For Online Publication Only

PARTICIPATION, GOVERNMENT LEGITIMACY, AND REGULATORY COMPLIANCE IN EMERGING ECONOMIES: A FIRM-LEVEL FIELD EXPERIMENT IN VIETNAM

WEB APPENDIX

Appendix A1: Online Posting of Legal Documents According to Vietnam's Law on Laws, by Ministry

Name of Ministry	**Total Legal, Normative Documents Issued**	**Posted Online**	**Share Posted for Online Comment**	**Delay in Posting Laws & Decrees Online** (Difference in Months between Date in Legislative Calenadar and Actual Posting)	**Delay in Posting Circulars Online** (Difference in Months between Date in Legislative Calenadar and Actual Posting)	**Formally Defined Time Frame for Online Comment**	**Formal days for Online Comment**
Ministry of Trade and Industry	55	36	65.5%	6.71	3.81	Yes	60
Ministry of Transportation	75	8	10.7%	11.2	5.58	No	
Ministry of Planning and Investment	13	6	46.2%	11.05	9.82	No	
Ministry of Science and Technology	34	13	38.2%	8.83	8.43	Yes	25
Ministry of Labor, War Invalids and Social Affairs	40	24	60.0%	5.18	5.96	No	
Ministry of Agriculture and Rural Development	74	10	13.5%	9.11	4.73	No	
Ministry of Finance	174	106	60.9%	6.96	5.55	No	
Ministry of Natural Resources and Environment	43	13	30.2%	8.54	4.71	No	
Ministry of Information and Communications	36	21	58.3%	7.02	7.02	No	
Ministry of Justice	10	7	70.0%	6.66	5.58	No	
Ministry of Culture, Sports and Tourism	15	3	20.0%	8.43	4.22	Yes	60
Ministry of Construction	14	6	42.9%	9.69	10.34	Yes	60
Ministry of Health	37	3	8.1%	9.85	8.71	Yes	60
State Bank of Vietnam	42	0	0.0%	8.32	8.33	No	
Average	**662**	**256**	**38.7%**	**8.40**	**6.63**		**53**

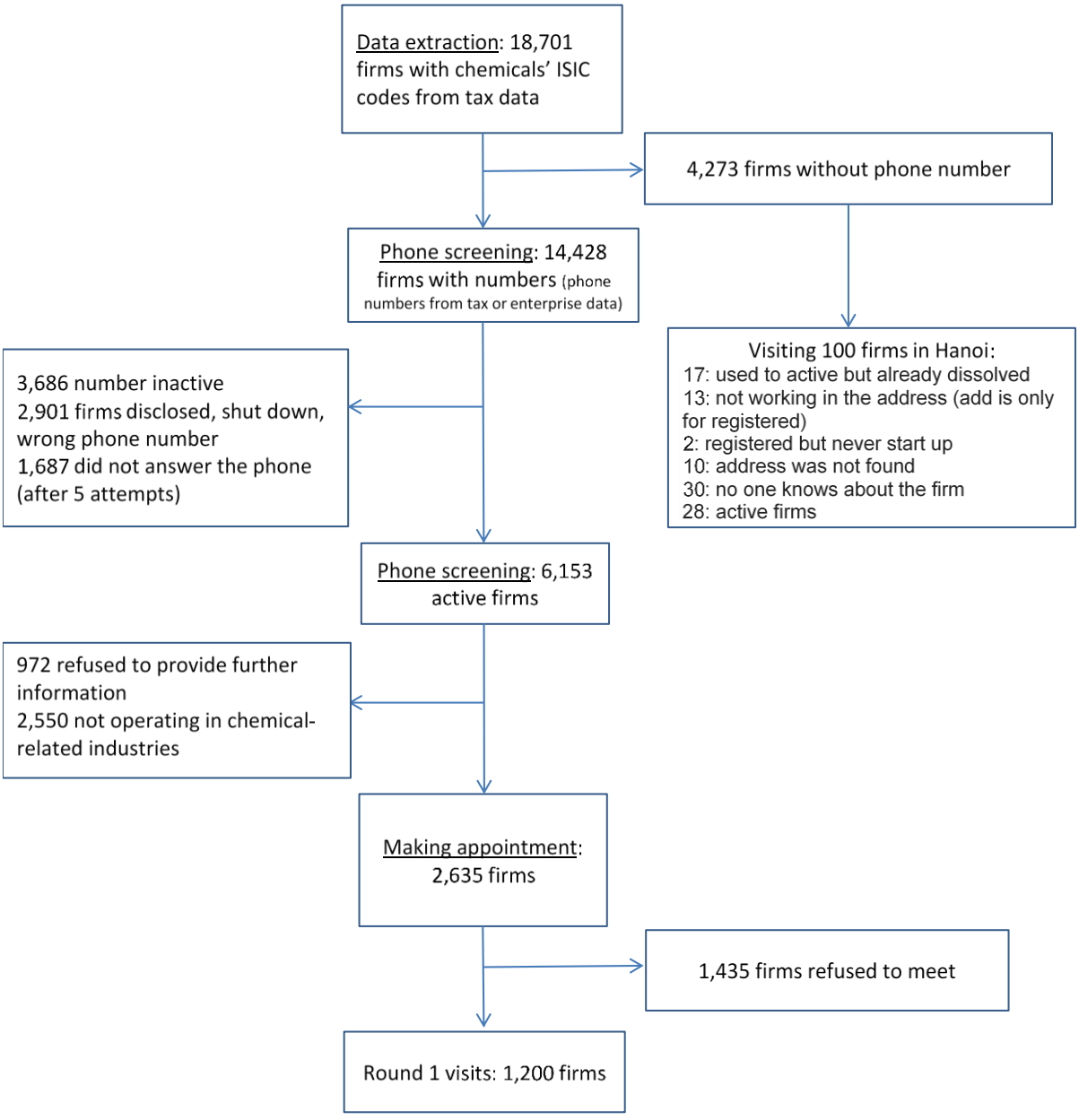
Sources: Vietnam Chamber of Commerce and Industry (2012). *Report on the Ministry Effeciency Index. Hanoi, Vietnam (p. 70 and 74).* *<http://mei.vibonline.com.vn/Home/AboutUs.aspx>*

Appendix A2: Outcomes of Online Posting of Drafts on VIB Online, by Ministry

Name of Ministry	Average Page Views per Document	Total VCCI Comments	VCCI Comments Fully Accepted by Drafing Committee	VCCI Comments Partially Accepted by Drafing Committee	VCCI Comments NOT Accepted by Drafing Committee	Publically Released Table of Responses	Share of Drafts Passed into Legislation
Ministry of Trade and Industry	637.7	75	9.3%	17.3%	73.3%	0%	100%
Ministry of Transportation	660.9	19	36.8%	15.8%	47.4%	0%	100%
Ministry of Planning and Investment	683.1	11	18.2%	27.3%	54.5%	0%	100%
Ministry of Science and Technology	636.5					0%	100%
Ministry of Labor, War Invalids and Social Affairs	787.7					0%	100%
Ministry of Agriculture and Rural Development	753.0		50.0%	7.1%	42.9%	0%	100%
Ministry of Finance	622.1	154	38.3%	14.9%	46.8%	0%	100%
Ministry of Natural Resources and Environment	708.4	42	38.1%	11.9%	50.0%	0%	100%
Ministry of Information and Communications	753.7					0%	100%
Ministry of Justice	631.0					0%	100%
Ministry of Culture, Sports and Tourism	627.9	38	63.2%	7.9%	28.9%	0%	100%
Ministry of Construction	740.3	7	28.6%	28.6%	42.9%	0%	100%
Ministry of Health	698.0	27	14.7%	18.5%	40.7%	0%	100%
State Bank of Vietnam	688.0					0%	100%
Average	**674.3**	**415**	**35.9%**	**14.5%**	**49.6%**	**0%**	**100%**

Sources: Vietnam Chamber of Commerce and Industry (2012). *Report on the Ministry Effeciency Index. Hanoi, Vietnam. Web scraping of VIB online website for page views <http://www.vibonline.com.vn/Duthao/default.aspx>. Conducted on April 21, 2014. Vietnam Chamber of Commerce Legal Department. 2013. "Evaluation of Ministerial Response to Comments." Internal Review for VCCI Chairman Vu Tien Loc. Jan. 2014. (VCCI shared this report with researchers)<http://mei.vibonline.com.vn/Home/AboutUs.aspx>*

Appendix B1: Firm Population to Firm Sample Screening Tree



Appendix B2: Firm Population to Firm Sample, by Province

Phases		Hanoi	Bac Ninh	Hai Duong	Hung Yen	Vinh Phuc	Phu Tho
Step 1: Original Sample	**Firms under hazardous chemical codes**	11,369	884	786	556	360	638
	Without contact number	3,071	38	20	29	12	8
	With contact numbers	8,298	846	766	527	348	630
	Firms with contact numbers						
Step 2: Phone Screening of Chemical Firms	Number inactive	1,768	304	212	137	102	200
	Bankruptcy or not operating yet	2,622	28	37	29	25	34
	Not accepting calls after 6 trials	37	238	168	118	95	181
	Active firms	3,871	276	349	243	126	215
	Of all active firms						
	Not involving hazardous chemicals	1,824	41	70	38	22	84
	Refuse to participate	830	20	23	28	4	7
	Involving hazardous chemicals	1217	215	256	177	104	124
Step 3: Phone Schedulin	*All active firms whose business involving hazardous chemicals*						
	Accepted	556	88	127	86	52	56
	Refuse	661	127	129	91	52	68
Response rate		27%	37%	46%	42%	48%	43%

Phases		Thai Nguyen	Ninh Binh	Hai Phong	Nam Dinh	Ha Nam	TOTAL
Step 1: Original Sample	**Firms under hazardous chemical codes**	456	374	2,376	626	276	18,701
	Without contact number	3	374	1,077	10	5	4,647
	With contact numbers	453	374	1,299	616	271	14,428
	Firms with contact numbers						
Step 2: Phone Screening of Chemical Firms	Number inactive	140	134	437	188	64	3,686
	Bankruptcy or not operating yet	19	25	65	15	2	2,901
	Not accepting calls after 6 trials	106	86	342	208	108	1,687
	Active firms	187	129	455	205	97	6,153
	Of all active firms						
	Not involving hazardous chemicals	74	45	239	77	36	2,550
	Refuse to participate	7	7	20	17	9	972
	Involving hazardous chemicals	106	77	196	111	52	**2,635**
Step 3: Phone Schedulin	*All active firms whose business involving hazardous chemicals*						
	Accepted	52	32	75	50	26	**1,200**
	Refuse	54	45	121	61	26	**1,435**
Response rate		46%	38%	35%	39%	43%	**33%**

Appendix B3: Sample Selection Bias From Non-Response

Indicator	Respondents (n=1200)		Non-Respondents (n=1435)		Difference	
	Mean	SE	Mean	SE	Mean	SE
Firm in Hanoi=1	0.422	(0.0149)	0.514	(0.0125)	-0.0925***	(0.0195)
Capital Size Billion VND (ln)	1.381	(0.0355)	1.585	(0.0333)	-0.204***	(0.0420)
Total Employees (ln)	2.479	(0.0332)	2.594	(0.0311)	-0.115***	(0.0387)
Capital Labor Ratio (ln)	10.39	(0.136)	10.23	(0.128)	0.167	(0.161)
Male=1	0.879	(0.0133)	0.841	(0.0125)	0.0380**	(0.0154)
Joint Stock Company=1	0.249	(0.0150)	0.225	(0.0141)	0.0241	(0.0174)
LLC=1	0.269	(0.0157)	0.272	(0.0148)	-0.00336	(0.0183)
Sole Propietorship=1	0.325	(0.0167)	0.373	(0.0157)	-0.0480**	(0.0196)
Manufacturing=1	0.751	(0.0154)	0.726	(0.0145)	0.0246	(0.0177)
Woord Products=1	0.195	(0.0115)	0.203	(0.0101)	-0.00767	(0.0153)
Paper Products =1	0.110	(0.0108)	0.118	(0.0102)	-0.00844	(0.0124)
Chemical Manufacturing=1	0.0837	(0.0107)	0.0784	(0.0101)	0.00525	(0.0124)
Metal Products=1	0.253	(0.0117)	0.227	(0.0110)	0.0254*	(0.0134)
Transport=1	0.116	(0.00857)	0.123	(0.00807)	-0.00622	(0.00987)

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

Appendix C: Evolution of Clauses in Hazardous Chemical Regulation

Safety Clause		Received Comments	Revised	In Final Draft	Audited
1	Storage/Fire Prevention	Yes	Yes	Yes	Yes
2	Aquaphobic Chemicals	Yes	Yes	No	No
3	Safety Signs	Yes	No	Yes	Yes
4	Lightning Prevention	Yes	Yes	Yes	Yes
5	Washing Facility	Yes	Yes	Yes	Yes
6	Chemical Transport	Yes	Yes	Yes	Yes
7	Fuses/Sockets	Yes	No	Yes	Yes
8	Lighting System	Yes	No	Yes	Yes
9	Mixing Equipment	Yes	Yes	Yes	Yes
10	Welding Equipment	Yes	Yes	Yes	Yes
11	Corrosive Chemicals	Yes	Yes	Yes	Yes
In hazardous chemical regulation but not part of Round 1 Treatment					
12	Wastewater Treatment	No	No	Yes	Yes
13	Chemical Stacks	No	No	Yes	Yes
In separate fire safety regulation					
14	Fire Alarm	No	No	No	Yes
15	Fire Safety Equipment	No	No	No	Yes

Diamond indicates clauses was included in the stage. X indicates the clause was dropped or was not included.

There are two important points to note. First, Clause 2, which related to aquaphobic chemicals, was dropped from the final version of the draft regulation due to the complexity of monitoring. As a result, 10 clauses were present in both the baseline and endline rounds. Secondly, in addition to these 10 clauses, we instructed auditors to monitor compliance on four additional items. The first two were from the same hazardous chemicals regulation, but had not been included among the 11 described in our information treatment. The second two were from a separate regulation on fire safety, written by a separate government agency. These were added to examine the possibility that the compliance benefits of participation could spill over into other regulatory arenas. We found no evidence of compliance spillover into clauses not mentioned at baseline and so do not dwell on them in the results.

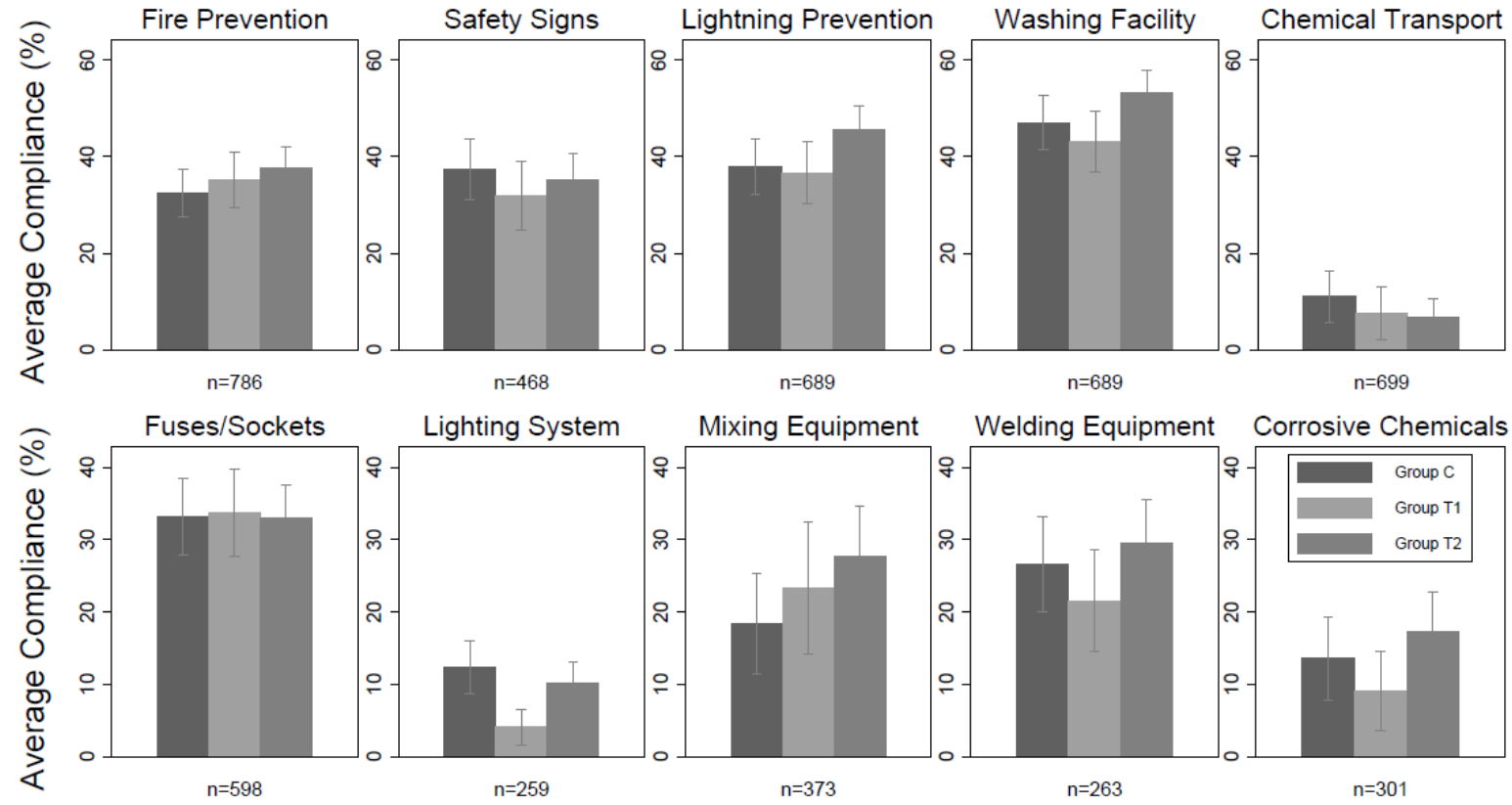
In three cases, firm comments contributed directly to the change in the draft. These included: 1) clarification of the type and use of chemical showers and taps outside of storehouses in Clause 4; 2) addition of protective barriers as shields between reactive chemicals in Clause 9; and 3) improved explanation of what "operator position" means in Clause 11. In the other cases, clauses were changed by the drafting committee either of its own accord or in response to the opinions of other government experts. Notably, this was the case for the weakening of Clause 10, which reduced the minimum distance between mechanical equipment and flammable chemicals from 20 meters to 15 meters. A T2 firm actually did request that the 20-meter requirement be revised to allow for a reduced distance in cases where there was also a wall divider, but the committee made an explicit decision to include the reduction without this key contingency.

Appendix D: Balance in Covariates

	Covariates/Treatment Group	C: Placebo		T1: Information		T2: Participation		Difference in Mean Tests (p-value)			Obs.
		Mean	90% CI	Mean	90% CI	Mean	90% CI	C v. T1	C v. T2	T1 v. T2	
(1)	Successfully re-interviewed in Round 3=1	0.683	(0.644 - 0.722)	0.695	(0.651 - 0.739)	0.696	(0.663 - 0.730)	0.739	0.668	0.967	1,200
(2)	Able to vist in factory floor=1	0.600	(0.551 - 0.649)	0.580	(0.525 - 0.636)	0.661	(0.619 - 0.703)	0.665	0.120	0.058	830
(3)	Respondent was CEO/General Manager=1	0.694	(0.646 - 0.743)	0.620	(0.565 - 0.674)	0.633	(0.592 - 0.675)	0.100	0.114	0.741	830
(4)	CEO of company is female=1	0.140	(0.102 - 0.177)	0.161	(0.118 - 0.204)	0.186	(0.154 - 0.218)	0.537	0.122	0.439	830
(5)	Firm is located in Hanoi=1	0.487	(0.436 - 0.537)	0.449	(0.391 - 0.506)	0.444	(0.401 - 0.488)	0.413	0.295	0.921	830
(6)	Firm is located in rural sub-district=1	0.343	(0.295 - 0.392)	0.337	(0.282 - 0.392)	0.361	(0.320 - 0.403)	0.878	0.647	0.557	830
(7)	Employment Size (8pt scale)	2.713	(2.614 - 2.813)	2.732	(2.619 - 2.845)	2.767	(2.681 - 2.852)	0.840	0.502	0.685	830
(8)	<5 employees	0.113	(0.081 - 0.146)	0.122	(0.085 - 0.159)	0.119	(0.091 - 0.147)	0.771	0.812	0.929	830
(9)	5-9 employees	0.287	(0.243 - 0.330)	0.229	(0.180 - 0.279)	0.219	(0.182 - 0.257)	0.150	0.053	0.794	830
(10)	10-49 employees	0.419	(0.368 - 0.469)	0.473	(0.416 - 0.530)	0.481	(0.437 - 0.524)	0.242	0.127	0.866	830
(11)	>50 employees	0.181	(0.142 - 0.220)	0.176	(0.131 - 0.220)	0.181	(0.147 - 0.214)	0.877	0.985	0.883	830
(12)	Change in employment between surveys (ln)	0.133	(0.004 - 0.263)	0.117	(-0.030 - 0.264)	0.177	(0.066 - 0.289)	0.890	0.670	0.589	830
(13)	Performance of business between surveys (5pt scale)	3.669	(3.571 - 3.767)	3.845	(3.734 - 3.956)	3.724	(3.638 - 3.809)	0.051	0.491	0.153	797
(14)	Capital Size (8pt scale)	3.328	(3.206 - 3.450)	3.302	(3.164 - 3.441)	3.311	(3.206 - 3.416)	0.818	0.860	0.935	830
(15)	<0.5 Billion VND ($23,000)	0.034	(0.011 - 0.057)	0.063	(0.037 - 0.090)	0.069	(0.049 - 0.089)	0.171	0.058	0.766	830
(16)	0.5 to 1 Billion VND ($46,000)	0.121	(0.087 - 0.154)	0.122	(0.084 - 0.160)	0.131	(0.102 - 0.159)	0.969	0.715	0.767	830
(17)	1 to 5 Billion VND ($230,000)	0.532	(0.481 - 0.583)	0.502	(0.445 - 0.560)	0.483	(0.440 - 0.527)	0.525	0.229	0.663	830
(18)	5 to 10 Billion VND ($460,000)	0.147	(0.112 - 0.182)	0.127	(0.087 - 0.166)	0.133	(0.104 - 0.163)	0.525	0.619	0.829	830
(19)	10 to 50 Billion VND ($2.3 Million)	0.166	(0.127 - 0.205)	0.185	(0.141 - 0.229)	0.183	(0.150 - 0.217)	0.588	0.577	0.952	830
(20)	Capital/Labor	1.342	(1.284 - 1.399)	1.299	(1.233 - 1.365)	1.294	(1.245 - 1.344)	0.422	0.308	0.929	830
(21)	Manufacturing Sector=1	0.758	(0.714 - 0.803)	0.673	(0.622 - 0.724)	0.742	(0.703 - 0.780)	0.039	0.639	0.078	830
(22)	Wood products=1	0.208	(0.167 - 0.248)	0.185	(0.140 - 0.231)	0.189	(0.155 - 0.223)	0.547	0.561	0.919	830
(23)	Metal products=1	0.166	(0.128 - 0.204)	0.141	(0.098 - 0.185)	0.194	(0.162 - 0.227)	0.484	0.353	0.109	830
(24)	Paper products=1	0.075	(0.048 - 0.103)	0.073	(0.042 - 0.104)	0.083	(0.060 - 0.107)	0.927	0.718	0.666	830
(25)	Chemical manufacuring=1	0.087	(0.057 - 0.116)	0.093	(0.059 - 0.126)	0.097	(0.072 - 0.122)	0.828	0.658	0.858	830
(26)	Chemical Transport=1	0.030	(0.012 - 0.048)	0.049	(0.028 - 0.069)	0.025	(0.010 - 0.040)	0.260	0.718	0.126	830
(27)	Sole Propiertorship=1	0.091	(0.059 - 0.122)	0.122	(0.086 - 0.158)	0.111	(0.084 - 0.138)	0.525	0.413	0.689	830
(28)	Limited Liability Company=1	0.596	(0.546 - 0.646)	0.590	(0.534 - 0.647)	0.581	(0.538 - 0.623)	0.896	0.695	0.822	830
(29)	Joint Stock Company=1	0.313	(0.267 - 0.360)	0.288	(0.235 - 0.341)	0.308	(0.268 - 0.348)	0.554	0.896	0.611	830
(30)	Round 1: Understanding of regulation*	2.494	(2.432 - 2.556)	2.553	(2.482 - 2.624)	2.499	(2.446 - 2.551)	0.301	0.927	0.310	780
(31)	Round 1: Regulations used to extract bribes*	2.531	(2.466 - 2.596)	2.443	(2.369 - 2.518)	2.564	(2.508 - 2.620)	0.145	0.524	0.033	756

* Round 1 survey questions coded 1) Strongly Disagree; 2) Disagree; 3) Agree; 4) Strongly Agree. (30) "Government officials have sufficient understanding of business like this one to effectively carry out their regulatory duties." (31) "It is common for government officials to use regulations to extract rents from businesses in my industry."

Appendix E: Compliance by Clause



90% Confidence Intervals; n=Eligible Firms

Appendix F1: Effects of Experiment on Individual Clauses (OLS)

Dependent variable: Auditors rate firm in compliance with clause =1	Fire Prevention	Safety Signs	Lightning Prevention	Washing Facility	Chemical Transport	Fuses/ Sockets	Lighting System	Mixing Equipment	Welding Equipment	Corrosive Chemicals
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Information Treatment=1	0.021	-0.039	-0.028	-0.043	-0.044	-0.006	-0.085***	0.038	-0.041	-0.047
	(0.026)	(0.037)	(0.032)	(0.045)	(0.057)	(0.050)	(0.025)	(0.078)	(0.073)	(0.040)
Participation Treatment=1	0.034	0.020	0.108***	0.109***	0.005	0.004	0.061***	0.053	0.092	0.080*
	(0.028)	(0.046)	(0.034)	(0.034)	(0.031)	(0.042)	(0.022)	(0.062)	(0.063)	(0.042)
Hanoi=1	-0.069	-0.149***	-0.120	-0.108	-0.028	-0.067	-0.001	-0.139**	-0.129**	-0.068
	(0.080)	(0.037)	(0.072)	(0.066)	(0.025)	(0.052)	(0.034)	(0.056)	(0.055)	(0.051)
Female CEO=1	-0.084*	-0.146***	-0.201***	-0.175***	-0.042	-0.178***	-0.004	-0.095*	-0.166***	-0.031
	(0.045)	(0.046)	(0.055)	(0.053)	(0.035)	(0.043)	(0.021)	(0.049)	(0.035)	(0.041)
Constant	0.186***	0.171**	0.390***	0.432***	0.056	0.275***	0.008	0.063	-0.056	0.128
	(0.055)	(0.070)	(0.076)	(0.071)	(0.057)	(0.051)	(0.034)	(0.089)	(0.078)	(0.096)
Size FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	786	468	598	699	263	689	689	259	373	301
Clusters	48	41	45	47	29	46	46	11	33	27
R-Squared	0.056	0.113	0.106	0.085	0.018	0.084	0.034	0.068	0.105	0.024
RMSE	0.468	0.455	0.469	0.482	0.279	0.455	0.288	0.414	0.424	0.348

Linear probability model (OLS) with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Estimating equations 5, 6, and 10 drop firms in the participation treatment that provided comments.

Appendix F2: Effects of Experiment on Individual Clauses (OLS)

Dependent variable: Auditors rate firm in compliance with clause =1	Fire Prevention	Safety Signs	Lightning Prevention	Washing Facility	Chemical Transport	Fuses/ Sockets	Lighting System	Mixing Equipment	Welding Equipment	Corrosive Chemicals
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Information Treatment=1	0.023	-0.037	-0.032	-0.047	-0.039	-0.005	-0.105***	0.049	-0.037	-0.050
	(0.027)	(0.041)	(0.035)	(0.048)	(0.053)	(0.051)	(0.039)	(0.076)	(0.079)	(0.049)
Participation Treatment=1	0.036	0.018	0.118***	0.117***	0.005	0.004	0.075**	0.050	0.101	0.083*
	(0.029)	(0.051)	(0.037)	(0.037)	(0.033)	(0.043)	(0.032)	(0.059)	(0.068)	(0.047)
Hanoi=1	-0.071	-0.164***	-0.128*	-0.114	-0.028	-0.071	0.002	-0.151***	-0.152**	-0.068
	(0.084)	(0.038)	(0.075)	(0.069)	(0.027)	(0.053)	(0.035)	(0.053)	(0.060)	(0.045)
Female CEO=1	-0.087*	-0.151***	-0.209***	-0.179***	-0.040	-0.182***	-0.007	-0.096**	-0.177***	-0.033
	(0.045)	(0.045)	(0.056)	(0.053)	(0.031)	(0.042)	(0.019)	(0.049)	(0.035)	(0.044)
Size FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	786	468	598	699	263	689	689	259	373	301
Clusters	48	41	45	47	29	46	46	11	33	27
Pbar	0.354	0.350	0.408	0.488	0.0837	0.332	0.0929	0.236	0.265	0.140
Log Likelihood	-488.3	-274.9	-370.7	-453.6	-73.34	-408.5	-201.1	-131.7	-193.8	-117.8

Probit model with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1).

Appendix F3: Effects of Experiment on Individual Clauses (OLS) in High Access Districts (>80% Access)

Dependent variable: Auditors rate firm in compliance with clause =1	Fire Prevention	Safety Signs	Lightning Prevention	Washing Facility	Chemical Transport	Fuses/ Sockets	Lighting System	Mixing Equipment	Welding Equipment	Corrosive Chemicals
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Information Treatment=1	0.038	-0.113	-0.028	-0.069	-0.010	-0.081	-0.055	0.220	-0.093	0.028
	(0.102)	(0.109)	(0.127)	(0.116)	(0.152)	(0.089)	(0.072)	(0.311)	(0.110)	(0.203)
Participation Treatment=1	0.034	0.095	0.149*	0.109	0.025	-0.017	0.092	-0.153	0.006	0.100
	(0.075)	(0.100)	(0.075)	(0.072)	(0.096)	(0.095)	(0.062)	(0.164)	(0.181)	(0.222)
Hanoi=1	-0.157*	-0.285***	-0.270**	-0.108	-0.126	-0.008	-0.020	-0.133	-0.127	-0.289
	(0.092)	(0.099)	(0.105)	(0.109)	(0.117)	(0.123)	(0.097)	(0.225)	(0.183)	(0.175)
Female CEO=1	0.218***	-0.033	0.073	0.055	0.116	-0.086	-0.066	-0.089	-0.178***	0.161
	(0.072)	(0.078)	(0.066)	(0.054)	(0.108)	(0.083)	(0.040)	(0.088)	(0.062)	(0.132)
Constant	0.089	0.814***	0.773***	0.974***	-0.149	0.914***	0.007	-0.054	-0.112	0.221
	(0.124)	(0.095)	(0.163)	(0.085)	(0.116)	(0.139)	(0.123)	(0.293)	(0.203)	(0.486)
Size FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	195	84	132	148	42	158	158	45	83	32
Clusters	0.096	0.199	0.221	0.098	0.323	0.090	0.050	0.083	0.101	0.138
R-Squared	30	23	26	28	13	30	30	10	22	14
RMSE	0.491	0.419	0.392	0.388	0.346	0.488	0.322	0.514	0.501	0.482

Linear probability model (OLS) with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1).

Appendix G: Benjamini-Hochberg Multiple Comparisons Correction

Auditors rate firm in compliance with clause =1	**Unadjusted p-value**		**Adjusted p-value**	
Fire Prevention	0.384	FALSE	0.549	FALSE
Safety Signs	0.734	FALSE	0.917	FALSE
Lightning Prevention	0.005	TRUE	0.025	TRUE
Washing Facility	0.002	TRUE	0.02	TRUE
Chemical Transport	0.993	FALSE	0.993	FALSE
Fuses/Sockets	0.958	FALSE	0.993	FALSE
Lighting System	0.018	TRUE	0.06	TRUE
Mixing Equipment	0.078	FALSE	0.156	FALSE
Welding Equipment	0.12	FALSE	0.2	FALSE
Corrosive Chemicals	0.039	TRUE	0.097	TRUE

To perform the test, we run the standard regressions and order the p-values from smallest to largest. Then we find the largest p-value that satisfies the question $p_k \leq \frac{k}{m}\alpha$ where m is the number of outcomes, k is the index for each p-value, and α is the level of significance (.05).

Appendix H: Criteria for Regulation Selection

1. Regulation would be drafted by the government in the near future.

2. Broadly relevant, so that we could concentrate our test geographically but still have sufficient statistical power. Second, we needed it to be sufficiently salient and costly for affected firms, such that firms would be motivated to participate.

3. Compliance requirements that would be as easily observable as possible. This final factor was critical to our desire to avoid social desirability bias and the resulting overestimation of compliance behavior that has limited the validity of previous work relying on self-assessments.

4. For practical considerations, we decided to focus on a technical regulation (*dự thảo*) drafted by a ministry rather than a law drafted by the Vietnam National Assembly. Laws tend to be quite expansive and more ambiguous, with the details of compliance usually filled in later by implementing documents. This includes technical regulations, which therefore offered a cleaner test. Moreover, unlike laws, technical regulations are posted with greater regularity, increasing our options for finding a good fit and allowing more time for preparation and training.

Appendix I: Information and Sensitivity Tests Related to Table 2 in Manuscript

Appendix I1: Replication of Table 2 Using Ordinary Least Squares

Dependent variable: "Government officials have sufficient understanding of business like this one to effectively carry out their regulatory duties." (1 Strongly Disagree to 4 Strongly Agree)	**All Firms From Round 1 and Round 3**					
	No Controls	Blocking Variables	Sector FE	Audited Firms	Treatment 1	Audited Firms
	(1)	(2)	(3)	(4)	(5)	(6)
Endline=1	0.229***	0.247***	0.244***	0.231***	0.244***	0.236***
	(0.040)	(0.038)	(0.036)	(0.050)	(0.042)	(0.052)
Participation Treatment=1	-0.040	-0.041	-0.039	-0.019	-0.083	-0.049
	(0.036)	(0.036)	(0.037)	(0.043)	(0.054)	(0.065)
Endline*Participation	0.103*	0.103*	0.104*	0.106**	0.104*	0.113*
	(0.053)	(0.054)	(0.053)	(0.050)	(0.055)	(0.060)
Hanoi=1		-0.018	-0.024	0.105**	-0.027	0.103**
		(0.052)	(0.048)	(0.043)	(0.048)	(0.043)
Female CEO=1		-0.130***	-0.125***	-0.167***	-0.123***	-0.166***
		(0.028)	(0.020)	(0.033)	(0.021)	(0.032)
Information Treatment=1					0.078	0.051
					(0.052)	(0.064)
Endline*Information					-0.000	-0.012
					(0.042)	(0.058)
Contant	2.519***	2.564***	2.596***	2.616***	2.563***	2.595***
	(0.021)	(0.020)	(0.045)	(0.069)	(0.048)	(0.065)
Size FE	No	Yes	Yes	Yes	Yes	Yes
Sector FE	No	No	Yes	Yes	Yes	Yes
Observations	1,888	1,888	1,888	950	1,888	950
Clusters	53	53	53	44	53	44
R-Squared	0.045	0.055	0.060	0.085	0.062	0.086
RMSE	0.631	0.629	0.629	0.618	0.628	0.619

OLS with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Equation 1 is unadjusted, Equation 2 controls only for blocking variables, Equation 3 introduces ISIC two-digit sector fixed effects, and Equation 4 removes all firms that did not grant access to factory floor. Equations 5 and 6 control for firms receiving Treatment 1.

Appendix I2: Replication of Table 2 with Original Treatment Conditions

Dependent variable: "Government officials have sufficient understanding of business like this one to effectively carry out their regulatory duties." (1 Strongly Disagree to 4 Strongly Agree)	**OLS**		**OPROBIT**	
	Sector FE	Audited Firms	Sector FE	Audited Firms
	(1)	(2)	(3)	(4)
Endline=1	0.244***	0.236***	0.443***	0.447***
	(0.042)	(0.052)	(0.086)	(0.107)
T2=1	-0.005	0.002	-0.007	0.008
	(0.039)	(0.044)	(0.070)	(0.079)
Endline*T2	0.104*	0.101*	0.194*	0.191*
	(0.059)	(0.056)	(0.102)	(0.101)
Female CEO=1	-0.027	0.103**	-0.044	0.196**
	(0.048)	(0.043)	(0.087)	(0.083)
Hanoi==1	-0.123***	-0.166***	-0.220***	-0.306***
	(0.021)	(0.032)	(0.040)	(0.055)
T1=1	0.078	0.051	0.138	0.090
	(0.052)	(0.064)	(0.092)	(0.111)
Endline*T1	-0.000	-0.012	0.005	-0.022
	(0.042)	(0.058)	(0.076)	(0.110)
Cut Point 1	2.520***	2.550***	-1.694***	-1.753***
	(0.045)	(0.079)	(0.078)	(0.138)
Cut Point 2			-0.063	-0.141
			(0.086)	(0.146)
Cut Point 3			1.856***	1.849***
			(0.096)	(0.187)
Size FE	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes
Observations	1,888	950	1,888	950
Clusters	53	44	53	44
Pseudo R-Squared	0.062	0.086	0.0331	0.0471
RMSE	0.628	0.619		
Log Likelihood	-1792	-882.3	-1785	-877.3

Standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Equations 1 and 2 use OLS, while Equations 3 and 4 use OPROBIT. Equations 1 and 3 are the fully specified model from Table 2. Equations 2 and 4 use Auditor FE.

Appendix I3: Regulatory Quality as Alternative Measure of Legitimacy

Dependent variable: How do you rate the quality of this draft regulation relative to the other regulations that you have opportunities to read or give comments on? (5. Much higher; 1. Much Lower).	No Controls	Blocking Variables	Sector FE	Auditor FE
	(1)	(2)	(3)	(4)
Information Treatment=1	0.481***	0.496***	0.498***	0.492***
	(0.104)	(0.102)	(0.100)	(0.087)
Participation Treatment=1	0.291***	0.280***	0.279***	0.265***
	(0.097)	(0.096)	(0.097)	(0.097)
Hanoi=1		0.165**	0.158*	0.178***
		(0.079)	(0.080)	(0.050)
Female CEO=1		0.018	0.015	0.024
		(0.087)	(0.089)	(0.090)
Constant	1.211***	1.044***	0.990***	0.743***
	(0.046)	(0.083)	(0.088)	(0.153)
Size FE	No	Yes	Yes	Yes
Sector FE	No	No	Yes	Yes
Auditor FE	No	No	No	Yes
Observations	830	830	830	830
Clusters	48	48	48	48
R-Squared	0.072	0.087	0.092	0.132
RMSE	1.195	1.190	1.192	1.173

Linear probability model (OLS) with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Equation 1 is unadjusted, Equations 2 controls only for blocking variables, Equation 3 introduces ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects.

Appendix I4: Replication of Table 2 (Legitimacy) Dropping Commenters

Dependent variable: "Government officials have sufficient understanding of business like this one to effectively carry out their regulatory duties." (1 Strongly Disagree to 4 Strongly Agree)	**All Firms From Round 1 and Round 3**					
	No Controls	Blocking Variables	Sector FE	Audited Firms	Treatment 1	Audited Firms
	(1)	(2)	(3)	(4)	(5)	(6)
Endline=1	0.416***	0.447***	0.443***	0.442***	0.441***	0.449***
	(0.081)	(0.080)	(0.077)	(0.102)	(0.087)	(0.107)
Participation Treatment=1	0.058	0.046	0.053	0.140**	-0.027	0.089
	(0.058)	(0.056)	(0.058)	(0.067)	(0.072)	(0.090)
Endline*Participation	0.144*	0.138*	0.136*	0.098	0.132	0.109
	(0.079)	(0.080)	(0.078)	(0.082)	(0.083)	(0.104)
Female CEO=1		-0.022	-0.040	0.158*	-0.046	0.154*
		(0.097)	(0.089)	(0.092)	(0.089)	(0.094)
Hanoi==1		-0.201***	-0.185***	-0.219***	-0.182***	-0.216***
		(0.058)	(0.039)	(0.053)	(0.040)	(0.052)
Information Treatment=1					0.140	0.086
					(0.093)	(0.113)
Endline*Information					0.005	-0.018
					(0.076)	(0.110)
Cut Point 1	-1.670***	-1.745***	-1.744***	-1.665***	-1.669***	-1.622***
	(0.052)	(0.061)	(0.082)	(0.144)	(0.089)	(0.145)
Cut Point 2	-0.083*	-0.152***	-0.145**	-0.101	-0.067	-0.058
	(0.043)	(0.037)	(0.072)	(0.143)	(0.087)	(0.144)
Cut Point 3	1.851***	1.791***	1.807***	1.925***	1.888***	1.970***
	(0.060)	(0.067)	(0.100)	(0.185)	(0.101)	(0.182)
Size FE	No	Yes	Yes	Yes	Yes	Yes
Sector FE	No	No	Yes	Yes	Yes	Yes
Observations	1,645	1,645	1,645	834	1,645	834
Clusters	52	52	52	43	52	43
Pseudo R-Squared	0.0223	0.0260	0.0298	0.0410	0.0311	0.0413
Log Likelihood	-1593	-1593	-1593	-796.5	-1593	-796.5

Ordered probit with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Equation 1 is unadjusted, Equation 2 controls only for blocking variables, Equation 3 introduces ISIC two-digit sector fixed effects, and Equation 4 removes all firms that did not grant access to factory floor. Equations 5 and 6 control for firms receiving Treatment 1.

Appendix J: Information and Sensitivity Tests Related to Table 3 in Manuscript

Appendix J1: Replication of Table 4 Using Ordinary Least Squares

	DV: Allowed Audit of Factory=1				DV: Agreed to Interview=1		
Dependent variable	No Controls	Blocking Variables	Sector FE	Auditor FE	No Controls	Blocking Variables	Sector FE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Information Treatment=1	-0.020	-0.023	-0.018	-0.027	0.012	0.022	0.024
	(0.036)	(0.037)	(0.035)	(0.030)	(0.030)	(0.037)	(0.033)
Participation Treatment=1	0.081**	0.079***	0.081***	0.081**	0.001	0.005	0.007
	(0.031)	(0.029)	(0.028)	(0.030)	(0.030)	(0.031)	(0.028)
Hanoi=1		-0.251***	-0.210***	-0.039		0.455***	0.489***
		(0.037)	(0.040)	(0.029)		(0.094)	(0.084)
Female CEO=1		-0.139***	-0.142***	-0.113**		-0.027	-0.029
		(0.049)	(0.047)	(0.055)		(0.028)	(0.028)
Constant	0.600***	0.707***	0.563***	0.903***	0.683***	0.542***	0.305***
	(0.049)	(0.051)	(0.052)	(0.069)	(0.021)	(0.097)	(0.063)
Size FE	No	Yes	Yes	Yes	No	Yes	Yes
Sector FE	No	No	Yes	Yes	No	No	Yes
Auditor FE	No	No	No	Yes	No	No	No
Observations	830	830	830	830	1,200	1,200	1,200
Clusters	48	48	48	48	53	53	53
R-Squared	0.005	0.089	0.119	0.371	0.000	0.211	0.232
RMSE	0.485	0.466	0.460	0.391	0.462	0.412	0.407

Linear probability model (OLS) with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Panel 1 studies whether auditors were able to visit factor after conducting endline interview. Panel 2 studies normal attrition in the panel. Equations 1 & 5 are unadjusted, Equations 2 & 6 control only for blocking variables, Equations 3 & 7 introduce ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects.

Appendix J2 : Replication of Table 4 Controlling for Baseline Legitimacy

	DV: Allowed Audit of Factory=1				DV: Agreed to Interview=1		
Dependent variable	No Controls	Blocking Variables	Sector FE	Auditor FE	No Controls	Blocking Variables	Sector FE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Information Treatment=1	-0.039	-0.038	-0.035	-0.041	0.000	0.011	0.010
	(0.034)	(0.038)	(0.037)	(0.034)	(0.033)	(0.059)	(0.056)
Participation Treatment=1	0.077**	0.082**	0.090***	0.103***	0.005	0.010	0.019
	(0.030)	(0.032)	(0.033)	(0.032)	(0.033)	(0.046)	(0.046)
Hanoi=1		-0.248***	-0.209***	-0.033			
		(0.039)	(0.041)	(0.029)			
Female CEO=1		-0.161***	-0.170***	-0.172**		-0.061	-0.050
		(0.057)	(0.056)	(0.071)		(0.047)	(0.051)
Baseline Legitimacy	0.016	-0.005	-0.010	-0.022	0.017	0.062*	0.062*
	(0.024)	(0.024)	(0.024)	(0.028)	(0.019)	(0.035)	(0.035)
Baseline Probability	0.621	0.621	0.621	0.735	0.692	0.546	0.546
Size FE	No	Yes	Yes	Yes	No	Yes	Yes
Sector FE	No	No	Yes	Yes	No	No	Yes
Auditor FE	No	No	No	Yes	No	No	No
Observations	780	780	780	657	1,127	764	764
Clusters	48	48	48	48	53	52	52
Pseudo R-Squared	0.00328	0.0660	0.0935	0.0999	0.000421	0.00901	0.0546
Log Likelihood	-516.1	-483.6	-469.4	-341.8	-695.5	-521.6	-497.6

Probit model with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Marginal probabilities instead of coefficients presented. Panel 1 studies whether auditors were able to visit factory after conducting endline interview. Panel 2 studies normal attrition in the panel. Equations 1 & 5 are unadjusted, Equations 2 & 6 control only for blocking variables, Equations 3 & 7 introduce ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects.

Appendix J3: Replication of Table 4 using Original Treatment Conditions

	DV: Allowed Audit of Factory=1				DV: Agreed to Interview=1		
Dependent variable	No Controls	Blocking Variables	Sector FE	Auditor FE	No Controls	Blocking Variables	Sector FE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
T1=1	-0.019	-0.022	-0.018	-0.023	0.012	0.022	0.024
	(0.035)	(0.039)	(0.038)	(0.035)	(0.030)	(0.037)	(0.033)
T2=1	0.061**	0.064*	0.076**	0.078**	0.013	0.027	0.031
	(0.028)	(0.035)	(0.034)	(0.038)	(0.029)	(0.027)	(0.026)
Hanoi=1		-0.255***	-0.218***	-0.050*		0.455***	0.489***
		(0.038)	(0.041)	(0.027)		(0.094)	(0.084)
Female CEO=1		-0.148***	-0.155***	-0.151**		-0.027	-0.029
		(0.056)	(0.055)	(0.065)		(0.028)	(0.028)
Baseline Probability	0.622	0.622	0.622	0.736	0.683	0.542	0.305
Size FE	No	Yes	Yes	Yes	No	Yes	Yes
Sector FE	No	No	Yes	Yes	No	No	Yes
Auditor FE	No	No	No	Yes	No	No	No
Observations	830	830	830	700	1,200	1,200	1,200
Clusters	48	48	48	48	53	53	53
Pseudo R-Squared	0.00400	0.0684	0.0944	0.0970	0.000	0.211	0.232
Log Likelihood	-548.3	-512.8	-498.5	-365.0	-775.5	-633.7	-616.9

Probit model with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Marginal probabilities instead of coefficients presented. Panel 1 studies whether auditors were able to visit factory after conducting endline interview. Panel 2 studies normal attrition in the panel. Equations 1 & 5 are unadjusted, Equations 2 & 6 control only for blocking variables, Equations 3 & 7 introduce ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects.

Appendix K: Information and Sensitivity Tests Related to Table 4 in Manuscript

Appendix K1: Replication of Table 5 Controlling for Baseline Legitimacy

	All Firms			
Dependent variable: Clauses with which firm is judged to be in compliance (% of total)	No Controls	Blocking Variables	Sector FE	Auditor FE
	(1)	(2)	(3)	(4)
Information Treatment=1	-0.023	-0.023	-0.024	-0.028
	(0.026)	(0.025)	(0.023)	(0.027)
Participation Treatment=1	0.045**	0.046**	0.051**	0.046**
	(0.022)	(0.022)	(0.021)	(0.022)
Hanoi=1		-0.125***	-0.102***	-0.009
		(0.026)	(0.032)	(0.026)
Female CEO=1		-0.091*	-0.091*	-0.069
		(0.049)	(0.048)	(0.053)
Baseline Legitimacy	0.025	0.017	0.015	0.007
	(0.021)	(0.021)	(0.021)	(0.022)
Constant	0.307***	0.361***	0.328***	0.554***
	(0.059)	(0.069)	(0.069)	(0.063)
Size FE	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes
Auditor FE	No	Yes	No	Yes
Observations	765	765	765	765
Clusters	48	48	48	48
R-Squared	0.004	0.057	0.080	0.249
RMSE	0.377	0.368	0.365	0.332

OLS with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). The first panel analyzes all firms where auditors were given access. The second panel drops firms in the participation treatment that provided comments. Equation 1 is unadjusted, Equation 2 controls only for blocking variables, Equation 3 introduce ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects.

Appendix K2: Replication of Table 5 using Original Treatment Conditions

	All Firms			
Dependent variable: Clauses with which firm is judged to be in compliance (% of total)	No Controls	Blocking Variables	Sector FE	Auditor FE
	(1)	(2)	(3)	(4)
T1=1	-0.017	-0.016	-0.017	-0.020
	(0.024)	(0.024)	(0.022)	(0.024)
T2=1	0.035*	0.033	0.038**	0.027
	(0.018)	(0.020)	(0.018)	(0.023)
Hanoi=1		-0.137***	-0.113***	-0.025
		(0.024)	(0.031)	(0.023)
Female CEO=1		-0.085*	-0.084*	-0.059
		(0.044)	(0.044)	(0.046)
Constant	0.364***	0.398***	0.354***	0.554***
	(0.035)	(0.050)	(0.046)	(0.044)
Size FE	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes
Auditor FE	No	Yes	No	Yes
Observations	813	813	813	813
Clusters	48	48	48	48
R-Squared	0.003	0.062	0.086	0.255
RMSE	0.376	0.367	0.363	0.330

OLS with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). The first panel analyzes all firms where auditors were given access. The second panel drops firms in the participation treatment that provided comments. Equation 1 is unadjusted, Equation 2 controls only for blocking variables, Equation 3 introduce ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects.

Appendix L: Tables 4 and 5 Dropping Auditors with Problems Obtaining Factory Access

Dependent variable:	**Access to Factory Floor=1**		**Compliance with Regulation (%)**	
Specifications	No Controls	Blocking Variables	No Controls	Blocking Variables
	(1)	(2)	(3)	(4)
Information Treatment=1	-0.004	-0.001	-0.006	-0.008
	(0.039)	(0.038)	(0.031)	(0.029)
Participation Treatment=1	0.076**	0.082**	0.048*	0.054**
	(0.032)	(0.034)	(0.026)	(0.026)
Hanoi=1	-0.014	0.009	0.013	0.022
	(0.035)	(0.039)	(0.029)	(0.032)
Female CEO=1	-0.142**	-0.145**	-0.088	-0.085
	(0.067)	(0.066)	(0.058)	(0.056)
Baseline Probability/Constant	0.736	0.736	0.414***	0.492***
			(0.055)	(0.051)
Size FE	No	Yes	No	Yes
Sector FE	No	Yes	No	Yes
Observations	701	701	684	684
Clusters	48	48	48	48
Pseudo & R-Squared	0.0209	0.0548	0.030	0.058
Log Likelihood	-396.1	-382.4	-279.8	-269.6
RMSE			0.367	0.363

This table tests whether results remain robust after dropping two problemmatic auditors, who had difficulty obtaining factory access. Standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Analysis drops auditors that had difficulty accessing factories. The first panel analyzes access to factory floor using a probit specification. The second panel studies compliance with regulation using OLS.

Appendix M: Differentiating Legitimacy from Learning (Effect of Response Report on Information Group)

Dependent variable:	**Access to Factory Floor=1**				**Compliance with Regulation (%)**			
					No Access=0		High Access Districts	
Specifications	No Controls	Blocking Variables	Sector FE	Auditor FE	Sector FE	Auditor FE	Sector FE	Auditor FE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Received Response Report=1	-0.045	-0.043	-0.048	-0.058	0.009	0.005	0.006	0.020
	(0.064)	(0.062)	(0.057)	(0.054)	(0.037)	(0.034)	(0.082)	(0.087)
Hanoi=1		-0.250***	-0.195***	0.001	-0.097*	0.022	0.184**	0.195*
		(0.050)	(0.068)	(0.074)	(0.051)	(0.052)	(0.080)	(0.097)
Female CEO=1		-0.118	-0.107	-0.180*	0.004	-0.040	-0.180	-0.145
		(0.127)	(0.123)	(0.096)	(0.093)	(0.072)	(0.128)	(0.119)
Constant	0.602***	0.730***	0.489***	0.828***	0.264***	0.450***	0.358	0.330
	(0.051)	(0.102)	(0.090)	(0.111)	(0.093)	(0.097)	(0.241)	(0.233)
Size FE	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sector FE	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Auditor FE	No	No	No	Yes	No	Yes	No	No
Observations	205	205	205	205	200	200	61	61
Clusters	33	33	33	33	33	33	25	25
Mean in Control Group	0.585	0.585	0.585	0.585	0.347	0.347	0.52	0.52
R-Squared	0.002	0.099	0.147	0.416	0.101	0.281	0.276	0.329
RMSE	0.495	0.479	0.473	0.402	0.360	0.331	0.300	0.312

OLS with standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Analysis restricted to only firms that received government response report. The first panel analyzes all firms where auditors were given access. The second panel drops firms in the participation treatment that provided comments. Equation 1 is unadjusted, Equation 2 controls only for blocking variables, Equation 3 introduce ISIC two-digit sector fixed effects, and Equation 4 introduces auditor fixed effects. Estimating equations 7 and 8 restrict the analysis to districts where auditors were able to access over 80% of factories in the jurisdiction.

Appendix N: Heterogeneous Treatment Effects

As discussed on pages 8-9 of our hypotheses development in Section I, theory underlying the legitimacy mechanism predicts that the regulatory compliance effects of participation should be strongest among SMEs. We test for this relationship in Table 7 by interacting our treatment variables with a trichotomous measure of size: 1) Micro enterprise with less 10 employees; 2) SMEs with between 10 and 200 employees and 3) Large enterprises with over 200 employees.

The first significant difference we observe is in the Control. In Columns 1 and 3, we see that large firms in the Control were 42.1% more likely to provide factory access and demonstrated 52.1 percentage points greater compliance than micro enterprises and SMEs. This makes sense, since large firms are far more visible and are more likely to be inspected than their smaller peers.

Looking at the interactions, we see that large firms were less influenced by the participation treatment than SMEs in all four specifications. The interactions between the large firm dummy variable and the participation treatment are significant, negative, and sizable. To clearly illustrate this, we calculate the marginal effect of the participation treatment for all three size-categories, using the coefficients and standard errors from Columns 1 and 3 in Table 5. In total, Figure 4 demonstrates that participation was associated with 11.9% greater factory access and 8.0 percentage points greater compliance in the SME category. But positive effects are not observed within any other size category. In fact, participation is associated with negative compliance among the largest firms.

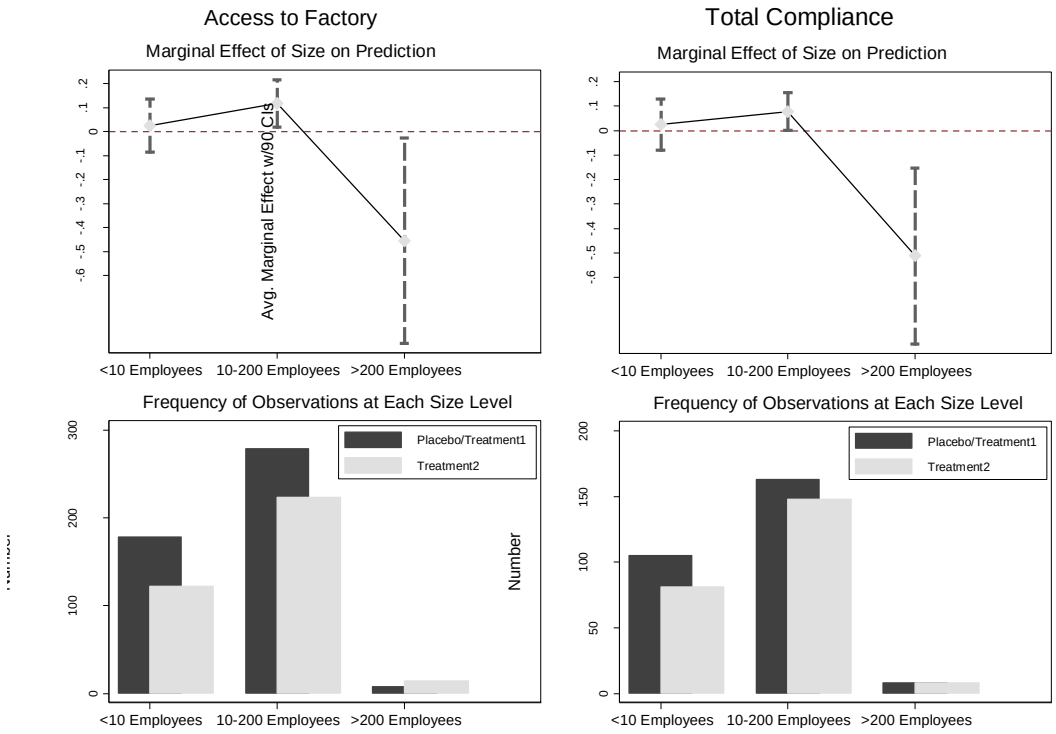
Appendix N1: Conditional Effect of Firm Size on Regulatory Compliance

All Firms

Dependent variable:	**Access to Factory=1**		**Compliance Index**	
	(1)	(2)	(3)	(4)
Size Category 2 (SME)	0.000	-0.007	0.014	0.000
	(0.043)	(0.043)	(0.037)	(0.038)
Size Category 3 (Large)	0.421***	0.274***	0.521***	0.466***
	(0.073)	(0.057)	(0.028)	(0.042)
Information Treatment=1	0.022	0.032	0.009	0.015
	(0.058)	(0.043)	(0.055)	(0.044)
SME*Information	-0.048	-0.085	-0.030	-0.043
	(0.088)	(0.076)	(0.093)	(0.083)
Large*Information	0.014	-0.040	0.076	-0.036
	(0.134)	(0.064)	(0.153)	(0.090)
Participation Treatment=1	0.026	0.012	0.024	0.004
	(0.055)	(0.053)	(0.052)	(0.053)
SME*Participation	0.093	0.113	0.054	0.068
	(0.092)	(0.094)	(0.081)	(0.082)
Large*Participation	-0.480**	-0.210	-0.536***	-0.332***
	(0.217)	(0.137)	(0.174)	(0.122)
Hanoi=1	-0.215***	-0.045	-0.118***	-0.029
	(0.040)	(0.028)	(0.031)	(0.022)
Female CEO=1	-0.144***	-0.111*	-0.088**	-0.061
	(0.048)	(0.057)	(0.043)	(0.046)
Constant	0.710***	0.905***	0.410***	0.517***
	(0.037)	(0.038)	(0.032)	(0.036)
Size FE	Yes	Yes	Yes	Yes
Sector FE	Yes	Yes	Yes	Yes
Auditor FE	No	Yes	No	Yes
Observations	824	824	807	807
Clusters	48	48	48	48
R-Squared	0.124	0.372	0.086	0.256
RMSE	0.458	0.391	0.363	0.330

OLS with marginal probabilities in parentheses. Standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1).

Appendix N2: Conditional Effect of Participation by Size on Regulatory Compliance



Appendix O: Alternative: Differentiating Legitimacy from Substantive Change (Controlling for Commenting Firms)

Dependent variable:	**Access to Factory Floor=1**				**Compliance with Regulation (%)** No Access=0	
Specifications	No Controls	Blocking Variables	Sector FE	Auditor FE	Sector FE	Auditor FE
	(1)	(2)	(3)	(4)	(5)	(6)
Information Treatment=1	-0.019	-0.022	-0.017	-0.022	-0.017	-0.020
	(0.034)	(0.039)	(0.037)	(0.034)	(0.022)	(0.024)
Participation Treatment=1	0.114***	0.105***	0.113***	0.122***	0.063**	0.059*
	(0.034)	(0.034)	(0.034)	(0.033)	(0.027)	(0.030)
Commenting Firms=1	-0.120**	-0.065	-0.067	-0.091**	-0.026	-0.042
	(0.048)	(0.045)	(0.042)	(0.044)	(0.042)	(0.042)
Hanoi=1		-0.249***	-0.210***	-0.045	-0.110***	-0.022
		(0.038)	(0.043)	(0.028)	(0.034)	(0.024)
Female CEO=1		-0.153***	-0.161***	-0.157**	-0.086*	-0.063
		(0.056)	(0.056)	(0.064)	(0.045)	(0.047)
Mean in Control Group/Constant	0.622	0.622	0.622	0.736	0.354***	0.556***
					(0.046)	(0.043)
Size FE	No	Yes	Yes	Yes	Yes	Yes
Sector FE	No	No	Yes	Yes	Yes	Yes
Auditor FE	No	No	No	Yes	No	Yes
Observations	830	830	830	700	813	813
Clusters	48	48	48	48	48	48
Pseudo R^2 /R2	0.00787	0.0694	0.0955	0.0994	0.086	0.256
Log Likelihood	-546.2	-512.3	-497.9	-364.1	-322.3	-238.9
RMSE					0.364	0.330

Standard errors, clustered by Province-Sector, in parentheses (*** p<0.01, ** p<0.05, * p<0.1). Analysis uses Coarsened Exact Matching (CEM) to identify non-commenters in Control and T1 groups. All commenters and potential non-commenters are dropped from this analysis. The first panel analyzes all firms where auditors were given access using a probit specification. The second panel drops firms in the participation treatment that provided comments using an OLS specification. Equation 1 is unadjusted, Equation 2 controls only for blocking variables, Equations 3 and 5 introduce ISIC two-digit sector fixed effects, and Equations 4 and 6 introduces auditor fixed effects. Sample size drops in Model 4 because of the correlation because of two Hanoi auditors had difficulty accessing factories.