## Appendix

Beazer, Quintin and Daniel Blake. "Risk is Relative: Heterogeneous Responses to Institutional Risks for Foreign Investment." *International Studies Quarterly.*

This appendix contains additional analyses that are not reported fully in the main text.

Table A1: **List of Respondent Home Countries**

| | | | |
|---|---|---|---|
| Albania | Egypt | South Korea* | Puerto Rico |
| Algeria | El Salvador | Kuwait | Qatar |
| Argentina | Estonia | Kyrgyzstan | Romania |
| Armenia | France* | Lebanon | Russian Federation |
| Australia* | Georgia | Lithuania | Saudi Arabia |
| Austria* | Germany* | Luxembourg* | Singapore |
| Azerbaijan | Greece* | Malaysia | South Africa |
| Belarus | Guatemala | Mauritius | Spain* |
| Belgium* | Honduras | Mexico | Sweden* |
| Bolivia | Hungary* | Netherlands* | Switzerland* |
| Brazil | India | New Zealand* | Taiwan |
| Bulgaria | Indonesia | Nicaragua | Thailand |
| Canada* | Ireland* | Nigeria | Turkey |
| Chile | Israel | Pakistan | Ukraine |
| China | Italy* | Palestine, Occupied | United Arab Emirates |
| Colombia | Japan* | Panama | United Kingdom* |
| Costa Rica | Jordan | Peru | United States* |
| Denmark* | Kazakhstan | Philippines | Uruguay |
| Dominican Republic | Kenya | Poland* | Venezuela |
| Ecuador | North Korea | Portugal* | Vietnam |

* = member of OECD Development Assistance Committee, coded in sample as OECD. See fn. 1 in manuscript.

Table A2: **Summary Statistics**

| Variable | Obs | Mean | Std. Dev. | Min | Max |
|---|---|---|---|---|---|
| Recommend Invest (DV) | 597 | 0.652 | 0.477 | 0 | 1 |
| OECD Home | 623 | 0.398 | 0.490 | 0 | 1 |
| Risk Tolerance | 595 | 3.334 | 1.366 | 1 | 7 |
| Female | 595 | 0.272 | 0.446 | 0 | 1 |
| Birth Year | 592 | 1984.721 | 2.961 | 1967 | 1991 |
| Work Experience | 594 | 7.968 | 2.056 | 4 | 12 |
| Unreliable Courts Condition | 623 | 0.480 | 0.500 | 0 | 1 |
| Unstable Policy Condition | 623 | 0.483 | 0.500 | 0 | 1 |

Table A3: **Summary of Literature Review on FDI Determinants (2007-2017): Home-Country Factors Rarely Appear in Published Research, Non-OECD Homes Not Represented**

| Citation | Publication Details | Mentions Home? | Hypotheses Include Home Traits? | Analyzing Variation in Home Country? |
|---|---|---|---|---|
| Baccini et al. (2017) | IO 71: 373-395 | Yes | No | No; single home country |
| Tomashevskiy (2017) | JOP 79 (2): 409-423 | No | No | No; aggregated FDI inflows |
| Garriga (2016) | ISQ 60 (1): 160-172 | No | No | No; aggregated FDI inflows |
| Barry and Kleinberg (2015) | IO 69: 881-912 | Yes | Yes, sanctioning | No; single home country |
| Jensen et al. (2015) | IO 69: 913-947 | Yes | No | No; single home country |
| Kim et al. (2015) | ISQ 59: 330-343 | Yes | Yes, language ties | Yes; bilateral FDI (OECD homes only) |
| Moon (2015) | ISQ 59: 344-356 | No | No | No; aggregated FDI inflows |
| Braithwaite and Maves (2014) | ISQ 58: 489-500 | No | No | No; aggregated FDI inflows |
| Buthe and Milner (2014) | WP 66: 88-122 | No | No | No; aggregated FDI inflows |
| Kerner (2014) | ISQ 58: 804-815 | No | No | No; aggr. FDI inflows, single home |
| Woo and Payton (2014) | ISQ 58: 462-474 | No | No | No; single home country |
| Barry et al. (2013) | ISQ 57: 532-554 | No | No | No; aggregated FDI inflows |
| Lektzian and Biglaiser (2013) | ISQ 57: 65-78 | Yes | Yes, US FDI | No; aggregated FDI inflows |
| Gehlbach and Keefer (2012) | JOP 74 (2): 621-635 | No | No | No; aggregated FDI inflows |
| Staats and Biglaiser (2012) | ISQ 56: 193-202 | Yes | No | No; single home country |
| Allee and Peinhardt (2011) | IO 65: 401-432 | No | No | No; aggregated FDI inflows |
| Biglaiser and Lektzian (2011) | IO 65: 531-551 | Yes | Yes, US FDI | No; single home country |
| Davis and Meunier (2011) | AJPS 55 (3): 628-646 | No | No | No; single home country |
| Leblang (2010) | APSR 104 (3): 584-600 | Yes | Yes, diaspora ties | Yes; bilateral FDI (OECD homes only) |
| Blanton and Blanton (2009) | ISQ 53 (2): 469-493 | Yes | No | No; single home country |
| Kerner (2009) | ISQ 53 (1): 73-102 | Yes | Yes, BIT signers | Yes; bilateral FDI (OECD homes only) |
| Nolke and Vliegenthart (2009) | WP 61: 670-702 | No | No | No; aggregated FDI inflows |
| Buthe and Milner (2008) | AJPS 52 (4): 741-762 | Yes | No | No; aggregated FDI inflows |
| Biglaiser and DeRouen (2007) | ISQ 51 (4): 835-854 | No | Yes, US FDI | No; aggregated FDI inflows |
| Blanton and Blanton (2007) | JOP 69 (1): 143-155 | No | No | No; aggregated FDI inflows |

*Note:* Sample includes all articles using FDI as a dependent variable, published between 2007-2017 in the following six journals: *American Political Science Review, American Journal of Political Science, Journal of Politics, International Organization, World Politics, International Studies Quarterly.*

Table A4: **Main Results: Non-OECD Respondents Less Sensitive to Courts**

| DV: Recommend Invest<br>*dummy; 1 = recommend* | (1) | (2) | (3) |
|---|---|---|---|
| OECD Home<br>*dummy; 1 = OECD respondent* | 0.098* | −0.025 | 0.051 |
| | (0.059) | (0.060) | (0.070) |
| Unreliable Courts<br>*dummy; 1 = neg. info about courts* | −0.161*** | | −0.162*** |
| | (0.051) | | (0.050) |
| OECD × Unreliable Courts | −0.165** | | −0.159** |
| | (0.081) | | (0.079) |
| Unstable Policy<br>*dummy; 1 = neg. info about policy stability* | | −0.206*** | −0.207*** |
| | | (0.051) | (0.049) |
| OECD × Unstable Policy | | 0.080 | 0.090 |
| | | (0.082) | (0.079) |
| Risk Tolerance<br>*1 = very comfortable, 7 = very uncomfortable* | −0.020 | −0.015 | −0.016 |
| | (0.015) | (0.015) | (0.015) |
| Female<br>*dummy; 1 = female* | −0.018 | 0.002 | −0.013 |
| | (0.046) | (0.046) | (0.045) |
| Age<br>*in years* | 0.006 | 0.003 | 0.006 |
| | (0.010) | (0.011) | (0.010) |
| Work Experience<br>*in years* | 0.012 | 0.004 | 0.011 |
| | (0.015) | (0.015) | (0.014) |
| *Number of Observations* | 588 | 588 | 588 |
| *Cohort Intercepts* | Yes | Yes | Yes |
| *Industry Intercepts* | Yes | Yes | Yes |

*Note*: Selected coefficient estimates from linear probability regression models of survey respondents' willingness to recommend investment. Parameter estimates for constant term and fixed effects for cohort and industry of work experience not presented to save space. Standard errors in parentheses; *** indicates $p \leqslant .01$ , ** indicates $p \leqslant .05$.

Table A5: **Robustness Check: Grouping Respondents Based on External Measures of Home Institutions**

| DV: Recommend Invest<br>*dummy; 1 = recommend* | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|
| Home High Jud. Independence<br>*dummy; 1 = LJI upper quartile* | 0.102* | | 0.095 | | | |
| | (0.062) | | (0.061) | | | |
| Unreliable Courts<br>*dummy; 1 = neg. info about courts* | -0.156*** | | -0.162*** | -0.182*** | | -0.169*** |
| | (0.046) | | (0.046) | (0.048) | | (0.049) |
| Home High Jud. Independence | -0.245*** | | -0.210** | | | |
| × Unreliable Courts | (0.086) | | (0.085) | | | |
| High Home Pol. Constraints<br>*dummy; 1 = POLCON upper quartile* | | 0.024 | 0.025 | | | |
| | | (0.067) | (0.065) | | | |
| Unstable Policy<br>*dummy; 1 = neg. info about policy stability* | | -0.205*** | -0.191*** | | -0.135*** | -0.137*** |
| | | (0.045) | (0.044) | | (0.047) | (0.047) |
| High Home Pol. Constraints | | 0.131 | 0.099 | | | |
| × Unstable Policy | | (0.093) | (0.090) | | | |
| Eval. of Home Courts<br>*dummy; 1 = have helped investment* | | | | 0.044 | | 0.034 |
| | | | | (0.067) | | (0.07) |
| Home Courts | | | | -0.207** | | -0.220** |
| × Unreliable Courts | | | | (0.093) | | (0.094) |
| Eval. of Home Policy Stability<br>*dummy; 1 = has helped investment* | | | | | -0.017 | 0.055 |
| | | | | | (0.071) | (0.077) |
| Home Policy Stability | | | | | -0.086 | -0.082 |
| × Unstable Policy | | | | | (0.098) | (0.100) |
| *Number of Observations* | 588 | 588 | 588 | 530 | 544 | 505 |
| *Cohort Intercepts* | Yes | Yes | Yes | Yes | Yes | Yes |
| *Industry Intercepts* | Yes | Yes | Yes | Yes | Yes | Yes |

*Note*: Selected coefficient estimates from linear probability regression models of survey respondents' willingness to recommend investment. Measure of latent judicial independence (LJI) from Linzer and Staton (2015); measure of political constraints on policy change (POLCON) from Henisz (2002). Models also include controls for respondent covariates, including risk tolerance, female, age, work experience. Parameter estimates for control variables, constant term and fixed effects for cohort and industry of work experience not presented to save space but available upon request. Standard errors in parentheses; *** indicates $p \leqslant .01$ , ** indicates $p \leqslant .05$.

Table A6: **Robustness Check: Grouping Respondents Based on Assessments of their Own Home Institutions**

| DV: Recommend Invest<br>*dummy; 1 = positive recommendation* | (1) | (2) | (3) |
|---|---|---|---|
| Eval. of Home Courts<br>*dummy; 1 = have helped investment* | 0.044<br>(0.067) | | 0.034<br>(0.070) |
| Unreliable Courts<br>*dummy; 1 = neg. info about courts* | −0.182***<br>(0.048) | | −0.169***<br>(0.049) |
| Home Courts<br>× Unreliable Courts | −0.207**<br>(0.093) | | −0.220**<br>(0.094) |
| Eval. of Home Policy Stability<br>*dummy; 1 = has helped investment* | | −0.017<br>(0.071) | 0.055<br>(0.077) |
| Unstable Policy<br>*dummy; 1 = neg. info about policy stability* | | −0.135***<br>(0.047) | −0.137***<br>(0.047) |
| Home Policy Stability<br>× Unstable Policy | | −0.086<br>(0.098) | −0.082<br>(0.100) |
| Risk Tolerance<br>*1 = very comfortable, 7 = very uncomfortable* | −0.029*<br>(0.016) | −0.016<br>(0.016) | −0.020<br>(0.016) |
| Female<br>*dummy; 1 = female* | −0.012<br>(0.049) | −0.002<br>(0.049) | −0.020<br>(0.050) |
| Age<br>*in years* | 0.006<br>(0.011) | 0.005<br>(0.011) | 0.005<br>(0.011) |
| Work Experience<br>*in years* | 0.014<br>(0.015) | 0.007<br>(0.015) | 0.016<br>(0.015) |
| *Number of Observations* | 530 | 544 | 505 |
| *Cohort Intercepts* | Yes | Yes | Yes |
| *Industry Intercepts* | Yes | Yes | Yes |

*Note*: Selected coefficient estimates from linear probability regression models of survey respondents' willingness to recommend investment. Parameter estimates for constant term and fixed effects for cohort and industry of work experience not presented to save space. Standard errors in parentheses; *** indicates $p \leqslant .01$ , ** indicates $p \leqslant .05$.

Table A7: **Robustness Check: Reweighting Observations Using Entropy Balancing**

| DV: Recommend Invest<br>*dummy; 1 = positive recommendation* | (1) | (2) | (3) |
|---|---|---|---|
| OECD Home<br>*dummy; 1 = OECD respondent* | 0.110* | −0.018 | 0.067 |
| | (0.057) | (0.058) | (0.068) |
| Unreliable Courts<br>*dummy; 1 = neg. info about courts* | −0.137** | | −0.138** |
| | (0.057) | | (0.056) |
| OECD × Unreliable Courts | −0.187** | | −0.181** |
| | (0.080) | | (0.079) |
| Unstable Policy<br>*dummy; 1 = neg. info about policy stability* | | −0.198*** | −0.197*** |
| | | (0.057) | (0.055) |
| OECD × Unstable Policy | | 0.069 | 0.078 |
| | | (0.081) | (0.078) |
| Risk Tolerance<br>*1 = very comfortable, 7 = very uncomfortable* | −0.011 | −0.006 | −0.007 |
| | (0.015) | (0.015) | (0.014) |
| Female<br>*dummy; 1 = female* | −0.036 | −0.013 | −0.031 |
| | (0.047) | (0.047) | (0.046) |
| Age<br>*in years* | −0.004 | −0.009 | −0.005 |
| | (0.007) | (0.007) | (0.007) |
| Work Experience<br>*in years* | −0.001 | −0.012 | −0.004 |
| | (0.012) | (0.012) | (0.012) |
| *Number of Observations* | 588 | 588 | 588 |
| *Cohort Intercepts* | Yes | Yes | Yes |
| *Industry Intercepts* | Yes | Yes | Yes |

*Note*: Selected coefficient estimates from linear probability regression models of survey respondents' willingness to recommend investment. Parameter estimates for constant term and fixed effects for cohort and industry of work experience not presented to save space. Standard errors in parentheses; *** indicates $p \leqslant .01$ , ** indicates $p \leqslant .05$.

Figure A1: **Descriptive Summary: Non-Home Work Experience, By Country**

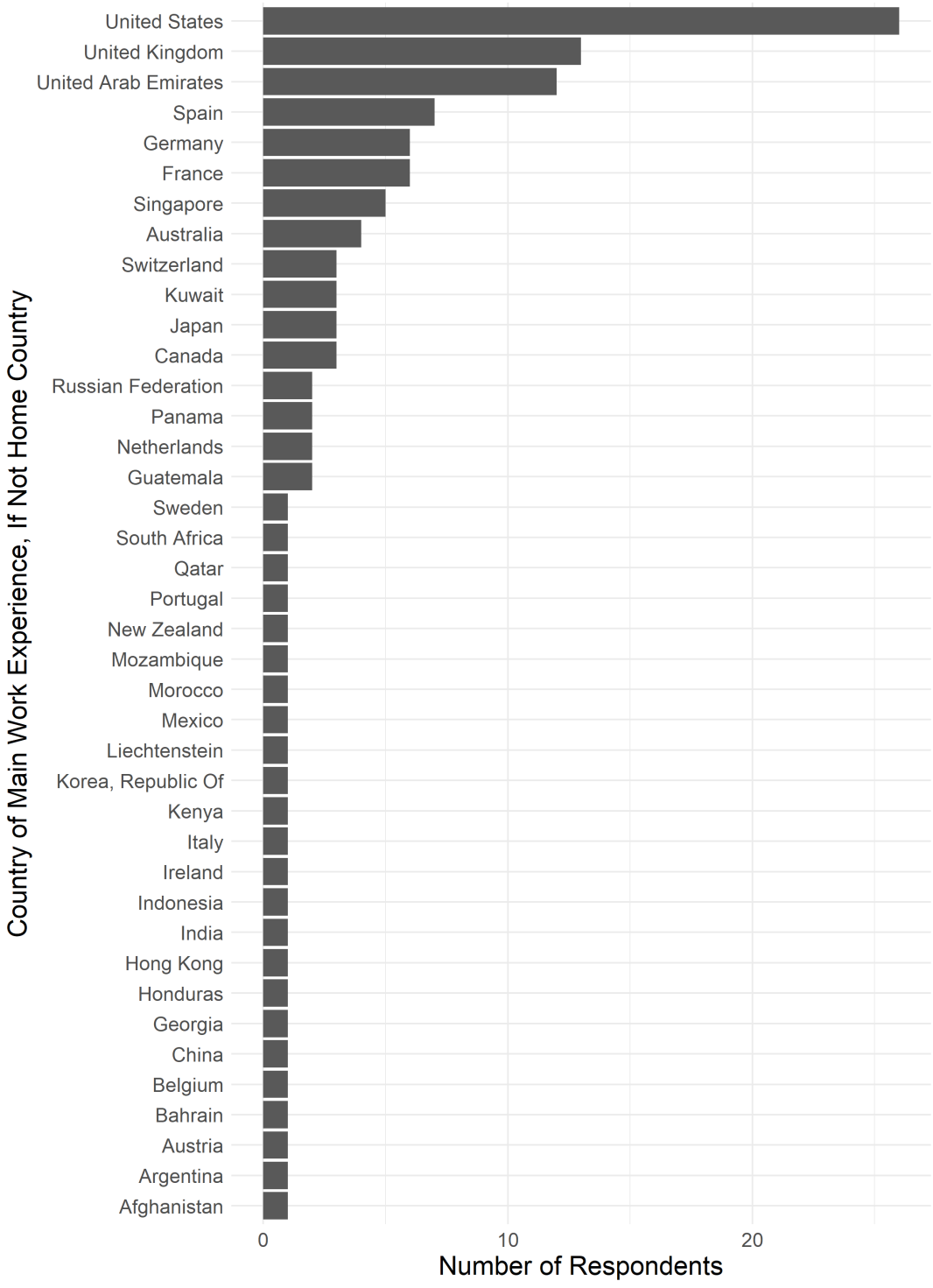


Figure A2: **Robustness Check: Reweighting Observations Using Entropy Balancing**

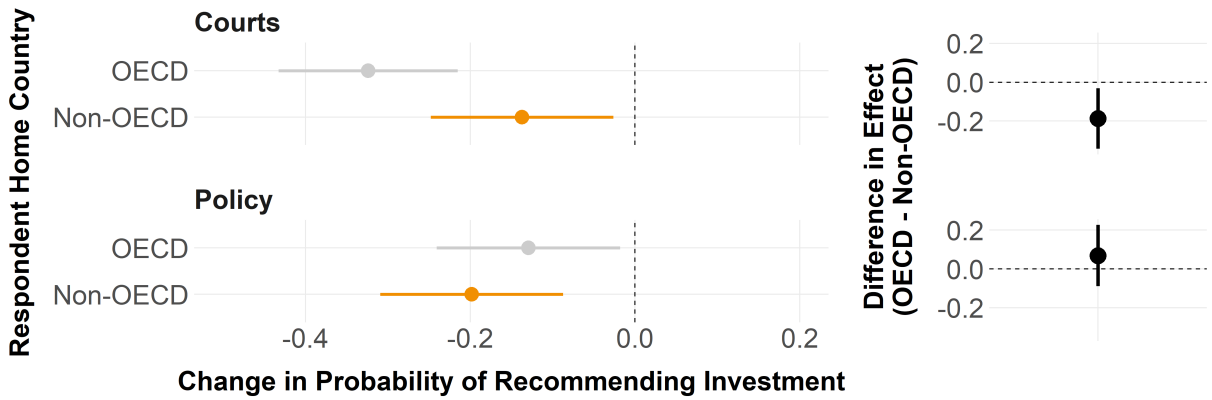



Figure A3: **Robustness Check: Difference of Means (OECD vs. Non-OECD Respondents)**

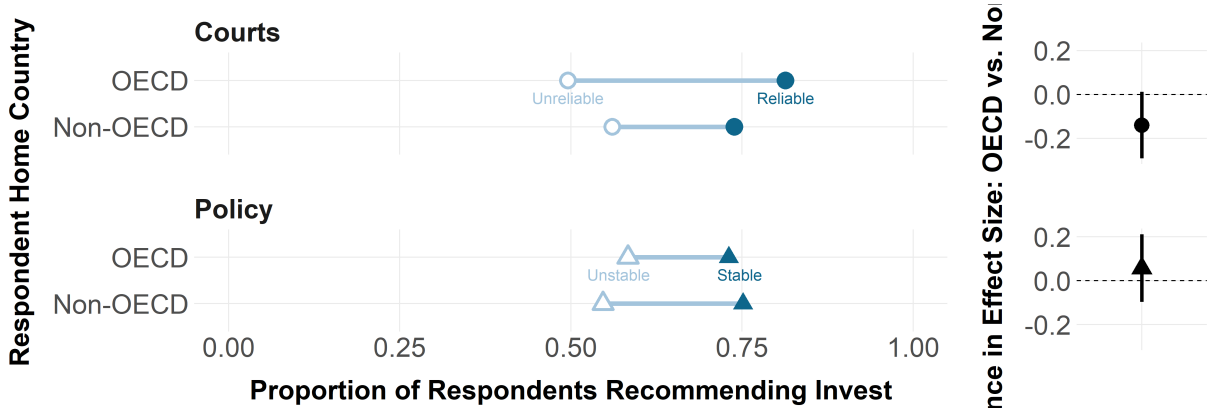



Figure A4: **Robustness Check: Difference of Means (Grouping Respondents Based on External Measures of Home Institutions)**

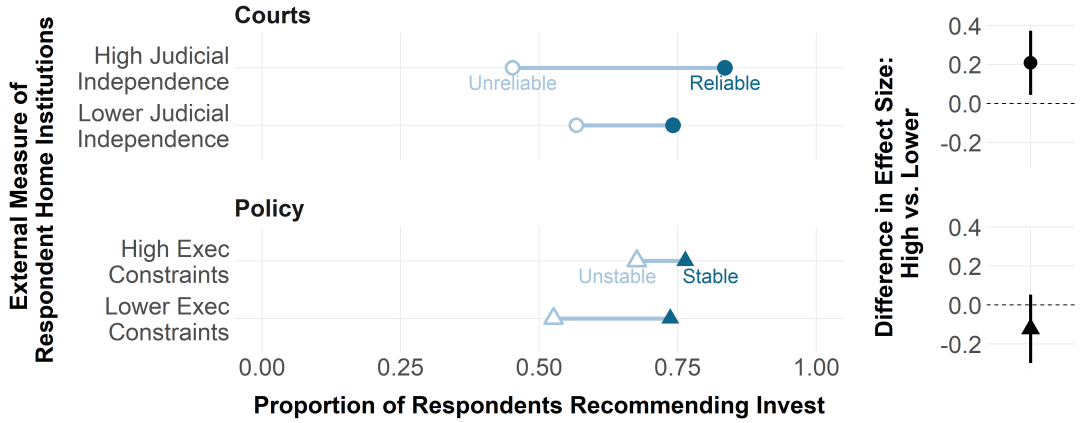


Figure A5: **Robustness Check: Difference of Means (Grouping Respondents Based on Assessments of their Own Home Institutions)**

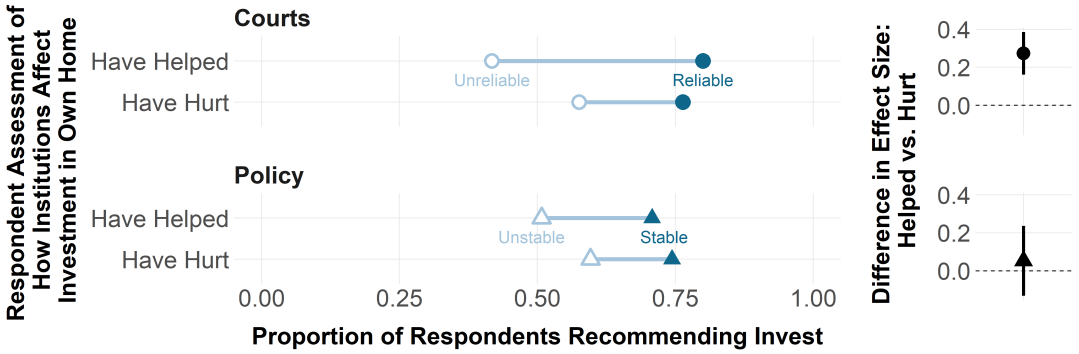
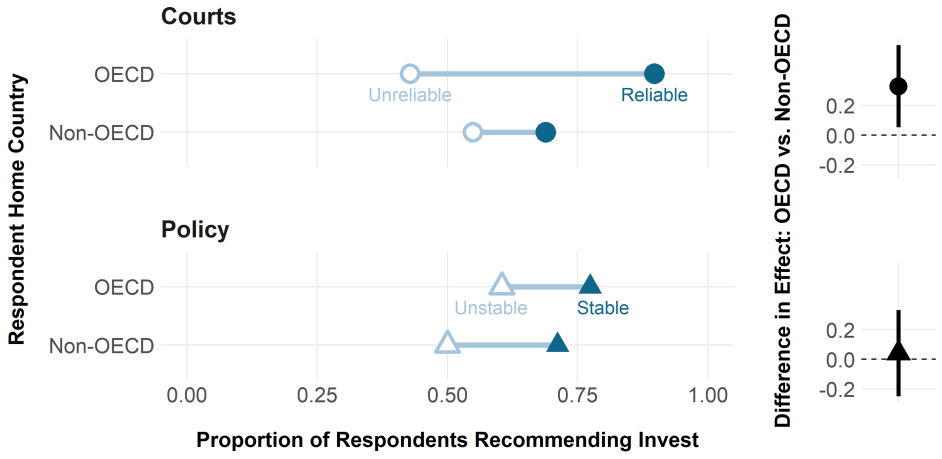



Figure A6: **Avoiding Cross-Group Contamination by Limiting Sample to First Survey Wave**



## Investment Scenario (Fig. 2, Main Analysis)

For the next part of this survey, imagine that you are a consultant who has been hired by QSQ Global Industries – a large, diversified company with operations in multiple sectors and countries. QSQ Global is looking to grow its business internationally by expanding its presence and activities into new developing and emerging markets. As a consultant, your job is to provide guidance and recommendations about potential investment destinations. [Note: QSQ Global is not actually a real company.]

> Imagine that QSQ Global is considering investing in a developing country that has a population of 18 million people and is considered politically stable. GDP grew by 4.5% last year, a little more than the average rate in its region. According to observers, the country's court system [**helps businesses / can make it difficult for businesses to**] protect their interests and resolve legal disputes quickly. The country's current tax rates and regulatory standards for your client's industry are similar to those in competitor countries. These policies [**have not changed much in the recent past / have changed much in the recent past; some changes have increased businesses' costs while others have reduced them**]. Experts believe that the country's political system makes it [**unlikely / likely**] that there will be policy changes in the near future.

### Dependent Variable:

Based on the description of this country, what would you recommend to the client?

- Explore investment opportunities in this country
- Find an alternative location for investment

## Questions about Home Institutions (Fig. 1, Descriptive Examples)

### Agreement/Disagreement with Statements about Home Institutions

Thinking about the place that you consider to be your home country, please indicate the extent to which you agree with each of the following statements.

**Does the statement describe conditions in your home country?**

- Businesses can easily find access to capital.
- Tax rates are too high.
- The policies that affect business are changing all the time.
- Markets are open and competitive.
- The courts are impartial and effective.
- Labor costs are low.
- The political system is not stable.
- Government officials apply regulatory rules in a predictable manner.
- Infrastructure can meet the country's needs for the near future.
- The exchange rate is stable.

**Respondent options (for each statement):** Strongly Disagree, Somewhat Disagree, Neutral, Somewhat Agree, Strongly Agree, Don't Know

### Evaluation of Factors' Influence on Investment in Home Country

Please think of the situation in your home country regarding each of the following items, then indicate your opinion about the effect that each has on the country's investment climate.

**Is investment in your country encouraged or discouraged by the current conditions regarding...?**

- Infrastructure
- Labor costs
- Tax rates
- Frequency of policy changes
- Predictability of rules' enforcement
- Stability of exchange rates
- Access to capital
- Courts
- Stability of the political system
- Market competition

**Respondent options (for each factor):** Encouraged, Has no effect, Discouraged, Don't Know

### Experience with Losses/Overcoming Problems with Home Country Obstacles

Please think of the situation in your home country regarding each of the following items, then indicate the answer that best reflects your own business experiences.

**1.) Have you or one of your employers ever experienced losses due to problems regarding...?**

**2.) Have you or one of your employers ever successfully resolved problems regarding...?**

- Infrastructure
- Labor costs
- Tax rates
- Frequency of policy changes
- Predictability of rules' enforcement
- Stability of exchange rates
- Access to capital
- Courts
- Stability of the political system
- Market competition

**Respondent options (for each factor):** Yes, No