Internet Appendix To "Corporate Resilience to Banking Crises: The Roles of Trust and Trade Credit"

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Note: This internet appendix contains additional information on the data and robustness tests.

Table IA1 List of Country Characteristics

Country name	Country code	Start year of a crisis	TRUST	GDP_ PER_ CAPITA	FINANCIAL_ INSTITUTIONS_ DEVELOPMENT	STOCK_ MARKET_ DEVELOPMENT	PRIVATE_ CREDIT_ CONTRACTION	CREDITOR_ RIGHTS	ANTI_ SELF_ DEALING	RULE_ OF_ LAW	INSTITUTIONAL_ QUALITY
Argentina	ARG	1995, 2001	0.233	8.295	0.129	0.082	0.501	1	0.342	0.037	-1.598
Austria	AUT	2008	0.334	10.520	1.082	0.346	0.077	3	0.213	1.863	2.707
Belgium	BEL	2008	0.292	10.492	0.715	0.751	0.126	2	0.544	1.240	1.800
China, Mainland	CHN	1998	0.523	6.657	0.741	0.061	0.139	2	0.763	-0.431	-3.262
Colombia	COL	1998	0.104	8.058	0.306	0.169	0.372	0	0.573	-0.892	-3.645
Denmark	DNK	2008	0.665	10.769	1.616	0.642	0.157	3	0.463	1.945	3.277
Finland	FIN	1991	0.572	10.198	0.702	0.260	0.282	3	0.457	1.876	2.694
France	FRA	2008	0.213	10.429	0.902	0.779	0.099	0	0.379	1.400	1.766
Germany	DEU	2008	0.375	10.421	1.118	0.437	0.019	3	0.282	1.656	2.499
Greece	GRC	2008	0.237	9.981	0.732	0.563	0.214	1	0.217	0.776	0.227
Hungary	HUN	2008	0.223	9.300	0.476	0.283	0.220	1	0.181	0.826	0.731
India	IND	1993	0.354	5.999	0.241	0.097	0.018	3	0.579	0.259	-2.671
Indonesia	IDN	1997	0.516	6.964	0.473	0.224	0.780	3	0.653	-0.366	-3.392
Ireland	IRL	2008	0.360	10.793	1.413	0.564	0.346	1	0.789	1.580	2.585
Italy	ITA	2008	0.292	10.325	0.855	0.446	0.084	2	0.421	0.468	-0.024
Japan	JPN	1997	0.417	10.387	1.997	0.721	0.038	3	0.499	1.318	0.820
Korea	KOR	1997	0.342	9.327	0.550	0.395	0.101	3	0.469	0.752	-0.789
Latvia	LVA	2008	0.171	8.877	0.553	0.128	0.595	3	0.319	0.590	-0.059
Malaysia	MYS	1997	0.088	8.309	1.010	2.792	0.262	3	0.950	0.607	-0.589
Mexico	MEX	1994	0.335	8.808	0.172	0.198	0.581	0	0.172	-0.759	-2.623
Netherlands	NLD	2008	0.601	10.574	1.592	0.894	0.160	3	0.203	1.747	2.894
Nigeria	NGA	2009	0.256	6.742	0.121	0.184	0.773	4	0.433	-1.081	-4.833
Norway	NOR	1991	0.609	10.686	0.782	0.193	0.113	2	0.421	1.889	2.846
Philippines	PHL	1997	0.055	6.878	0.323	0.774	0.468	1	0.215	-0.005	-2.313
Portugal	PRT	2008	0.123	9.813	1.358	0.357	0.110	1	0.444	1.198	1.366
Russia	RUS	2008	0.240	8.582	0.233	0.539	0.425	2	0.440	-0.905	-3.975
Slovak Rep	SVK	1998	0.216	8.938	0.358	0.049	0.474	2	0.290	0.153	-0.939
Spain	ESP	2008	0.340	10.162	1.299	0.840	0.262	2	0.374	1.097	1.203
Sweden	SWE	2008	0.663	10.622	1.026	1.044	0.087	1	0.333	1.776	2.808

Switzerland	CHE	2008	0.370	10.854	1.543	2.290	0.090	1	0.267	1.899	2.939
Thailand	THA	1997	0.415	7.652	1.132	0.921	0.398	3	0.813	0.541	-1.615
Turkey	TUR	2000	0.055	8.710	0.191	0.180	0.514	2	0.429	-0.171	-2.760
Ukraine	UKR	2008	0.269	7.511	0.259	0.215	0.734	2	0.081	-0.790	-3.494
United Kingdom	GBR	2007	0.289	10.532	1.424	1.267	0.135	4	0.950	1.623	2.422

Table IA2 Social Trust and the Size of Banking Crises

This table shows the association between trust and the size of banking crises. In particular, we regress PRIVATE_CREDIT_CONTRACTION against TRUST and other country traits. PRIVATE_CREDIT_CONTRACTION equals the average annual growth rate of bank credit over the pre-crisis period, [*t*-3, *t*-1], minus the minimum annual growth rate of bank credit over the crisis period, [*t*, *t*+3], where *t* is the start year of a banking crisis. TRUST equals the fraction of people who believe that most people can be trusted. GDP_PER_CAPITA equals the natural logarithm of real GDP per capita. FINANCIAL_INSTITUTIONS_DEVELOPMENT is the ratio of private credit by deposit money banks and other financial institutions to GDP, STOCK_MARKET_DEVELOPMENT is the ratio of stock market capitalization to GDP, CREDITOR_RIGHTS measures the power of creditors in the events of bankruptcy, and ANTI_SELF_DEALING measures the extent to which the law protects minority shareholders from being expropriated by the insiders through self-dealing transactions. All these country variables are measured three years before the start of a banking crisis. RULE_OF_LAW measures the quality of contract enforcement, property rights, and control over crime and violence. INSTITUTIONAL_QUALITY is a comprehensive index of institutional quality. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	PRIVATE_CREDIT_CONTRACTION				
	(1)	(2)	(3)	(4)	(5)
TRUST	-0.176	-0.0630	-0.0928	0.0682	0.00752
	(-0.830)	(-0.328)	(-0.467)	(0.334)	(0.0372)
GDP_PER_CAPITA	-0.0837**	-0.0481	-0.0509	0.00615	0.0188
	(-2.107)	(-1.095)	(-1.187)	(0.121)	(0.281)
FINANCIAL_INSTITUTIONS_DEVELOPMENT		-0.164**	-0.158**		
		(-2.379)	(-2.344)		
STOCK_MARKET_DEVELOPMENT		-0.00836	0.00169		
		(-0.257)	(0.0418)		
ANTI_SELF_DEALING			-0.116		
			(-0.648)		
CREDITOR_RIGHTS			0.0202		
			(0.604)		
RULE_OF_LAW				-0.181***	
				(-2.829)	
INSTITUTIONAL_QUALITY					-0.0707**
					(-2.161)
Constant	1.116***	0.888**	0.922**	0.334	0.105
	(3.297)	(2.441)	(2.570)	(0.776)	(0.168)
Observations	34	34	34	34	34
Adjusted R2	0.309	0.346	0.314	0.468	0.405

Table IA3 Social Trust and Firm Outcomes over Banking Crises, Two-way Cluster by Country and Year

This table reports robustness tests on the relation between social trust and firms' net increase in trade credit financing during banking crisis episodes in columns (1) – (2), firm profitability in columns (3) – (4), and firm employment in columns (5) – (6) using two-way cluster at the country and year levels. Similar to Table 2 in the main text, we split the sample by the median value of industry liquidity needs, defined as the ratio of inventories to total sales calculated at the three-digit SIC level (Raddatz, 2006). The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at the country and year levels. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	TRADE_CREDIT_FINANCING/COGS		EBIT		FIRM_EMPLOYMENT	
	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS
	(1)	(2)	(3)	(4)	(5)	(6)
TRUST×CRISIS	0.0369***	-0.00907	0.126***	0.0269	0.257***	-0.0583
	(5.047)	(-0.611)	(9.183)	(1.091)	(2.928)	(-0.509)
CRISIS	-0.00120	-0.00316	-0.280***	-0.0798*	-1.574***	-0.214
	(-0.0856)	(-0.114)	(-7.544)	(-1.719)	(-6.478)	(-0.608)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,296	11,303	11,572	11,605	10,463	10,519
Country cluster	33	34	34	34	32	34
Year cluster	24	24	24	24	24	24
F-statistic (β_High-β_Low=0)	10.37***		25.36***		14.64***	
Prob > chi2	(0.0013)		(0.0000)		(0.0001)	

Table IA4 Social Trust and Trade Credit over Banking Crises: Alternative Measures of Liquidity Needs

This table reports the regression results of the relation between social trust and firms' trade credit received during banking crisis that are similar to analyses in Table 2 while using alternative liquidity measures. Specifically, Columns (1) – (2) split the sample by the ratio of inventories to the cost of goods sold calculated at the industry (three-digit SIC) level, while columns (3) – (4) split the sample by the median value of TRADE_CREDIT_RELIANCE, defined as the ratio of trade payable to total debt calculated at the industry (three-digit SIC) level. The dependent variable is the net increase in trade credit financing as a share the cost of goods sold (TRADE_CREDIT_FINANCING/COGS) throughout the columns. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	TRADE_CREDIT_FINANCING/COGS			
	High INVENTORIES/COGS	Low INVENTORIES/COGS	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE
	(1)	(2)	(3)	(4)
TRUST×CRISIS	0.0435***	-0.00936	0.0254**	0.00332
	(4.648)	(-0.540)	(2.533)	(0.212)
CRISIS	-0.00441	0.00154	-0.00349	-0.00719
	(-0.175)	(0.0546)	(-0.121)	(-0.184)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Observations	11,052	11,547	11,505	11,094
Country cluster	33	34	33	33
Adjusted R2	0.0838	0.0480	0.0677	0.0603
F-statistic (β_High-β_Low=0)	9.16***		3.77*	
Prob > chi2	(0.0025)		(0.0523)	

Table IA5 Horserace Tests on Trade Credit: Alternative Measures of Liquidity Needs

This table reports the regression results of the relation between social trust and firms' trade credit received during banking crisis that are similar to analyses in Table 3 while using alternative liquidity needs measures. Columns (1) – (4) split the sample by the ratio of inventories to the cost of goods sold calculated at the industry (three-digit SIC) level, while columns (5) – (8) split the sample by the median value of TRADE_CREDIT_RELIANCE, defined as the ratio of trade payable to total debt calculated at the industry (three-digit SIC) level. The dependent variable is the net increase in trade credit financing as a share the cost of goods sold (TRADE_CREDIT_FINANCING/COGS) throughout the columns. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	TRADE_CREDIT_FINANCING/COGS							
	High INVENTORIES/COGS	Low INVENTORIES/COGS	High INVENTORIES/COGS	Low INVENTORIES/COGS	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRUST×CRISIS	0.0362***	-0.00528	0.0333***	-0.00929	0.0255**	0.00494	0.0218*	0.00140
	(4.031)	(-0.286)	(3.613)	(-0.530)	(2.287)	(0.299)	(1.904)	(0.0880)
CRISIS	0.0202	-0.00856	0.0399	0.00125	-0.00389	-0.0112	0.0140	0.000358
	(0.843)	(-0.263)	(1.611)	(0.0304)	(-0.105)	(-0.259)	(0.265)	(0.00767)
RULE_OF_LAW×CRISIS	0.00790***	-0.00437			-0.000156	-0.00159		
	(2.756)	(-0.717)			(-0.0173)	(-0.370)		
INSTITUTIONAL_QUALITY×CRISIS			0.00412***	-0.0000296			0.00181	0.000745
			(3.112)	(-0.00911)			(0.370)	(0.388)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,052	11,547	11,052	11,547	11,505	11,094	11,505	11,094
Country cluster	33	34	33	34	33	33	33	33
Adjusted R2	0.0839	0.0480	0.0839	0.0479	0.0676	0.0603	0.0676	0.0603

F-statistic (β_High-β_Low=0)	5.25**	5.58**	2.78*	2.65
Prob > chi2	(0.0219)	(0.0182)	(0.0953)	(0.1037)

Table IA6 Social Trust and Trade Credit over Banking Crises: Excluding Firms with Foreign Ties

This table reports the regression results of the relation between social trust and firms' trade credit received during banking crisis that are similar to the analyses in Table 2 while excluding firms with foreign ties. Specifically, we remove firms with positive assets in a foreign country and redo the analyses in columns (1) – (2), and remove firms with foreign suppliers since 2003 recorded in the Revere global supply chain database and redo the analyses in columns (3) – (4). The dependent variables are the net increase in trade credit financing as a share the cost of goods sold (TRADE_CREDIT_FINANCING/COGS) across columns. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	TRADE_CREDIT_FINANCING/COGS			
	Excluding firms with foreign assets		Excluding firms with foreign suppliers recently	
	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS
	(1)	(2)	(3)	(4)
TRUST×CRISIS	0.0337***	-0.00865	0.0316***	-0.0161
	(2.955)	(-0.431)	(2.946)	(-0.829)
CRISIS	0.0577	0.0206	-0.000511	0.0327
	(1.475)	(0.560)	(-0.0204)	(1.172)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Observations	6,345	6,386	9,254	9,375
Country cluster	33	33	33	34
Adjusted R2	0.0676	0.0461	0.0709	0.0491
F-statistic (β_High-β_Low=0)	3.94**		9.31***	
Prob > chi2	(0.0473)		(0.0023)	

Table IA7 Social Trust and Trade Credit over Banking Crises: the Potential Role of Firms' Accessibility to Debt and Equity Markets

This table reports the regression results of the relation between social trust and firms' trade credit received during banking crisis that are similar to analyses in Table 2, while accounting for the potential role of firms' ability to issue equity and debt during a banking crisis. Specifically, we additionally control for TRUST×CRISIS×ACCESSIBILITY_TO_EQUITY_AND_DEBT in columns (1) – (3), and TRUST×CRISIS×ACCESSIBILITY_TO_EQUITY_AND_DEBT(dummy) in columns (4) – (6), where ACCESSIBILITY_TO_EQUITY_AND_DEBT equals the average EQUITY_ISSUANCE plus DEBT_ISSUANCE during crisis periods minus the average EQUITY_ISSUANCE plus DEBT_ISSUANCE before a crisis; And, ACCESSIBILITY_TO_EQUITY_AND_DEBT(dummy) is an indicator that equals one if a firm's ACCESSIBILITY_TO_EQUITY_AND_DEBT is higher than the sample median, and zero otherwise. The dependent variables are the net increase in trade credit financing as a share the cost of goods sold (TRADE_CREDIT_FINANCING/COGS) across columns. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	TRADE_CREDIT_FINANCING/COGS					
	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS
	(1)	(2)	(3)	(4)	(5)	(6)
TRUST×CRISIS	0.0179	0.0370***	-0.00134	0.0278*	0.0465***	-0.0000524
	(1.455)	(3.167)	(-0.0851)	(1.843)	(3.638)	(-0.00229)
TRUST×CRISIS×ACCESSIBILITY_TO_EQUITY_AND_DEBT	0.0334	0.0186	0.0896			
	(0.517)	(0.223)	(1.682)			
ACCESSIBILITY_TO_EQUITY_AND_DEBT×CRISIS	0.0486**	0.0226	0.0536***			
	(2.107)	(0.631)	(2.794)			
TRUST×CRISIS×ACCESSIBILITY_TO_EQUITY_AND_DEBT(dummy)				-0.0286	-0.0272	-0.0199
				(-1.477)	(-1.138)	(-0.671)
ACCESSIBILITY_TO_EQUITY_AND_DEBT(dummy)×CRISIS				0.0215***	0.0176	0.0213**
				(3.454)	(1.643)	(2.532)
CRISIS	0.00150	-0.000348	0.00871	-0.00858	-0.00564	-0.00345
	(0.0576)	(-0.0152)	(0.325)	(-0.331)	(-0.253)	(-0.121)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,599	11,296	11,303	22,599	11,296	11,303
Country cluster	34	33	34	34	33	34
Adjusted R2	0.0661	0.0788	0.0599	0.0643	0.0788	0.0552
F-statistic (β_High-β_Low=0)		7.05***			4.39**	
Prob > chi2		(0.0079)			(0.0362)	

Table IA8 Social Trust and Firm Performance over Banking Crises: Alternative Performance Measures

This table reports the relation between social trust and firm profits during banking crises using alternative measures of profitability. The dependent variables are NET_INCOME across all the columns in Panel A, and CASH_FLOW across all the columns in Panel B. Column (1) shows the results using all firms in the sample, while columns (2) – (7) are the split-sample results. Specifically, we partition the overall sample based on the median values of LIQUIDITY_NEEDS in columns (2) and (3), INVENTORIES/COGS in columns (4) and (5), and TRADE_CREDIT_RELIANCE in columns (6) and (7), respectively. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

Panel A: Net Income

	NET_INCOME						
	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	High INVENTORIES/COGS	Low INVENTORIES/COGS	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
TRUST×CRISIS	0.0515*	0.0894***	0.0190	0.0811***	0.0214	0.0812***	0.0297
	(2.027)	(4.154)	(0.799)	(3.319)	(0.919)	(3.556)	(1.083)
CRISIS	-0.113***	-0.199***	-0.0589	-0.161***	-0.0881**	-0.157***	-0.0709
	(-3.113)	(-4.865)	(-1.552)	(-3.851)	(-2.120)	(-3.690)	(-1.665)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	23,493	11,733	11,760	11,479	12,014	12,005	11,488
Country cluster	34	34	34	34	34	33	34
Adjusted R2	0.0854	0.0883	0.0880	0.0795	0.0948	0.0705	0.110
F-statistic (β_High-β_Low=0)		26.57***		16.37***		9.40***	
Prob > chi2		(0.0000)		(0.0001)		(0.0022)	

Panel B: Cash Flow

	CASH_FLOW						
	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	High INVENTORIES/COGS	Low INVENTORIES/COGS	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
TRUST×CRISIS	0.0485*	0.0850***	0.0166	0.0797***	0.0189	0.0774***	0.0239
	(1.916)	(4.154)	(0.671)	(3.925)	(0.738)	(3.444)	(0.854)
CRISIS	-0.108***	-0.188***	-0.0589	-0.163***	-0.0762*	-0.153***	-0.0656
	(-3.022)	(-5.273)	(-1.431)	(-4.637)	(-1.702)	(-3.746)	(-1.450)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,136	10,972	11,164	11,091	11,045	11,201	10,935
Country cluster	34	33	34	33	34	33	34
Adjusted R2	0.0937	0.0994	0.0948	0.105	0.0864	0.0761	0.119
F-statistic (β_High-β_Low=0)		22.03***		13.25***		7.66***	
Prob > chi2		(0.0000)		(0.0003)		(0.0056)	

Table IA9 Trust and Firm Performance over Banking Crises: Alternative Measures of Liquidity Needs

This table reports the similar analyses results to Table 6 using alternative liquidity measures. Specifically, Columns (1) – (4) split the sample by the ratio of inventories to the cost of goods sold calculated at the industry (three-digit SIC) level, while columns (5) – (8) split the sample by the median value of TRADE_CREDIT_RELIANCE, defined as the ratio of trade payable to total debt calculated at the industry (three-digit SIC) level. The dependent variables are *EBIT*, and FIRM_EMPLOYMENT in columns (1) – (2), (5) – (6), and (3) – (4), (7) – (8), respectively. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	EBIT		FIRM_EMPLOYMENT		EBIT		FIRM_EMPLOYMENT	
	High INVENTORIES/COGS	Low INVENTORIES/COGS	High INVENTORIES/COGS	Low INVENTORIES/COGS	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRUST×CRISIS	0.110***	0.0322	0.218*	-0.0185	0.102***	0.0486	0.243***	-0.0142
	(4.529)	(1.335)	(1.744)	(-0.200)	(5.481)	(1.595)	(3.169)	(-0.101)
CRISIS	-0.214***	-0.128***	-1.550***	-0.286	-0.207***	-0.110**	-1.301***	-0.307
	(-5.667)	(-2.923)	(-4.978)	(-0.889)	(-6.222)	(-2.167)	(-4.507)	(-0.748)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,387	11,790	10,552	10,430	11,854	11,323	10,204	10,778
Country cluster	34	34	32	34	33	34	33	34
Adjusted R2	0.116	0.119	0.271	0.177	0.0971	0.143	0.254	0.193
F-statistic (β_High-β_Low=0)	23.01***		8.20***		7.49***		8.41***	
Prob > chi2	(0.0000)		(0.0042)		(0.0062)		(0.0037)	

Table IA10 Horserace Tests on Firm Performance: Alternative Measures of Liquidity Needs

This table reports the similar analyses results to Table 7 using alternative liquidity measures. Columns (1) – (4) split the sample by the ratio of inventories to the cost of goods sold calculated at the industry (three-digit SIC) level, while columns (5) – (8) split the sample by the median value of TRADE_CREDIT_RELIANCE, defined as the ratio of trade payable to total debt calculated at the industry (three-digit SIC) level. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. The t-statistics are reported in parenthesis and calculated using robust standard errors clustered at country level. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

Panel A: Inventories/CoGS

	EBIT				FIRM_EMPLOYMENT			
	High INVENTORIES/COGS	Low INVENTORIES/COGS	High INVENTORIES/COGS	Low INVENTORIES/COGS	High INVENTORIES/COGS	Low INVENTORIES/COGS	High INVENTORIES/COGS	Low INVENTORIES/COGS
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRUST×CRISIS	0.0987***	0.0198	0.0941***	0.0199	0.256**	-0.0743	0.245*	-0.0902
	(3.958)	(0.785)	(3.899)	(0.823)	(2.072)	(-0.720)	(1.944)	(-0.823)
CRISIS	-0.178***	-0.0971**	-0.147***	-0.0787	-1.699***	-0.0820	-1.669***	0.0476
	(-4.644)	(-2.065)	(-3.265)	(-1.564)	(-4.752)	(-0.231)	(-3.865)	(0.119)
RULE_OF_LAW×CRISIS	0.0118**	0.0123			-0.0448	0.0663		
	(2.613)	(1.630)			(-0.713)	(1.039)		
INSTITUTIONAL_QUALITY×CRISIS			0.00629**	0.00483			-0.0112	0.0309
			(2.521)	(1.375)			(-0.397)	(1.217)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,387	11,790	11,387	11,790	10,552	10,430	10,552	10,430
Country cluster	34	34	34	34	32	34	32	34
Adjusted R2	0.116	0.119	0.116	0.119	0.271	0.178	0.271	0.178
F-statistic (β_High-β_Low=0)	15.75***		12.26***		14.93***		13.28***	
Prob > chi2	(0.0001)		(0.0005)		(0.0001)		(0.0003)	

Panel B: Trade Credit Reliance

	EBIT				FIRM_EMPLOYMENT			
	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE	High TRADE_CREDIT_RELIANCE	Low TRADE_CREDIT_RELIANCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TRUST×CRISIS	0.0813***	0.0422	0.0817***	0.0389	0.226**	-0.0431	0.221**	-0.0701
	(4.449)	(1.311)	(4.499)	(1.288)	(2.694)	(-0.287)	(2.552)	(-0.455)
CRISIS	-0.143***	-0.0942*	-0.116***	-0.0734	-1.234***	-0.203	-1.195***	-0.0608
	(-4.480)	(-1.963)	(-3.067)	(-1.527)	(-3.704)	(-0.450)	(-3.247)	(-0.121)
RULE_OF_LAW ×CRISIS	0.0243***	0.00603			0.0231	0.0307		
	(5.376)	(0.839)			(0.414)	(0.385)		
INSTITUTIONAL_QUALITY×CRISIS			0.00920***	0.00356			0.0108	0.0214
			(3.697)	(1.307)			(0.494)	(0.679)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	11,854	11,323	11,854	11,323	10,204	10,778	10,204	10,778
Country cluster	33	34	33	34	33	34	33	34
Adjusted R2	0.0983	0.143	0.0981	0.143	0.254	0.193	0.254	0.193
F-statistic (β_High-β_Low=0)	2.87*		3.77*		6.95***		7.82***	
Prob > chi2	(0.0905)		(0.0521)		(0.0084)		(0.0052)	

Table IA11 Changes in Trust and Banking Crises

This table shows the association between changes in trust and banking crises. In particular, we regress a time-varying TRUST measure against CRISIS and other country traits. Similar to our other analyses, we construct the trust measure over [*t*-3, *t*+3] for each sample country. Given that for a certain country, World Values Survey collects the trust data close to every five years since 1990, we construct a time-varying TRUST measure using the following approach. TIME_VARYING_TRUST in a country *c* at year *t* was taken from the closest WVS survey that was conducted on or before *t*. If the WVS does not have data on trust in *t* or earlier years for country *c*, we use the earliest available trust value in the WVS. GDP_PER_CAPITA equals the natural logarithm of real GDP per capita. FINANCIAL_INSTITUTIONS_DEVELOPMENT is the ratio of private credit by deposit money banks and other financial institutions to GDP, STOCK_MARKET_DEVELOPMENT is the ratio of stock market capitalization to GDP. All three country-level controls are also time-varying on an annual basis. We also include country and year fixed effects. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using heteroscedasticity robust standard errors. *, **, and *** represent significant level at 10%, 5%, and 1%, respectively.

	TIME_VARYING_TRUST	
	(1)	(2)
CRISIS	0.0184	0.0127
	(1.303)	(0.995)
GDP_PER_CAPITA		0.0449
		(0.727)
FINANCIAL_INSTITUTIONS_DEVELOPMENT		-0.0153
		(-0.404)
STOCK_MARKET_DEVELOPMENT		-0.0319
		(-1.446)
Constant	0.316***	-0.0820
	(10.89)	(-0.150)
Country fixed effects	Yes	Yes
Year fixed effects	Yes	Yes
Observations	244	229
Country cluster	34	34
Adjusted R2	0.967	0.963

Table IA12 Initial value of Trust and Firm Outcomes during Banking Crisis

This table reports regression results of the relation between trust and firm outcomes during banking crisis episodes that are similar to Table 2 in our main tables, except that we measure trust at the initial year of our sample period. The dependent variables in Panel A are the net increase in trade credit financing as a share the cost of goods sold (TRADE_CREDIT_FINANCING/COGS) in columns (1)-(3) and the net increase in trade credit financing as share of total assets (TRADE_CREDIT_FINANCING/TOTAL_ASSETS) in columns (4)-(6). The dependent variables in Panel B are earnings before income and taxes (EBIT) in columns (1)-(3) and the natural logarithm of the number of one thousand employees (FIRM_EMPLOYMENT) in columns (4)-(6). For each country, TRUST_INITIAL is the trust value in the year of 1990 or the closest earlier year. If a country has no trust data in 1990 or earlier years, we use the trust value in the earliest available year from the WVS. The Macroeconomic interaction controls include CRISIS interacted with: GDP_PER_CAPITA, FINANCIAL_INSTITUTIONS_DEVELOPMENT, STOCK_MARKET_CAPITALIZATION, PRIVATE_CREDIT_CONTRACTION, ANTI_SELF_DEALING, and CREDITOR_RIGHTS. The Firm controls include: FIRM_SIZE (lag), LONG_TERM_DEBT (lag), and TOBIN_Q (lag). Table A1 provides variable definitions. Regression coefficients are estimated using ordinary least squares (OLS). T-statistics are reported in parenthesis and calculated using robust standard errors clustered at the country level. *, **, and *** represent significant levels at 10%, 5%, and 1%, respectively.

Panel A: Trade Credit

	TRADE_CREDIT_FINANCING /COGS			TRADE_CREDIT_FINANCING /TOTAL_ASSETS		
	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS
	(1)	(2)	(3)	(4)	(5)	(6)
TRUST_INITIAL ×CRISIS	0.0185	0.0406***	-0.00832	0.0179**	0.0315***	0.00236
	(1.471)	(4.030)	(-0.530)	(2.377)	(5.238)	(0.169)
CRISIS	-0.00266	0.00238	-0.00501	0.00169	-0.00287	0.00626
	(-0.107)	(0.113)	(-0.194)	(0.0885)	(-0.178)	(0.273)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	22,599	11,296	11,303	22,775	11,365	11,410
Country cluster	34	33	34	34	33	34
Adjusted R2	0.0629	0.0783	0.0531	0.0906	0.102	0.0837
F-statistic (β_High-β_Low=0)		20.32***			4.83**	
Prob > chi2		(0.0000)			(0.0279)	

Panel B: Firm Performance

	EBIT			FIRM_EMPLOYMENT		
	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS	All	High LIQUIDITY_NEEDS	Low LIQUIDITY_NEEDS
	(1)	(2)	(3)	(4)	(5)	(6)
TRUST_INITIAL ×CRISIS	0.0689***	0.118***	0.0300	0.0956	0.284***	-0.0962
	(2.768)	(5.497)	(1.180)	(0.755)	(2.824)	(-0.666)
CRISIS	-0.144***	-0.253***	-0.0756*	-0.760**	-1.577***	-0.206
	(-4.637)	(-6.678)	(-1.907)	(-2.101)	(-5.857)	(-0.556)
Macroeconomic interaction controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm controls	Yes	Yes	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	23,177	11,572	11,605	20,982	10,463	10,519
Country cluster	34	34	34	34	32	34
Adjusted R2	0.115	0.126	0.111	0.221	0.262	0.186
F-statistic (β_High-β_Low=0)		16.41***			9.32***	
Prob > chi2		(0.0001)			(0.0023)	