17 append
18 *****With covariates.
19 xtreg `i' delcpi period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
20 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FE, tex
21 append
22 }
23
24 *****Fixed effects by firm size
25 ****Sub-sampling
26 forvalues j = 1 (1) 3 {
27 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
28 clear
29 keep if l1_cat==`j'
30
31 foreach i of varlist d2_win_log l1_win_log {
32 *****Without covariates.
33 xtreg `i' delcpi, fe
34 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEsize`j',
35 tex append
36 *****With covariates.
37 xtreg `i' delcpi period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
38 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEsize`j',
39 tex append
40 }
41 }
42
43 *****Fixed effects by firm size. Alternative: Include interaction terms:
44 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
45 clear
46 foreach i of varlist d2 win_log l1 win_log {
47 xtreg `i' delcpi period delcpi_xl1_medium delcpi_xl1_large b7 i.a4b i.c30a i.j30a i.j30c
48 i.k30 i.j30f i.g30a , fe
49 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEsize
50 Interatction, tex append
51 }
52 }
53
54 *****Fixed effects by region
55 forvalues j = 1 (1) 5 {
56 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
57 clear
58 keep if region==`j'
59
60 foreach i of varlist d2_win_log l1_win_log {
61 *****Without covariates.
62 xtreg `i' delcpi, fe
63 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEregion`j'
64 , tex append
65 *****With covariates.
66 xtreg `i' delcpi period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
67 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEregion`j'
68 , tex append
69 }
70 }
71 }
72 }
```

```
63 *****Fixed effects with interaction terms for Regions
64 *****With covariates.
65 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
clear
66 foreach i of varlist d2_win_log l1_win_log {
67 xtreg `i' delcpi period delcpixMENA delcpixEAP delcpixSSA delcpixECA delcpixLAC b7 i.a4b
i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
68 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\
FRegion_Interaction, tex append
69 }
70
71 *****Fixed effects with interaction terms for Regions and Firm Size
72 *****With covariates.
73 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
clear
74 foreach i of varlist d2_win_log l1_win_log {
75 xtreg `i' delcpi period delcpixl1_medium delcpixl1_large delcpixMENA delcpixEAP delcpixSSA
delcpixECA delcpixLAC b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
76 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\
FRegionSize_Interaction, tex append
77 }
78
79
80
```

A.5.3 Extensions

Masterfile_4_Extensions - Printed on 10.08.2018 14:23:29

```
1
2 *****
3 **
4 *****
5
6
7 *****
8 **      Heterogeneity across income groups and perceived corruption
9 *****
10
11
12 *****Fixed effects by income groups
13 *Putting high income into one category, independent of whether it is an OECD country or
14 not.
15 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
16 clear
17 replace a1_inc=4 if a1_inc==5
18 save "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
19 replace
20
21 forvalues j = 1 (1) 4 {
22 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
23 clear
24 keep if a1_inc==`j'
25
26 foreach i of varlist d2_win_log l1_win_log {
27 *****Without covariates.
28 xtreg `i' delcpi, fe
29 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\
30 FEincomeinterac`j', tex append
31
32 *****With covariates.
33 * xtreg `i' delcpi period delcpixMENA delcpixEAP delcpixSSA delcpixECA delcpixLAC b7
34 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
35 * outreg2 using
36 C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEincome`j', tex append
37 xtreg `i' delcpi delcpixl1_medium delcpixl1_large delcpixMENA delcpixEAP delcpixSSA
38 delcpixECA delcpixLAC period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
39 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\
40 FEincomeinterac`j', tex append
41 }
42 }
43
44
45 *****Fixed effects by perceived corruption
46 *Generate Variable that indicates the level of perceived corruption at the first
47 interview (before the shock)
48 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
49 clear
50 gen j30f_begin=j30f if noccur==1
51 bysort panelid (noccur) : replace j30f_begin= j30f_begin[_n-1] if missing(j30f_begin)
52 label variable j30f_begin "Perceived Corruption at first interview"
53 gen j30f_cat=.
54 replace j30f_cat=1 if j30f_begin==0
55 replace j30f_cat=2 if j30f_begin==1
56 replace j30f_cat=2 if j30f_begin==2
57 replace j30f_cat=3 if j30f_begin==3
58 replace j30f_cat=3 if j30f_begin==4
59 save "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
60 replace
61
62 forvalues j = 1 (1) 3 {
63 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
64 clear
65
66 keep if j30f_begin==`j'
67
68 foreach i of varlist d2_win_log l1_win_log {
69 *****Without covariates.
70 xtreg `i' delcpi, fe
71 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\
72 FEpercCorrinter`j', tex append
73
74 *****With covariates.
```

```

62 xtreg `i' delcpix11 delcpix11_medium delcpix11_large delcpixMENA delcpixEAP delcpixSSA
delcpixECA delcpixLAC period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
63 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\
FEpercCorrinter`j', tex append
64 }
65 }
66
67 *****
68 ** Channels
69 *****
70 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
clear
71
72 *Correct variables
73
74 *k4
75 sum k4
76 replace k4=. if k4==9 //don't know
77 replace k4=. if k4==8 //Refused
78 replace k4=. if k4==7 //doesn't apply
79 replace k4=. if k4==88
80
81 *k8
82 replace k8=. if k8==9 //don't know
83 replace k8=. if k8==8 //Refused
84 replace k8=. if k8==0
85
86 *j2
87 replace j2=. if j2<0
88
89
90 *k4,k8, e11: Convert the variables such that a logistic regression is possible reporting
the odds ratio.
91 foreach i of varlist k4 k8 {
92 replace `i'=0 if `i'==2
93 label define l2`i' 1 "Yes"
94 label define l2`i' 0 "No", add
95 label values `i' l2`i'
96 }
97
98 *Convert local currencies into international ones.
99 foreach x in n5a_win n5b_win n2a_win n2e_win{
100 generate `x'_ppp=`x'/ppp
101 rename `x' `x'_currency
102 rename `x'_ppp `x'
103 }
104
105 **Summary Statistics
106 sum k4 n5a_win n5b_win n2a_win n2e_win k8 j2
107 * n5a_win, n5b_win and still have massive standard deviations. Thus winsorize for 5%
108 winsor n5a_win, gen(n5a_win5) p(0.05)
109 winsor n5b_win, gen(n5b_win5) p(0.05)
110 winsor n2e_win, gen(n2e_win5) p(0.05)
111 gen n5a_win5_log=log(n5a_win5)
112 gen n5b_win5_log=log(n5b_win5)
113 gen n2e_win5_log=log(n2e_win5)
114 sum k4 n5a_win n5a_win5 n5b_win n5b_win5 n2a_win n2a_win5 n2e_win n2e_win5 k8 j2
115 *The summary statistics show that std. deviation and means are still very high.
116
117
118 *Get summary statistics
119 save "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\37_FEchannels_intermed.dta", replace
120 desc k8 k4 n5a n5b n2a n2e j2
121 keep k8 k4 n5a_win n5b_win n2a_win n2e_win j2
122 order k8 k4 n5a_win n5b_win n2a_win n2e_win j2
123 outreg2 using "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Descriptive_Statistics\Descriptive_Statistics_Channel", sum(log) tex
replace
124 use "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\37_FEchannels_intermed.dta", clear
125
126
127 *****Empirical regressions
128 *****With covariates.

```

```

129 *****Upwards shock Varying dependend variables
130 *For binary variables: Do logistic regression such that odds ratio is reported.
131 foreach i of varlist k8 k4 {
132 logistic `i' delcpi period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a
133 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\FE,
    tex append
134 }
135
136 *Fixed effects regression
137 foreach i of varlist n5a_win_log n5b_win_log n2a_win_log n2e_win_log j2 {
138 xtreg `i' delcpi period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
139 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\FE,
    tex append
140 }
141
142
143
144 *****These regressions by firm size
145 *For binary variables: Do logistic regression such that odds ratio is reported.
146 foreach i of varlist k8 k4 {
147 logistic `i' delcpi period delcpixl1_medium delcpixl1_large b7 i.a4b i.c30a i.j30a i.
    j30c i.k30 i.j30f i.g30a
148 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\
    FESize, tex append
149 }
150
151 *Fixed effects regression
152 foreach i of varlist n5a_win_log n5b_win_log n2a_win_log n2e_win_log j2 {
153 xtreg `i' delcpi period delcpixl1_medium delcpixl1_large b7 i.a4b i.c30a i.j30a i.j30c i
    .k30 i.j30f i.g30a , fe
154 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\
    FESize, tex append
155 }
156
157
158 *****These regressions by region
159 *****Downwards shock Varying dependend variables
160
161 *For binary variables: Do logistic regression such that odds ratio is reported.
162 foreach i of varlist k8 k4{
163 logistic `i' delcpi period delcpixMENA delcpixEAP delcpixSSA delcpixECA delcpixLAC b7 i.
    a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a
164 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\FEReg
    , tex append
165 }
166
167 *Fixed effects regression
168 foreach i of varlist n5a_win_log n5b_win_log n2a_win_log n2e_win_log j2 {
169 xtreg `i' delcpi period delcpixMENA delcpixEAP delcpixSSA delcpixECA delcpixLAC b7 i.a4b
    i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
170 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\FEReg
    , tex append
171 }
172
173
174 *****These regressions by both region and firm size
175 *For binary variables: Do logistic regression such that odds ratio is reported.
176 foreach i of varlist k8 k4{
177 logistic `i' delcpi period delcpixl1_medium delcpixl1_large delcpixMENA delcpixEAP
    delcpixSSA delcpixECA delcpixLAC b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a
178 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\
    FERegSize, tex append
179 }
180
181 *Fixed effects regression
182 foreach i of varlist n5a_win_log n5b_win_log n2a_win_log n2e_win_log j2 {
183 xtreg `i' delcpi period delcpixl1_medium delcpixl1_large delcpixMENA delcpixEAP
    delcpixSSA delcpixECA delcpixLAC b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
184 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\37_Channels\
    FERegSize, tex append
185 }
186
187 *****
188 * Symmetry: DID
189 *****

```

```

190
191 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23_FE.dta",
clear
192 xtset panelid time
193
194 *Create interaction terms for the DID analysis
195 run Interaction_DiD.do
196
197 save "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\21_DiD.dta",
replace
198
199
200 foreach i of varlist d2_win_log l1_win_log {
201 *****Without interaction
202 *****Without covariates
203 *****Upwards shock Varying dependend variables
204 reg `i' time treated_u did_u
205 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\
Upwardsnocoeff, tex append
206
207 *****Downwards shock Varying dependend variables
208 reg `i' time treated_d did_d
209 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\
Downwardsnocoeff, tex append
210
211 *****With covariates
212 *****Upwards shock Varying dependend variables
213 reg `i' time treated_u did_u period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.j30a i
.j30c i.k30 i.j30f i.g30a
214 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\DiD, tex
append
215
216 *****Downwards shock Varying dependend variables
217 reg `i' time treated_d did_d period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.j30a i
.j30c i.k30 i.j30f i.g30a
218 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\DiD, tex
append
219 }
220
221 *****Interaction:Firm sizes
222 foreach i of varlist d2_win_log l1_win_log {
223 *****Upwards shock Varying dependend variables
224 reg `i' time treated_u did_u mediumxdid_u largexdid_u period maxcpi_dist b7 i.region i.
a1_inc i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a
225 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\
UpwardsSize, tex append
226
227 *****Downwards shock Varying dependend variables
228 reg `i' time treated_d did_d mediumxdid_d largexdid_d period maxcpi_dist b7 i.region i.
a1_inc i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a
229 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\
DownwardsSize, tex append
230
231
232 *****Interaction:Firm sizes and regions
233
234 *****Upwards shock Varying dependend variables
235 reg `i' time treated_u did_u mediumxdid_u largexdid_u did_uxEAP did_uxSSA did_uxECA
did_uxLAC period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.j30a i.j30c i.k30 i.j30f
i.g30a
236 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\
UpwardsSizereg, tex append
237
238 *****Downwards shock Varying dependend variables
239 reg `i' time treated_d did_d mediumxdid_d largexdid_d did_dxEAP did_dxSSA did_dxECA
did_dxLAC did_dxMENA period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.j30a i.j30c
i.k30 i.j30f i.g30a
240 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\22_DiD\
DownwardsSizereg, tex append
241 }
242
243
244 *****
245 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\21_DiD.dta",
clear

```

```

246
247 *****Alternative Treatment: Stronger shock
248
249 *Generate a variable treated that indicates whether a country experienced a change in CPI
of at least 0.30 (1) or not (0).
250 run Stronger_Shock.do
251 save "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Dataset\33_heaviershock.dta", replace
252
253 ****Regressions
254 *****Without covariates.
255 *****Upwards shock Varying dependend variables
256 foreach i of varlist d2_win_log l1_win_log {
257 reg `i' time treated_u_a did_u
258
259 *****Downwards shock Varying dependend variables
260 reg `i' time treated_d_a did_d
261
262 *****With covariates.
263 *****Upwards shock Varying dependend variables
264 reg `i' time treated_u_a did_u period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.j30a
i.j30c i.k30 i.j30f i.g30a
265
266 *****Downwards shock Varying dependend variables
267 reg `i' time treated_d_a did_d period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.j30a
i.j30c i.k30 i.j30f i.g30a
268 }
269
270 ***** Placebo treatment
271
272 clear
273 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\21_DiD.dta",
clear
274 *Generate random variable
275 gen fake = uniform() < .5
276
277 *set every firm to either treated or not.
278 sort panelid
279 replace fake=fake[ n-1] if noccur==2
280
281 *Definition of interaction terms for the shocks
282 gen did_placebo=fake*time
283 label variable did_placebo "Random assignment of whether a firm experienced is in the
treatment group or not"
284
285
286 *****Without covariates.
287 *****Shock in both directions without specification of covariates; Varying dependend
variables
288 foreach i of varlist d2_win_log l1_win_log {
289 reg `i' time treated_u did_placebo
290 reg `i' time treated_u did_placebo period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a i.
j30a i.j30c i.k30 i.j30f i.g30a
291 }
292
293 ***** Propensity Score Matching
294 clear
295 *****d2_win_log
296 *Assign Propensity Score
297 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\21_DiD.dta",
clear
298 psmatch2 treated i.a1_inc i.h30 i.a4b i.c30a i.j30a i.j30c b7 i.k30, out(d2_win_log)
299 mdesc a1_inc h30 a4b_c30a j30a j30c b7 k30 j30f
300 sort _id
301 gen psm_id=_n1
302 replace psm_id=_id if psm_id==.
303 sort psm_id
304 drop if _weight==.
305 save "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\24_PSMd2.dta"
, replace
306
307
308 *Without covariates
309 reg d2_win_log time treated_u did_u
310 reg d2_win_log time treated_d did_d

```

```

311 *With covariates
312 reg d2_win_log time treated_u did_u period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a
i.j30a i.j30c i.k30 i.j30f i.g30a
313 reg d2_win_log time treated_d did_d period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a
i.j30a i.j30c i.k30 i.j30f i.g30a
314
315
316 *****l1_win_log
317 *Assign Propensity Score
318 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\21_DID.dta",
clear
319 psmatch2 treated i.a1_inc i.h30 i.a4b i.c30a i.j30a i.j30c b7 i.k30, out(l1_win_log)
320 mdesc a1_inc h30 a4b c30a j30a j30c b7 k30 j30f
321 sort _id
322 gen psm_id=_n1
323 replace psm_id=_id if psm_id==.
324 sort psm_id
325 drop if _weight==.
326
327 save "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\24_PSM11.dta"
, replace
328 *Without covariates
329 reg l1_win_log time treated_u did_u
330 reg l1_win_log time treated_d did_d
331 *With covariates
332 reg l1_win_log time treated_u did_u period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a
i.j30a i.j30c i.k30 i.j30f i.g30a
333 reg l1_win_log time treated_d did_d period maxcpi_dist b7 i.region i.a1_inc i.a4b i.c30a
i.j30a i.j30c i.k30 i.j30f i.g30a
334
335
336 *****
337 * Macroeconomic context *
338 *****
339 *Create dataset
340 run Macroeconomic_Dataset.do
341
342 gen GDPDollar_log =log(GDPDollar)
343 gen GDP_log =log(GDP)
344 gen GINI_log =log(GINI)
345 gen Unemployment_log =log(Unemployment)
346
347 *Set paneldeimension
348 sort a1 year
349 tsset a1 year
350 gen CPI_lag=l.CPI
351 foreach i in GDPDollar_log GINI Unemployment {
352 xtreg `i' CPI_lag
353 outreg2 using "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Macroeconomic Correlations\regCPIlag", tex append
354 }
355
356 save "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Macroeconomic
Correlations\Macroec_Measures.dta", replace
357 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Macroeconomic
Correlations\Macroec_Measures.dta", clear
358 keep GDPDollar GINI Unemployment
359 sum GDPDollar GINI Unemployment
360 outreg2 using "C:\Users\AnneW\OneDrive\Documents\Studium
Louvain\Thesis\Stata\Macroeconomic Correlations\Descriptive_Statistics", sum(log) tex
replace
361
362

```

A.5.4 Robustness Checks

Masterfile_3_Robustness - Printed on 10.08.2018 14:23:19

```
1
2 *****
3 **                               Robustness checks
4 *****
5
6 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23 FE.dta",
  clear
7
8 *****Regression with 5% winsorized values
9 *****Without covariates.
10 foreach i of varlist d2_win5_log {
11 xtreg `i' delcpi, fe
12 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEwin5, tex
  append
13 *****With covariates.
14 **Firm size
15 xtreg `i' delcpi period delcpixl1_medium delcpixl1_large b7 i.a4b i.c30a i.j30a i.j30c
  i.k30 i.j30f i.g30a , fe
16 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEwin5, tex
  append
17 **Regions
18 xtreg `i' delcpi period delcpixMENA delcpixEAP delcpixSSA delcpixECA delcpixLAC b7 i.a4b
  i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
19 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEwin5, tex
  append
20 }
21
22 *****Regress CPI on Perceived corruption
23 use "C:\Users\AnneW\OneDrive\Documents\Studium Louvain\Thesis\Stata\Dataset\23 FE.dta",
  clear
24 gen cpi=cpi0 if noccur==1
25 replace cpi=cpi1 if noccur==2
26 replace j30f=. if j30f>=5
27 xtreg j30f cpi
28 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEcpij30f,
  tex replace
29
30 *Generate interaction terms for cpi
31 * CPI and the region.
32 foreach i of varlist MENA SSA EAP SA ECA LAC {
33 gen cpix`i'=cpi*`i'
34 label variable cpix`i' "Interaction between CPI and region"
35 }
36
37 *Generate interaction variables that indicate an interaction of the firm size and the CPI.
38 foreach i of varlist l1_medium l1_large {
39 gen cpix`i'=cpi*`i'
40 label variable cpix`i' "Interaction between CPI and firm size"
41 }
42 xtreg j30f cpi period b7 i.a4b i.c30a i.j30a i.j30c i.k30 i.g30a , fe
43 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FEcpij30f,
  tex replace
44
45
46 *****Regression with the Double Lag.
47 *****Without covariates.
48 foreach i of varlist d2 win log l1 win log {
49 xtreg `i' delcpi2, fe
50 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FE2years,
  tex append
51 *****With covariates.
52 xtreg `i' delcpi2 period delcpixl1_medium delcpixl1_large b7 i.a4b i.c30a i.j30a i.j30c
  i.k30 i.j30f i.g30a , fe
53 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FE2years,
  tex append
54 xtreg `i' delcpi2 period delcpixMENA delcpixEAP delcpixSSA delcpixECA delcpixLAC b7 i.a4b
  i.c30a i.j30a i.j30c i.k30 i.j30f i.g30a , fe
55 outreg2 using C:\Users\AnneW\OneDrive\Documents\Thesis_Regression_Tables\23_FE\FE2years,
  tex append
56 }
57
58
```