

## Online Appendix: Assessing the Size and Significance of Table 5 Results

As discussed in Zelner (2009), calculation of effect sizes and significance in probit models that include interaction terms is not straightforward, as coefficients and confidence intervals for interaction terms in these models may be different at different values of the interacted variables. For complex models with multiple interaction terms, Zelner (2009) recommends using simulation methods for estimating effect sizes and significance; for simple models with just one interaction term, one may instead calculate marginal effects directly, using code written by Norton, Wang, and Ai (2004).

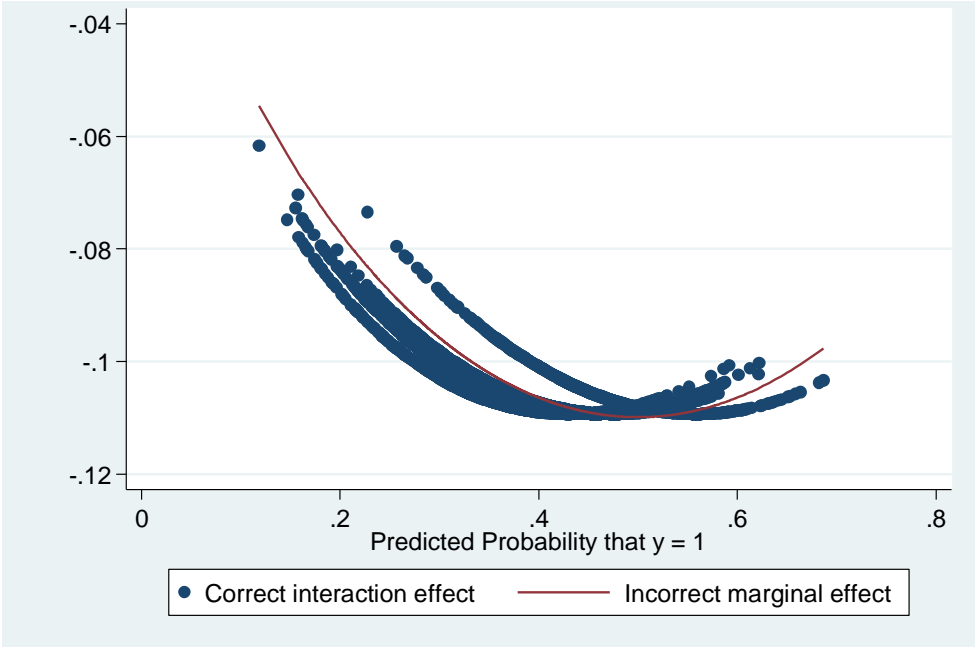
Models 1-4 in Table 5 each include a single interaction term, interacting *Foreign* with each of the hypothesis variables in turn – *High Competition*, *Growth*, *Variability*, and *Employment*. We therefore applied the Norton et al. (2004) code to plot and assess marginal effects and significance (z-scores) for each of these interaction terms – See Figures 1-4 (a and b), below.

### Results

The resulting estimates are quite consistent with our findings in Table 5. All of the predicted probabilities based on the ‘correct’ interaction effect have the same sign as the coefficient estimate in the corresponding probit model. Moreover, for every interaction with a significant coefficient in the original probit regressions, the distribution of predicted probabilities closely tracks the conventionally-estimated (‘incorrect’) marginal effects, and they are statistically significant over virtually the entire range. For *High Competition\*Foreign*, all z-scores are beyond the significance threshold; for *Variability\*Foreign*, a few z-scores are insignificant but more than 90% are beyond the significance threshold; for *Employment\*Foreign* all z-scores are beyond the significance threshold. For *Growth\*Foreign*, z-scores are below the significance threshold, but this interaction is also insignificant in the Table 5 results.

Figure 1: High Competition \* Foreign

(a) Predicted Probabilities



(b) Z scores

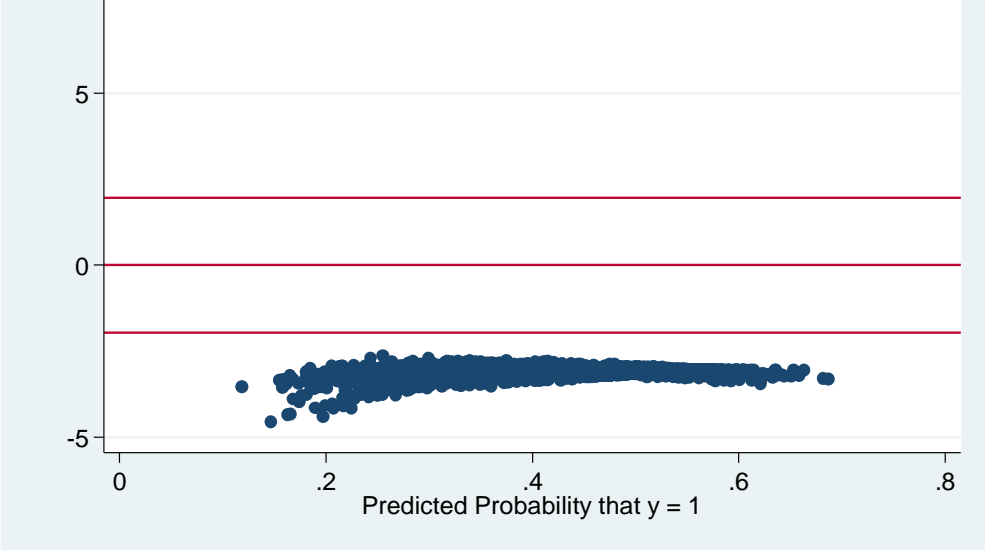
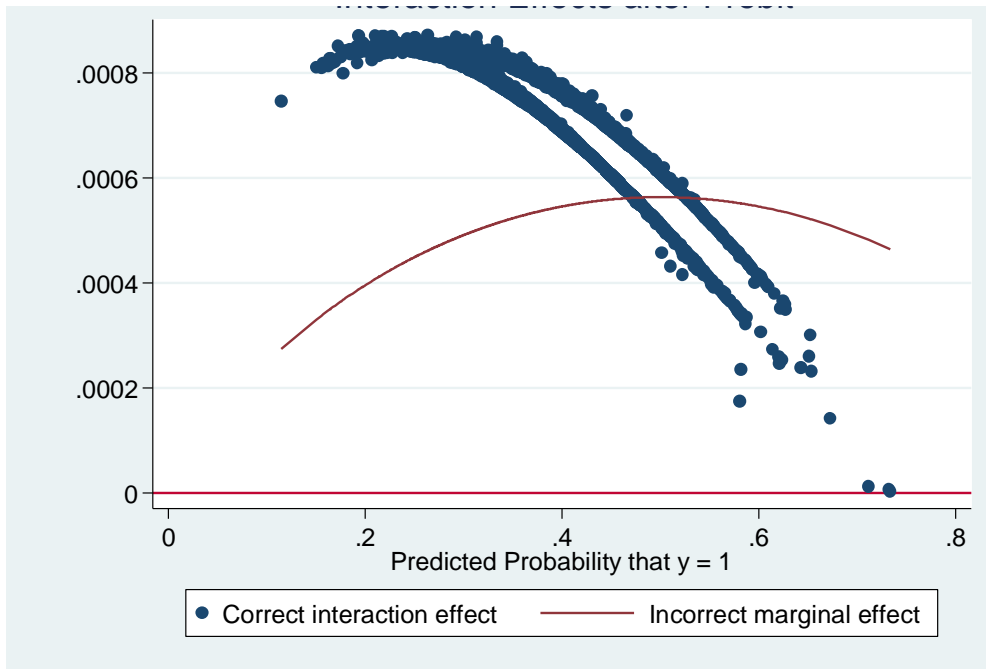


Figure 2: Growth \* Foreign

(a) Predicted Probabilities



(b) Z scores

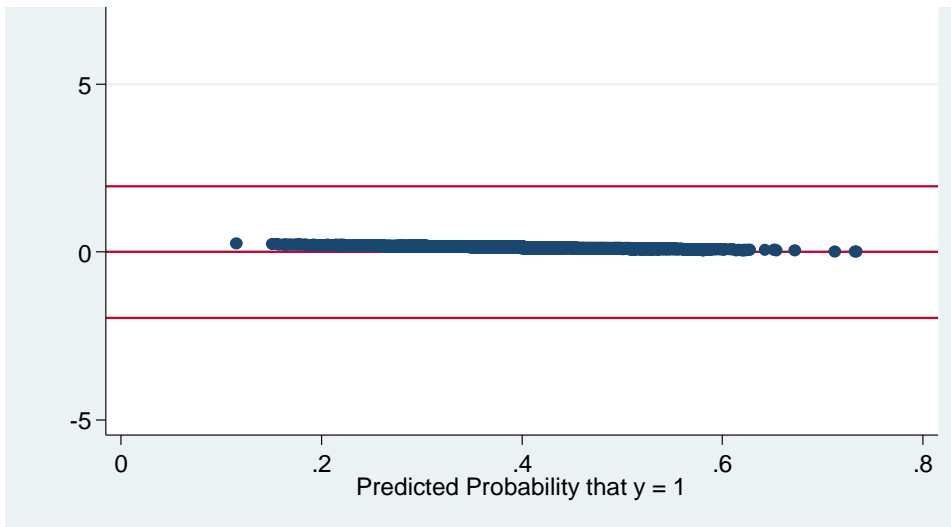
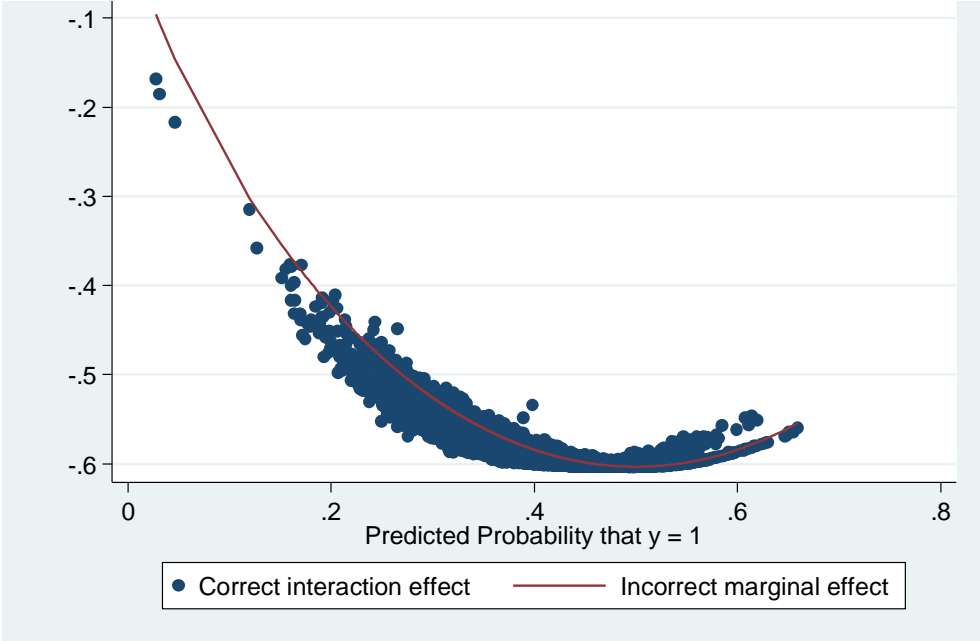


Figure 3: Variability \* Foreign

(a) Predicted Probabilities



(b) Z scores

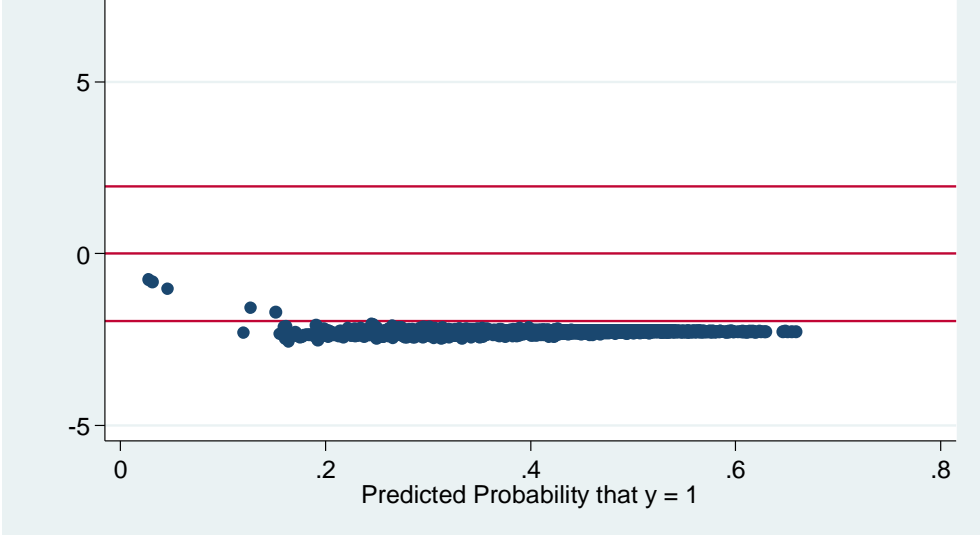
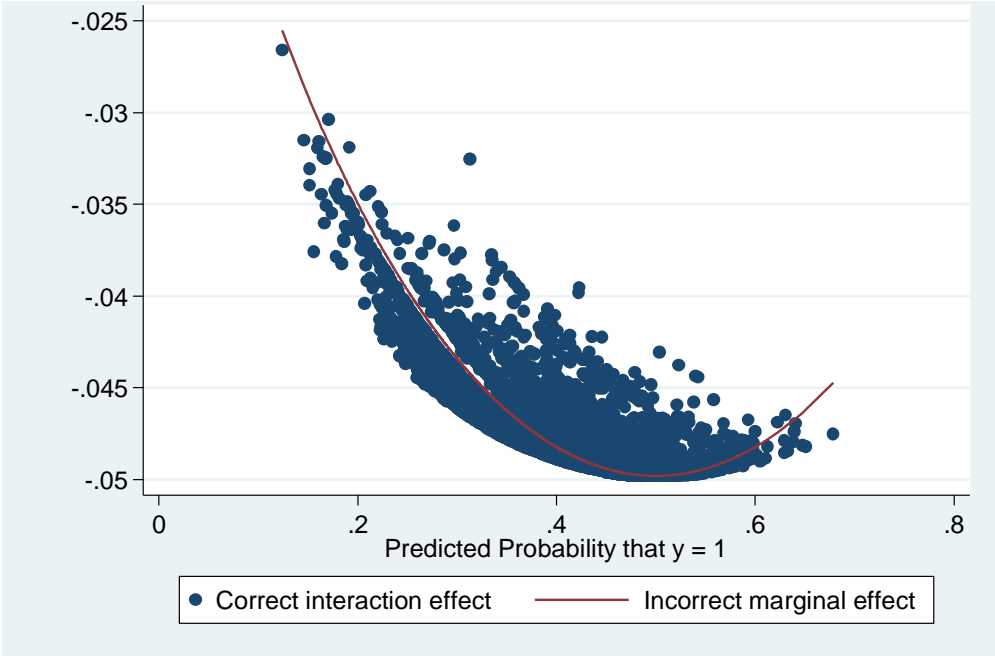


Figure 4: Employment \* Foreign

(a) Predicted Probabilities



(b) Z scores

