## Online Appendix to

## European Cooperative R&D and Firm Performance: Evidence Based on Funding Differences in Key Actions

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	(1)	(2)
	Coef./s.e.	Coef./s.e.
Constant	-9.915***	-8.832***
	(1.299)	(1.310)
$\log(\text{Employees})$	$0.500^{***}$	$0.527^{***}$
	(0.089)	(0.093)
log(Fixed Assets Intensity)	$0.199^{***}$	0.120
	(0.062)	(0.074)
log(Intang Assets Intensity)		0.136**
		(0.054)
log(Available Funding)	$0.591^{***}$	0.580***
	(0.069)	(0.067)
Market Share	6.956***	6.953***
	(2.156)	(2.371)
HHI	2.375**	2.345**
	(1.035)	(1.039)
Industry Fixed Effects	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$
$\chi^2$ test on log(Available Funding)	73.43	74.21
$Pseudo-R^2$	0.507	0.514
No. of Observations	1900	1900

Table A1: First stage estimation results (logit). Firms participating in multiple RJVs Included.<sup>†</sup>

 $^{\dagger}$  The dependent variable is equal to 1 for participants and 0 for nonparticipants. Standard errors in parenthesis and clustered at the four-digit industry level.

 $^{\ast}$  Significant at the 10% level.

	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	$3.597^{***}$	$3.538^{***}$	$3.585^{***}$
	(0.168)	(0.167)	(0.167)
$\log(\text{Employees})$	-0.120***	$-0.144^{***}$	-0.139***
	(0.016)	(0.018)	(0.018)
log(Fixed Assets Intensity)	$0.275^{***}$	$0.277^{***}$	$0.272^{***}$
	(0.015)	(0.016)	(0.014)
log(Intang Assets Intensity)	$0.012^{*}$		0.009
	(0.006)		(0.006)
Market Share	$1.617^{***}$	$1.649^{***}$	1.619***
	(0.585)	(0.572)	(0.575)
HHI	0.117	0.049	0.071
	(0.154)	(0.161)	(0.161)
PART	0.211***	$0.477^{***}$	$0.415^{***}$
	(0.041)	(0.132)	(0.132)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.702	0.695	0.698
No. of Observations	8056	8056	8056

Table A2: Second Stage Estimation Results: Labor Productivity. Firms participating in multiple RJVs Included.<sup>†</sup>

<sup>†</sup> The dependent variable is the logarithm of labor productivity. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table A1, respectively.

 $^{*}$  Significant at the 10% level.

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\*\* Significant at the 5% level.

	$( \circ - \circ )$	(	(
	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	$0.064^{*}$	$0.076^{**}$	$0.064^{*}$
	(0.038)	(0.037)	(0.038)
$\log(\text{Employees})$	$0.005^{***}$	$0.005^{***}$	$0.005^{***}$
	(0.002)	(0.002)	(0.002)
log(Fixed Assets Intensity)	$0.010^{***}$	$0.009^{***}$	$0.010^{***}$
	(0.002)	(0.002)	(0.002)
log(Intang Assets Intensity)	-0.002**		-0.002**
	(0.001)		(0.001)
Market Share	0.062	0.054	0.062
	(0.041)	(0.039)	(0.041)
HHI	-0.010	-0.007	-0.010
	(0.017)	(0.016)	(0.016)
PART	-0.017**	-0.019	-0.017
	(0.007)	(0.016)	(0.015)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.043	0.041	0.043
No. of Observations	8056	8056	8056

Table A3: Second Stage Estimation Results: Profit Margin. Firms participating in multiple RJVs Included.<sup>†</sup>

<sup>†</sup> The dependent variable is the profit margin. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table A1, respectively.

 $^{\ast}$  Significant at the 10% level.

\*\* Significant at the 5% level.

	(1)	(2)
	Coef./s.e.	Coef./s.e.
Constant	$0.458^{***}$	$0.398^{**}$
	(0.16)	(0.16)
$\log(\text{Employees})$	$0.011^{*}$	0.011
	(0.01)	(0.01)
log(Fixed Assets Intensity)	-0.004	-0.002
	(0.01)	(0.01)
log(Intang Assets Intensity)		-0.004
		(0.00)
Market Share	$0.435^{**}$	$0.451^{**}$
	(0.19)	(0.19)
HHI	-0.047	-0.031
	(0.09)	(0.09)
$Pr\widehat{(PART)}$	0.741***	0.727***
	(0.07)	(0.06)
Industry Fixed Effects	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.377	0.378
No. of Observations	7094	7094

Table A4: Actual RJV Participation and Participation Probability.  $^{\dagger}$ 

<sup>†</sup> The dependent variable is equal to 1 for participants during participation and 0 for non-participants. Column (1) uses the predicted values obtained from specification (1) in Table 7 of the main text. Column (2) uses the predicted values obtained from specification (2) in Table 7 of the main text. Standard errors in parenthesis and clustered at the four-digit industry level.

\* Significant at the 10% level.

\*\* Significant at the 5% level.

	(1)	(2)
	Coef./s.e.	Coef./s.e.
Constant	-9.041***	-7.834***
	(1.223)	(1.244)
$\log(\text{Employees})$ in $t-1$	$0.435^{***}$	$0.472^{***}$
	(0.102)	(0.112)
$\log(\text{Fixed Assets Intensity})$ in t-1	$0.254^{***}$	0.145
	(0.084)	(0.114)
$\log(\text{Intang Assets Intensity})$ in t-1		$0.181^{**}$
		(0.071)
log(Available Funding)	$0.517^{***}$	$0.510^{***}$
	(0.079)	(0.077)
Market Share in $t-1$	$5.605^{***}$	$5.406^{**}$
	(2.086)	(2.261)
HHI in $t-1$	$3.066^{**}$	$3.048^{**}$
	(1.266)	(1.308)
Industry Fixed Effects	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$
$\chi^2$ test on log(Available Funding)	43.09	43.76
$Pseudo-R^2$	0.440	0.454
No. of Observations	884	884

Table A5: First Stage Estimation Results (logit). Lagged Explanatory Variables.<sup>†</sup>

 $^\dagger\,$  The dependent variable is equal to 1 for participants and 0 for nonparticipants. Standard errors in parenthesis and clustered at the four-digit industry level.

 $^{\ast}$  Significant at the 10% level.

	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	3.453***	3.297***	3.389***
	(0.232)	(0.225)	(0.201)
$\log(\text{Employees})$ in $t-1$	-0.121***	-0.138***	-0.133***
	(0.024)	(0.022)	(0.022)
$\log(\text{Fixed Assets Intensity})$ in $t-1$	$0.240^{***}$	$0.243^{***}$	$0.238^{***}$
	(0.025)	(0.018)	(0.016)
$\log(\text{Intang Assets Intensity})$ in t-1	0.012		0.010
	(0.008)		(0.008)
Market Share in $t-1$	1.778***	$1.762^{***}$	1.749***
	(0.542)	(0.469)	(0.464)
HHI in $t-1$	0.291**	0.260	0.273
	(0.130)	(0.193)	(0.195)
PART	0.157***	0.390**	$0.323^{*}$
	(0.051)	(0.180)	(0.182)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.684	0.679	0.682
No. of Observations	6021	6021	6021

Table A6: Second Stage Estimation Results: Labor Productivity. Lagged Explanatory Variables.<sup>†</sup>

<sup>†</sup> The dependent variable is the logarithm of labor productivity. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table A5, respectively.

 $^{\ast}$  Significant at the 10% level.

\*\* Significant at the 5% level.

	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	-0.186*	-0.163*	-0.181*
	(0.097)	(0.088)	(0.094)
$\log(\text{Employees})$ in $t-1$	0.002	0.003	0.003
	(0.002)	(0.002)	(0.002)
$\log(\text{Fixed Assets Intensity})$ in $t-1$	$0.009^{***}$	$0.008^{***}$	$0.009^{***}$
	(0.002)	(0.002)	(0.002)
$\log(\text{Intang Assets Intensity})$ in $t-1$	-0.002**		-0.002**
	(0.001)		(0.001)
Market Share in $t-1$	0.028	0.025	0.030
	(0.055)	(0.057)	(0.057)
HHI in $t-1$	0.008	0.011	0.009
	(0.019)	(0.019)	(0.019)
PART	-0.013*	-0.029	-0.025
	(0.007)	(0.022)	(0.022)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.051	0.046	0.049
No. of Observations	6021	6021	6021

Table A7:	Second	Stage	Estimation	Results:	Profit	Margin.	Lagged
Explanator	y Variab	$oles.^{\dagger}$					

 $^{\dagger}$  The dependent variable is the profit margin. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table A5, respectively.

 $^{*}$  Significant at the 10% level.

	Remove Bot	tom $25^{th}$ Percentile	Remove Below Median		
	(1)	(2)	(3)	(4)	
	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	
Constant	-4.955***	-3.856***	-6.803***	-6.278***	
	(1.298)	(1.340)	(1.386)	(1.359)	
$\log(\text{Employees})$	$0.476^{***}$	$0.501^{***}$	$0.560^{***}$	$0.601^{***}$	
	(0.109)	(0.110)	(0.126)	(0.126)	
log(Fixed Assets Intensity)	$0.146^{*}$	0.066	0.053	-0.034	
	(0.085)	(0.103)	(0.110)	(0.136)	
log(Intang Assets Intensity)		$0.169^{***}$		0.169**	
		(0.062)		(0.078)	
log(Available Funding)	$0.468^{***}$	$0.460^{***}$	$0.402^{***}$	0.393***	
	(0.068)	(0.066)	(0.071)	(0.068)	
Market Share	$10.137^{*}$	10.119	18.860***	20.388***	
	(5.406)	(6.288)	(6.157)	(6.140)	
HHI	$2.439^{*}$	$2.495^{**}$	1.633	1.836	
	(1.284)	(1.239)	(1.519)	(1.448)	
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	
$\chi^2$ test on log(Available Funding)	47.12	47.99	32.25	33.39	
$Pseudo-R^2$	0.448	0.461	0.459	0.473	
No. of Observations	1274	1274	723	723	

## Table A8: First Stage Estimation Results Discarding Lower Labor Productivity Firms.<sup> $\dagger$ </sup>

 $^{\dagger}$  The dependent variable is equal to 1 for participants and 0 for non-participants. Standard errors in parenthesis and clustered at the four-digit industry level.

 $^{\ast}$  Significant at the 10% level.

\*\* Significant at the 5% level.

	Remove Bottom $25^{th}$ Percentile			Remove Below Median		
	(OLS)	(IV1)	(IV2)	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	$4.125^{***}$	4.080***	$4.083^{***}$	$4.372^{***}$	$4.356^{***}$	4.362***
	(0.248)	(0.248)	(0.247)	(0.228)	(0.225)	(0.225)
$\log(\text{Employees})$	-0.092***	-0.111***	-0.109***	-0.083***	-0.093***	-0.089***
	(0.015)	(0.019)	(0.020)	(0.017)	(0.022)	(0.022)
log(Fixed Assets Intensity)	0.180***	0.180***	0.180***	0.154***	0.155***	0.155***
	(0.013)	(0.012)	(0.012)	(0.012)	(0.012)	(0.012)
log(Intang Assets Intensity)	-0.002	-0.004	-0.004	-0.001	-0.002	-0.002
	(0.006)	(0.006)	(0.006)	(0.006)	(0.007)	(0.007)
Market Share	1.373***	1.357***	1.358***	1.262***	1.254***	1.257***
	(0.422)	(0.433)	(0.431)	(0.450)	(0.456)	(0.452)
HHI	0.206	0.187	0.188	0.211	0.198	0.203
	(0.135)	(0.132)	(0.133)	(0.156)	(0.156)	(0.155)
PART	0.118***	0.331**	0.315**	0.087**	0.190	0.151
	(0.032)	(0.147)	(0.148)	(0.036)	(0.147)	(0.151)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.364	0.345	0.348	0.329	0.324	0.327
No. of Observations	5157	5157	5157	3303	3303	3303

Table A9: Estimation Discarding Lower Labor Productivity Firms.<sup>†</sup>

<sup>†</sup> The dependent variable is the logarithm of labor productivity. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) use OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table A8, respectively.

\* Significant at the 10% level.

	(2000)	(2001)	(2002)	(2003)	(2004)	(Pooled)
	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.
$\log(\text{Employees})$	-0.474***	-0.471***	-0.408***	-0.454***	-0.469***	-0.409***
	(0.054)	(0.056)	(0.061)	(0.055)	(0.057)	(0.052)
log(Fixed Assets Intensity)	$0.166^{***}$	$0.146^{***}$	$0.173^{***}$	$0.146^{***}$	$0.148^{***}$	$0.182^{***}$
	(0.032)	(0.026)	(0.030)	(0.028)	(0.028)	(0.029)
log(Intang Assets Intensity)	$0.017^{**}$	$0.015^{**}$	$0.013^{*}$	$0.016^{**}$	$0.017^{**}$	$0.013^{**}$
	(0.007)	(0.007)	(0.007)	(0.007)	(0.007)	(0.006)
Market Share	$4.253^{***}$	$2.691^{***}$	$2.649^{***}$	$3.608^{***}$	$3.671^{***}$	$2.571^{***}$
	(1.189)	(1.038)	(0.742)	(0.769)	(0.931)	(0.776)
HHI	-0.037	-0.114	0.048	-0.000	-0.039	0.026
	(0.120)	(0.115)	(0.097)	(0.118)	(0.132)	(0.080)
PART	0.142	0.046	-0.016	0.033	-0.040	0.022
	(0.110)	(0.050)	(0.048)	(0.054)	(0.054)	(0.035)
$Adjusted-R^2$	0.870	0.875	0.868	0.876	0.877	0.861
No. of Observations	4114	4234	4683	3962	3771	5860

Table A10: Difference-in-Differences Estimates: Labor Productivity. Control Group 1.<sup>†</sup>

<sup>†</sup> The table presents the estimation results of running OLS on  $y_{it} = x'_{it}\beta + \delta PART_{it} + \theta_i + \lambda_t + \varepsilon_{it}$ , where  $\theta_i$  and  $\lambda_t$  are firm and year fixed effects, respectively, and  $PART_{it}$  is equal to 1 for participating firms after entering the programme. The dependent variable is the logarithm of labor productivity. The control group is constructed so as to replicate the participants' sales distribution in 1999 (i.e. before the start of any project). Specifications (2000) to (2004) include the control firms as well as participating firms that started their first project in the corresponding year. Specification (Pooled) includes all participating firms. All specifications include data on years 1997 to 2006. Standard errors in parenthesis are clustered at the firm level.

\* Significant at the 10% level.

\*\* Significant at the 5% level.

	(2000)	(2001)	(2002)	(2003)	(2004)	(Pooled)
	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.
$\log(\text{Employees})$	-0.000	0.002	0.001	0.001	0.001	0.000
	(0.007)	(0.007)	(0.008)	(0.007)	(0.008)	(0.006)
log(Fixed Assets Intensity)	-0.001	-0.001	-0.003	-0.001	-0.000	-0.004
	(0.005)	(0.005)	(0.005)	(0.005)	(0.005)	(0.004)
log(Intang Assets Intensity)	-0.002	-0.003*	-0.003*	-0.002	-0.002	-0.003***
	(0.001)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)
Market Share	$0.140^{*}$	0.002	$0.140^{**}$	$0.133^{**}$	0.111	0.079
	(0.073)	(0.115)	(0.065)	(0.064)	(0.074)	(0.089)
HHI	-0.016	-0.019	0.005	0.002	-0.003	-0.006
	(0.017)	(0.017)	(0.015)	(0.017)	(0.018)	(0.014)
PART	-0.009	-0.013	0.004	-0.018	0.004	-0.005
	(0.020)	(0.012)	(0.010)	(0.014)	(0.029)	(0.007)
$Adjusted-R^2$	0.491	0.525	0.513	0.497	0.493	0.536
No. of Observations	4114	4234	4683	3962	3771	5860

Table A11: Difference-in-Differences Estimates: Profit Margin. Control Group 1.<sup>†</sup>

<sup>†</sup> The table presents the estimation results of running OLS on  $y_{it} = x'_{it}\beta + \delta PART_{it} + \theta_i + \lambda_t + \varepsilon_{it}$ , where  $\theta_i$  and  $\lambda_t$  are firm and year fixed effects, respectively, and  $PART_{it}$  is equal to 1 for participating firms after entering the programme. The dependent variable is the logarithm of labor productivity. The control group is constructed so as to replicate the participants' sales distribution in 1999 (i.e. before the start of any project). Specifications (2000) to (2004) include the control firms as well as participating firms that started their first project in the corresponding year. Specification (Pooled) includes all participating firms. All specifications include data on years 1997 to 2006. Standard errors in parenthesis are clustered at the firm level.

\* Significant at the 10% level.

\*\* Significant at the 5% level.

	(2000)	(2001)	(2002)	(2003)	(2004)	(Pooled)
	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.
$\log(\text{Employees})$	-0.419***	-0.423***	-0.386***	-0.410***	-0.416***	-0.390***
	(0.043)	(0.045)	(0.046)	(0.043)	(0.045)	(0.042)
log(Fixed Assets Intensity)	$0.182^{***}$	$0.168^{***}$	$0.183^{***}$	$0.170^{***}$	$0.171^{***}$	$0.188^{***}$
	(0.026)	(0.024)	(0.024)	(0.024)	(0.025)	(0.024)
log(Intang Assets Intensity)	$0.014^{**}$	$0.012^{*}$	$0.011^{*}$	$0.013^{*}$	$0.013^{*}$	$0.012^{**}$
	(0.007)	(0.007)	(0.006)	(0.007)	(0.007)	(0.006)
Market Share	$2.731^{*}$	$1.530^{**}$	$1.749^{**}$	$2.304^{**}$	$2.041^{**}$	$1.976^{***}$
	(1.456)	(0.741)	(0.733)	(0.951)	(1.015)	(0.752)
HHI	0.018	-0.013	0.072	0.037	0.025	0.051
	(0.117)	(0.116)	(0.106)	(0.117)	(0.125)	(0.089)
PART	0.139	0.029	-0.039	0.003	-0.062	0.008
	(0.113)	(0.050)	(0.048)	(0.052)	(0.046)	(0.035)
$Adjusted-R^2$	0.799	0.805	0.804	0.803	0.802	0.806
No. of Observations	5702	5822	6271	5550	5359	7448

Table A12: Difference-in-Differences Estimates: Labor Productivity. Control Group 2.<sup>†</sup>

<sup>†</sup> The table presents the estimation results of running OLS on  $y_{it} = x'_{it}\beta + \delta PART_{it} + \theta_i + \lambda_t + \varepsilon_{it}$ , where  $\theta_i$  and  $\lambda_t$  are firm and year fixed effects, respectively, and  $PART_{it}$  is equal to 1 for participating firms after entering the programme. The dependent variable is the logarithm of labor productivity. The control group is constructed by selecting non-participating firms from AMADEUS so as to replicate the participants' cross-tabulation by country and industry in 1999 (i.e. before the start of any project). Specifications (2000) to (2004) include the control firms as well as participating firms that started their first project in the corresponding year. Specification (Pooled) includes all participating firms. All specifications include data on years 1997 to 2006. Standard errors in parenthesis are clustered at the firm level.

\* Significant at the 10% level.

\*\* Significant at the 5% level.

	(2000)	(2001)	(2002)	(2003)	(2004)	(Pooled)
	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.	Coef./s.e.
$\log(\text{Employees})$	-0.004	-0.003	-0.003	-0.004	-0.004	-0.003
	(0.005)	(0.004)	(0.005)	(0.004)	(0.005)	(0.005)
log(Fixed Assets Intensity)	0.003	0.002	0.001	0.003	0.003	-0.000
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
log(Intang Assets Intensity)	-0.005***	-0.006***	-0.005***	-0.005***	-0.005***	-0.005***
	(0.001)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)
Market Share	$0.142^{**}$	0.001	$0.140^{**}$	$0.136^{**}$	$0.115^{**}$	0.074
	(0.061)	(0.108)	(0.057)	(0.055)	(0.055)	(0.083)
HHI	0.007	0.005	0.016	0.016	0.014	0.006
	(0.021)	(0.022)	(0.020)	(0.022)	(0.023)	(0.017)
PART	-0.001	-0.006	0.011	-0.008	0.010	0.002
	(0.020)	(0.012)	(0.011)	(0.014)	(0.027)	(0.007)
$Adjusted-R^2$	0.566	0.585	0.570	0.573	0.573	0.577
No. of Observations	5702	5822	6271	5550	5359	7448

Table A13: Difference-in-Differences Estimates: Profit Margin. Control Group 2.<sup>†</sup>

<sup>†</sup> The table presents the estimation results of running OLS on  $y_{it} = x'_{it}\beta + \delta PART_{it} + \theta_i + \lambda_t + \varepsilon_{it}$ , where  $\theta_i$  and  $\lambda_t$  are firm and year fixed effects, respectively, and  $PART_{it}$  is equal to 1 for participating firms after entering the programme. The dependent variable is profit margin. The control group is constructed by selecting non-participating firms from AMADEUS so as to replicate the participants' cross-tabulation by country and industry in 1999 (i.e. before the start of any project). Specifications (2000) to (2004) include the control firms as well as participating firms that started their first project in the corresponding year. Specification (Pooled) includes all participating firms. All specifications include data on years 1997 to 2006. Standard errors in parenthesis are clustered at the firm level.

 $^{\ast}$  Significant at the 10% level.

\*\* Significant at the 5% level.

	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	$3.664^{***}$	3.446***	$3.507^{***}$
	(0.205)	(0.224)	(0.219)
$\log(\text{Employees})$	-0.135***	$-0.164^{***}$	-0.160***
	(0.016)	(0.019)	(0.019)
log(Fixed Assets Intensity)	$0.265^{***}$	$0.265^{***}$	$0.260^{***}$
	(0.014)	(0.015)	(0.014)
log(Intang Assets Intensity)	$0.014^{**}$		0.009
	(0.007)		(0.007)
Market Share	1.897***	1.920***	1.898***
	(0.432)	(0.442)	(0.437)
HHI	0.179	0.113	0.128
	(0.151)	(0.160)	(0.160)
PART	$0.148^{***}$	$0.644^{***}$	$0.576^{***}$
	(0.038)	(0.184)	(0.184)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.707	0.688	0.693
No. of Observations	8760	8760	8760

Table A14: Second Stage Estimation Results: Labor Productivity. All Years Included.<sup>†</sup>

<sup>†</sup> The dependent variable is the logarithm of labor productivity. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table 7 of the main text, respectively.

 $^{*}$  Significant at the 10% level.

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\*\* Significant at the 5% level.

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	(OLS)	(IV1)	(1V2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	0.050	0.063	0.054
	(0.043)	(0.043)	(0.043)
$\log(\text{Employees})$	$0.004^{**}$	$0.004^{**}$	$0.004^{**}$
	(0.002)	(0.002)	(0.002)
log(Fixed Assets Intensity)	$0.008^{***}$	$0.007^{***}$	$0.008^{***}$
	(0.002)	(0.002)	(0.002)
log(Intang Assets Intensity)	-0.002**		-0.002**
	(0.001)		(0.001)
Market Share	-0.004	-0.009	-0.004
	(0.042)	(0.042)	(0.043)
HHI	0.005	0.008	0.006
	(0.017)	(0.016)	(0.017)
PART	-0.014**	-0.028	-0.025
	(0.006)	(0.021)	(0.020)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.043	0.040	0.042
No. of Observations	8760	8760	8760

Table A15: Second Stage Estimation Results: Profit Margin. All Years Included.<sup>†</sup>

<sup>†</sup> The dependent variable is the profit margin. Standard errors in parenthesis are clustered at the four-digit industry level. Specifications (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table 7 of the main text, respectively.

 $^{\ast}$  Significant at the 10% level.

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\*\* Significant at the 5% level.

	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	$4.439^{***}$	$4.406^{***}$	$4.410^{***}$
	(0.281)	(0.285)	(0.283)
$\log(\text{Employees})$	$0.296^{***}$	$0.268^{***}$	$0.271^{***}$
	(0.023)	(0.029)	(0.029)
log(Fixed Assets Intensity)	$0.140^{***}$	$0.135^{***}$	$0.135^{***}$
	(0.016)	(0.016)	(0.016)
log(Intang Assets Intensity)	$0.026^{***}$	$0.021^{**}$	$0.022^{**}$
	(0.008)	(0.009)	(0.009)
Market Share	3.970***	3.868***	3.879***
	(1.075)	(1.094)	(1.090)
HHI	0.210	0.158	0.164
	(0.205)	(0.212)	(0.212)
PART	$0.118^{**}$	$0.512^{***}$	$0.468^{**}$
	(0.047)	(0.195)	(0.198)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.598	0.583	0.586
No. of Observations	7094	7094	7094

Table A16: Second Stage Estimation Results: Total Factor Productivity.<sup>†</sup>

<sup>†</sup> The dependent variable is the logarithm of the total factor productivity. Standard errors in parenthesis are clustered at the four-digit industry level. Specification (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table 7 of the main text, respectively.

 $\ast$  Significant at the 10% level.

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\*\* Significant at the 5% level.

	(OLS)	(IV1)	(IV2)
	Coef./s.e.	Coef./s.e.	Coef./s.e.
Constant	17.021*	15.468	14.926
	(9.556)	(11.084)	(11.694)
$\log(\text{Employees})$	-9.195	-10.553	-11.028
	(6.338)	(7.257)	(7.700)
log(Fixed Assets Intensity)	7.032	6.799	6.717
	(6.160)	(5.956)	(5.877)
log(Intang Assets Intensity)	1.843	1.607	1.525
	(1.529)	(1.362)	(1.287)
Market Share	237.231	232.339	230.630
	(211.081)	(206.683)	(205.125)
HHI	-0.742	-3.234	-4.104
	(6.495)	(6.471)	(6.739)
PART	12.299	31.170	37.763
	(11.430)	(26.740)	(32.396)
Industry Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Country Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
Year Fixed Effects	$\checkmark$	$\checkmark$	$\checkmark$
$Adjusted-R^2$	0.031	0.028	0.025
No. of Observations	7094	7094	7094

Table A17: Second Stage Estimation Results: Price-cost Margin.<sup>†</sup>

<sup>†</sup> The dependent variable is the price-cost margin. Standard errors in parenthesis are clustered at the four-digit industry level. Specification (OLS) uses OLS. Specifications (IV1) and (IV2) instrument the dummy variable PART with the predicted values obtained from the logit estimations (1) and (2) in Table 7 of the main text, respectively.

 $^{\ast}$  Significant at the 10% level.

\*\* Significant at the 5% level.