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How Did Small Business Respond to Unexpected Shocks? Evidence from a Natural Experiment in China

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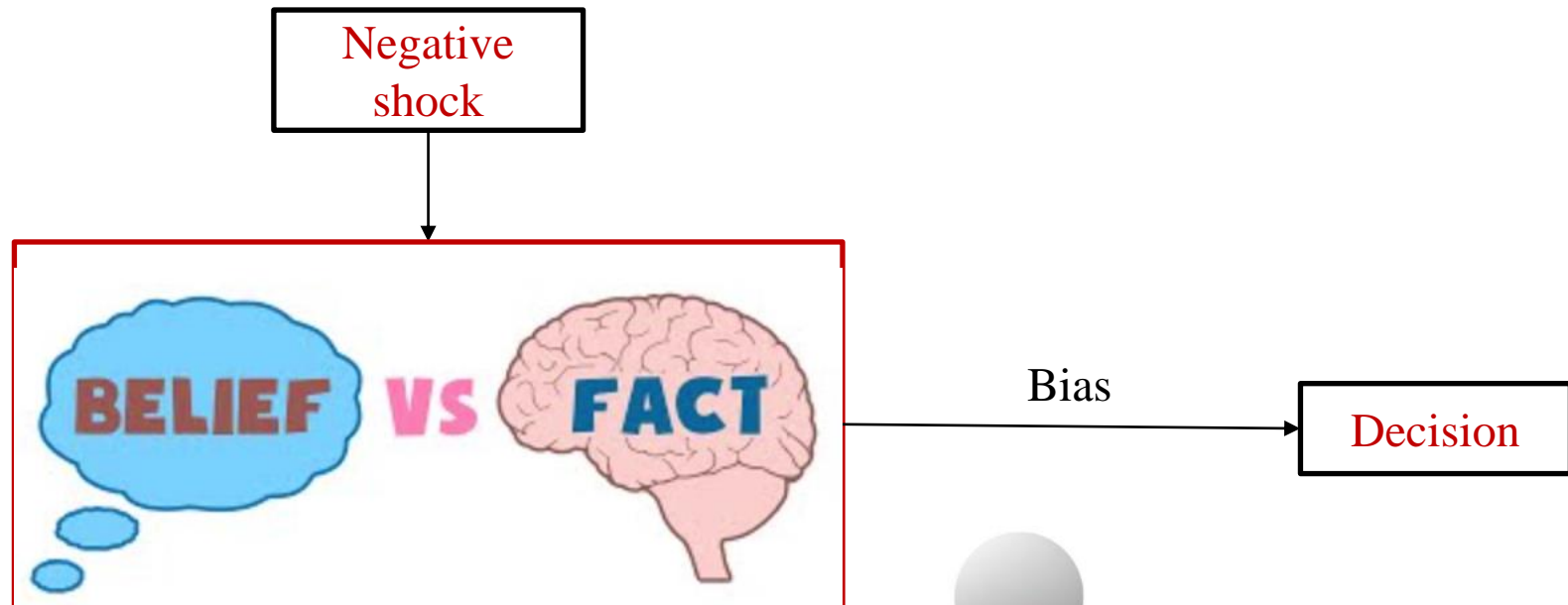
Bank of Finland/Renmin University of China Conference on “Chinese path to modernization”

Belief Update for Negative information

- For beliefs we self-identify with, belief updating is dictated by the a psychological immune system, where **counter-attitudinal information** is seen not just as any **new evidence** but as a **deep psychological threat**. (Gilbert, Pinel, Wilson, Blumberg, & Wheatley, 1998; Mandelbaum, 2019).
- The **psychological immune system** functions to **protect our core beliefs**, the ones that make up our sense of who we are (such as the belief that one is a good person, a smart person, and a dependable person).
- The immune system also works proactively. When it comes to information gathering, people tend to engage in selective exposure to information. They seek out information that is **concordant with their beliefs** and **avoid information that is discordant with them** (Brock & Balloun, 1967).

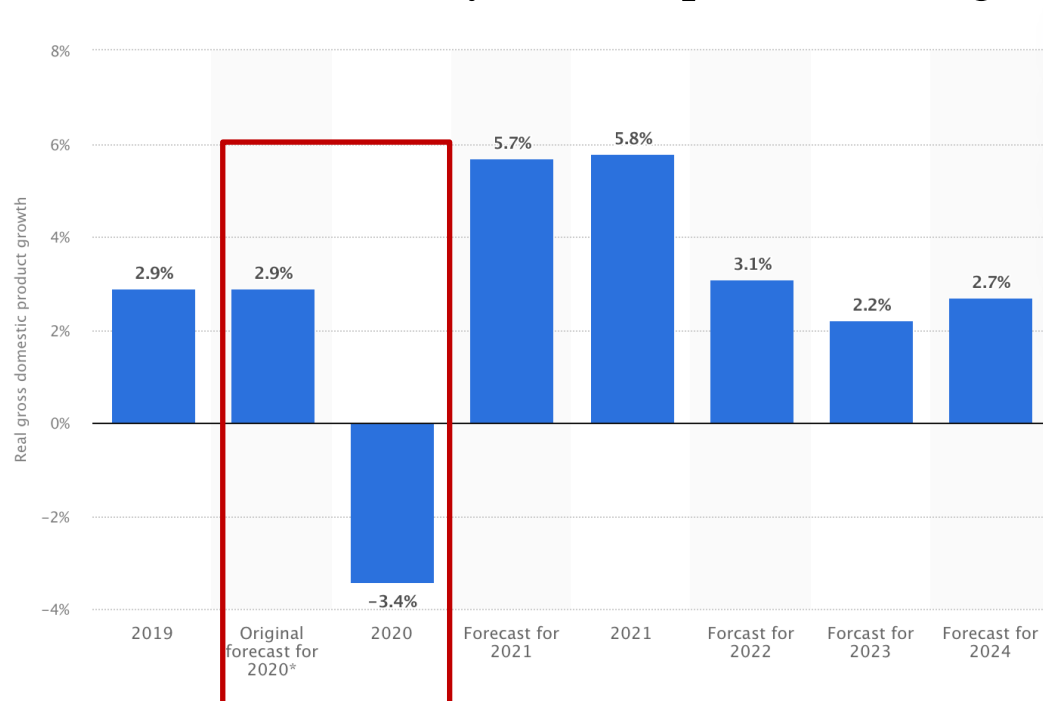
Research Question?

- **Do** managerial belief matter quantitatively **during unexpected negative shock**? And **Do** they create significant **distortions in firm-level decisions** that may further exacerbate and contribute to aggregate inefficiency?



Negative shock setting-Covid-19

- The COVID-19 pandemic has caused enormous damage to **global economies and firm values** (Bao and Huang, 2021; Bonaccorsi et al., 2020; Fisman et al., 2021; Miocevic, 2022; Montserin et al., 2021; Josephson et al., 2021; Pusceddu et al., 2021; Sheridan et al., 2020).
- In 2020, global Gross Domestic Product (GDP) decreased by 3.4 percent, while the forecast initially was 2.9 percent GDP growth.



Why SMEs?

■ Important of SMEs

■ SMEs represent over **90%** of the business population, **60-70%** of employment and **55%** of GDP in developed economies. In emerging markets, most formal jobs are generated by SMEs, which create 7 out of 10 jobs. (*World Trade Organization*)

■ The number of small and medium-sized enterprises nationwide reached 48 million, an increase of 2.7 times over the end of 2012. SMEs are the **largest** and **most** dynamic group of enterprises, becoming the **main force of China's economic and social development**. (人民日报, 2022)

■ Vulnerable to COVID-19

■ SMEs are **particularly vulnerable** to the impact of the **Covid-19** crisis. **1.4 million to 2.1 million** of them (25 to 36 percent) could **close permanently** as a result of the disruption from just the first four months of the **COVID-19** pandemic. (*Mckinsey&Company*)

Conclusion

- **Before** the pandemic, the overall managerial beliefs are **consistent** with the actual business conditions. At the **peak** of the pandemic, managers are **over-optimistic** and tend to **underestimate the negative impacts**; during the **weakened** stage, they are **over-pessimistic** and **underestimate** the firms' growth after the operation and production resumption.
- The pandemic influences managerial biases **temporarily**, and managerial beliefs **return to normal when the pandemic is under control**.
- The **existence of moderates, the anchoring effect, and government policy support** may explain the alternations of managerial biases during the pandemic.
- **Managerial biases** may influence the **managers' labor market and investment decisions**, leading to aggregate economic inefficiency.

Contribution on literature

■ Belief bias

- Historical managerial expectations positively relate to forecasting errors in macroeconomics due to informational frictions.(Coibion and Gorodnichenko, 2015)-
Extrapolate
- **Overreaction** in macro and financial variables at the individual level among **professional forecasters** (Bordalo et al., 2019, 2020a)
- We show **significant underreaction** to new **information** in managerial beliefs during **unexpected negative shocks**

■ Belief and decision

- The existence of **managerial biases** and quantified their impacts on **corporate investment, capital structure, and firm value** (Ben David et al., 2013; Hirshleifer et al., 2012; Landier and Thesmar, 2020; Gennaioli et al., 2016).
- We document how **managerial biases** matter quantitatively during **an unexpected negative shock** and what significant distortions may result in **firm-level decisions**.

■ SME

- We provide a **detailed understanding of subjective managerial beliefs**, objective firm balance sheets, and income statements for small businesses in developing countries.

Our Survey Data

➤ Our data on the **People's**

➤ It covers the **Survey and Analysis** period when China effectively **2019 to the**

➤ Over the survey **current business** access to gov

➤ The survey data **on belief in a firm**, a quarter **broad coverage**



Head Office of

period when 2019 to the

on, belief in of loans, and

pects: a focus dent's own period and

8. For the **current** quarter, your company

- 1. Average weekly working hours of employees (hours)
- 2. Equipment capacity utilization (only manufacturing enterprises fill, %)
- 3. Operating income (million yuan)
- 4. Operating cost (million yuan)
- 5. Operating profit (million yuan)
- 6. Interest expense (million yuan)

During the period of September to November

*9. During the period of **September to November** of **current** year, what would you estimate your company's financial performance?

Better (increasing, rising) Fair (flat, no change) Poor(decrease)

Operating profit (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of employees (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labor cost per capita (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Domestic order (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foreign order (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Looking **ahead**, what would you estimate your company's financial performance in **next quarter**?

Better (increasing, rising) Fair (flat, no change) Poor(decrease)

Operating profit (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Number of employees (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Labor cost per capita (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Domestic order (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Foreign order (quarter on quarter)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>



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Research Model

$$Bias_{i,t} = \delta_0 + \delta_1 Outbreak_t + \delta_2 Weaken_t + \delta_3 Controlled_t + \beta X_{i,t} + \theta_i + \varepsilon_{i,t}, \quad (1)$$

Dependent Variables:

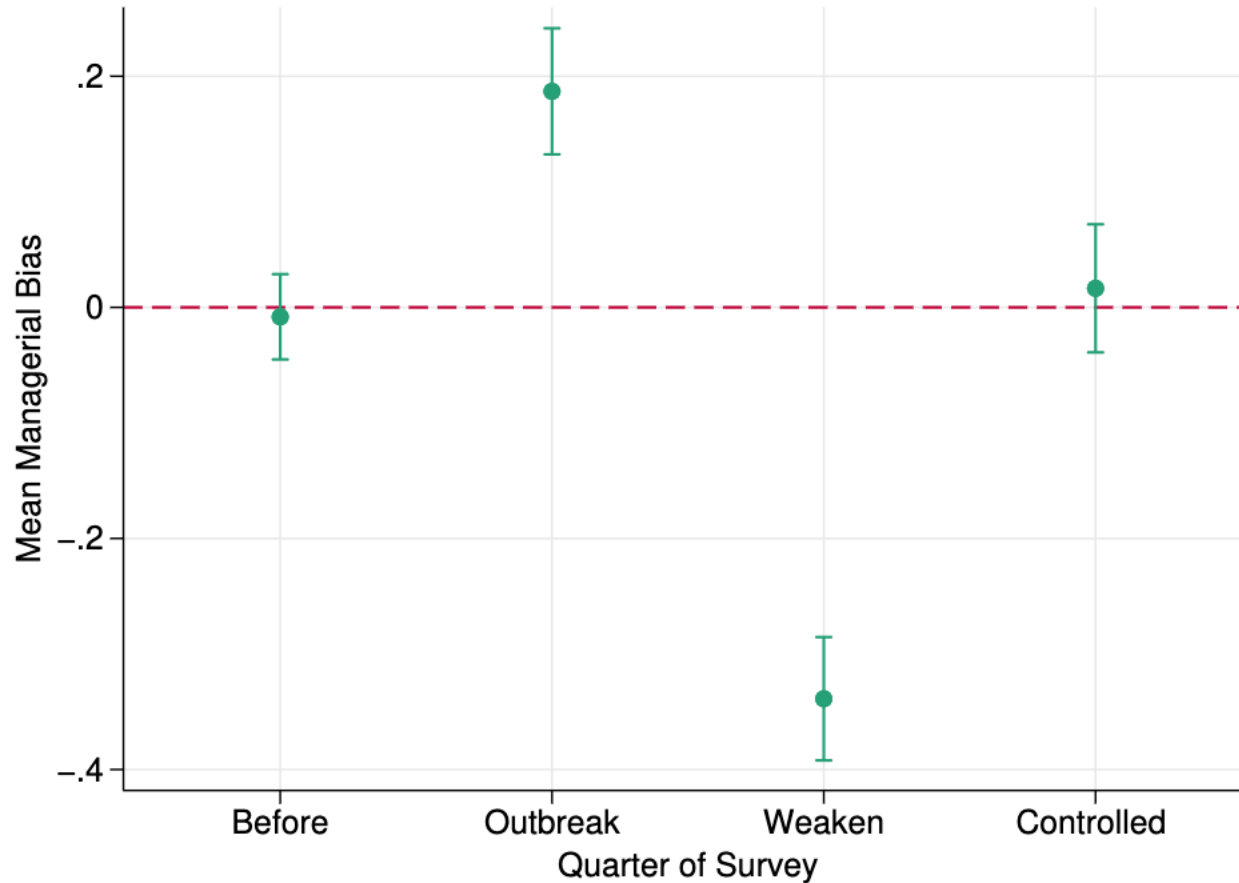
- Bias = Subjective – Objective (Belief – Fact)
- Subjective(Belief): manager’s subjective belief on operating conditions.
- Objective(Fact): objective operating conditions regarding the actual rate of change in firms’ operating profits. Given that the respondent may not be able to perceive small changes in operating profit, we define an interval $[-a\%, a\%]$, where a is the threshold value.

Independent Variables:

Proxies for the peak (2020Q1), weakened (2020Q2), and controlled (2020Q3), stages of the COVID-19 pandemic: *Outbreak*, *Weaken*, *Controlled*

Baseline Results

Managerial biases across time



Baseline Results

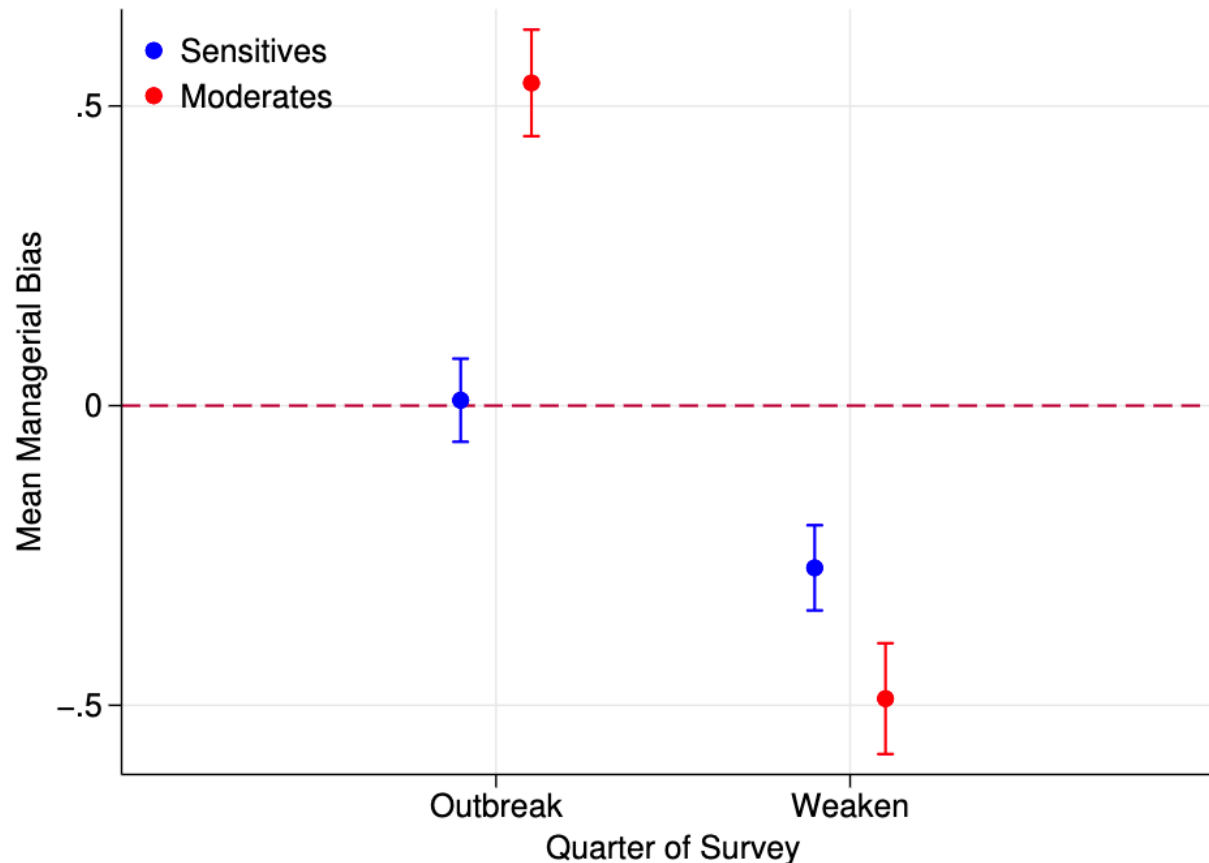
- The coefficient of *Outbreak* is significantly **positive**, and the coefficient of *Weaken* is significantly **negative**, suggesting that managers may **underreact** when **facing the pandemic** and **overreact** to the negative sign of the pandemic on firm performance.
- Moreover, **this shift is temporary**; the impact of the pandemic on managerial biases **disappears** when the **pandemic** is **under control**.

	Dependent Variable:						
	<i>Bias</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	<i>a</i> = 10		<i>a</i> = 20		<i>a</i> = 30	<i>a</i> = 40	<i>a</i> = 5 for above median <i>a</i> = 10 for above median
<i>Outbreak</i>	0.183*** (2.659)	0.187*** (2.715)	0.182*** (2.614)	0.213*** (2.988)	0.216*** (2.945)	0.213*** (2.871)	0.180*** (2.591)
<i>Weaken</i>	-0.353*** (-4.848)	-0.351*** (-4.810)	-0.349*** (-4.759)	-0.333*** (-4.582)	-0.349*** (-4.804)	-0.355*** (-4.863)	-0.34*** (-4.633)
<i>Controlled</i>	0.021 (0.301)	0.023 (0.333)	0.027 (0.391)	0.031 (0.466)	0.004 (0.065)	0.015 (0.221)	0.017 (0.248)
<i>Debts/Assets</i>		0.136 (1.622)	0.128 (1.508)	0.120 (1.429)	0.109 (1.290)	0.109 (1.313)	0.121 (1.425)
<i>Revenues/Assets</i>		0.013 (1.630)	0.012 (1.480)	0.012 (1.583)	0.014* (1.909)	0.015** (2.087)	0.013 (1.640)
<i>Loan</i>			0.151** (2.187)	0.148** (2.103)	0.142** (1.992)	0.160** (2.219)	0.144** (2.113)
<i>Policy</i>			-0.064 (-1.247)	-0.062 (-1.201)	-0.066 (-1.283)	-0.057 (-1.111)	-0.049 (-0.935)
Industry Dummies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	1,776	1,776	1,776	1,776	1,776	1,776	1,776
Pseudo <i>R</i> ²	0.012	0.013	0.014	0.014	0.015	0.016	0.014

How does COVID-19 affect managerial beliefs?-The existence of moderates

Managers may differ in their ability to obtain and learn from new information (Ghaderi et al., 2022; Möbius et al., 2022; Zimmermann, 2020).

Managerial biases for **sensitives** and **moderates** groups



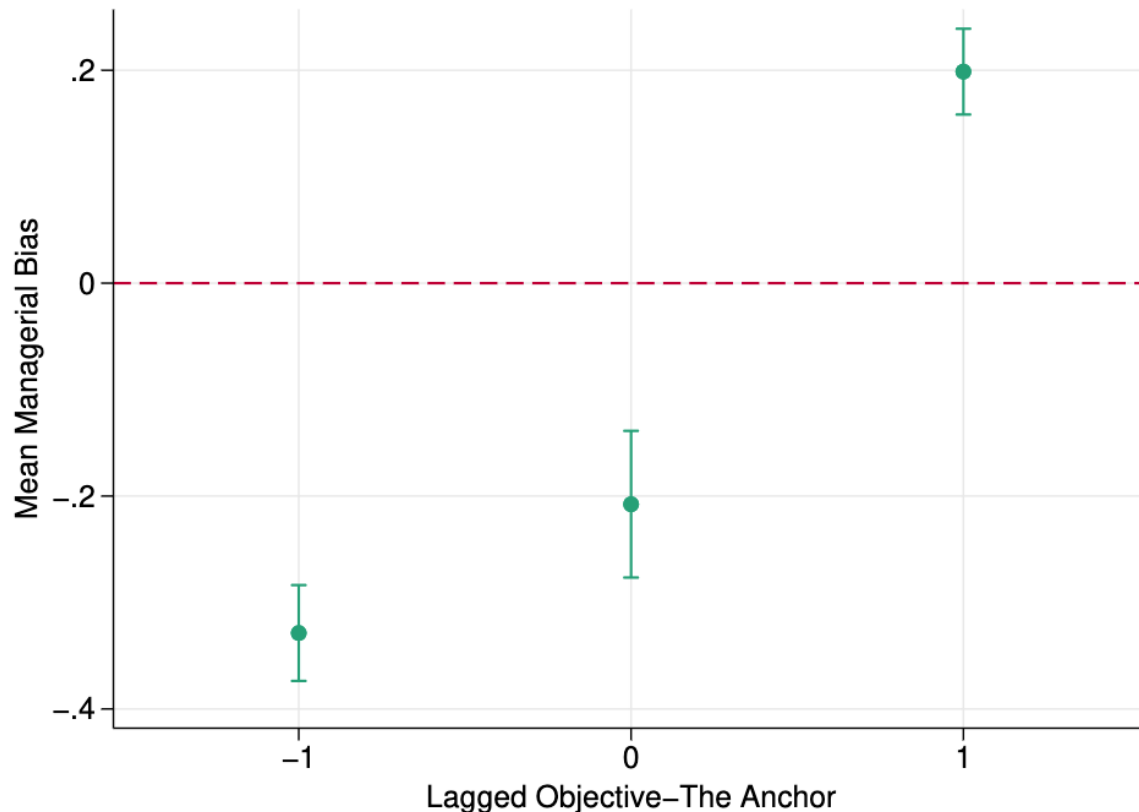
How does COVID-19 affect managerial beliefs?-The existence of moderates

- **Moderates** may not promptly adjust to the large fluctuations in the actual operating conditions driven by the pandemic, while **sensitives** may alter their beliefs about firms' performance based on new information.
- Therefore, **the shift in managerial biases should be larger for the moderates compared to the sensitives after the pandemic.**

	Dependent Variable: <i>Bias</i>			
	(1)	(2)	(3)	(4)
<i>Outbreak</i>	0.218*** (2.619)	0.026 (0.280)	0.046 (0.476)	0.922*** (4.879)
<i>Weaken</i>	-0.276*** (-3.133)	-0.248** (-2.376)	-0.234** (-2.212)	-0.498** (-2.547)
<i>Controlled</i>	0.049 (0.604)	0.060 (0.736)	0.079 (0.777)	0.088 (0.512)
<i>Mid × Outbreak</i>		0.662*** (4.903)		
<i>Mid × Weaken</i>		-0.106 (-0.741)		
<i>Mid</i>		-0.130 (-1.548)		
<i>Debts/Assets</i>	0.083 (0.829)	0.080 (0.796)	0.022 (0.193)	0.229 (0.969)
<i>Revenues/Assets</i>	0.022** (2.355)	0.022** (2.366)	0.028** (2.109)	0.017 (0.847)
<i>Loan</i>	0.105 (1.274)	0.121 (1.467)	0.138 (1.328)	0.079 (0.449)
<i>Policy</i>	-0.022 (-0.361)	-0.029 (-0.456)	0.025 (0.336)	-0.207 (-1.476)
Industry Dummies	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes
Observations	1,289	1,289	883	406
Sample	All samples		Sensitives	Moderates
Pseudo R^2	0.016	0.022	0.015	0.120

How does COVID-19 affect managerial beliefs?-The anchoring effect under imperfect information

- Based on current and past information, managers update their beliefs on firms' operating conditions and may **extrapolate beliefs formed in the past** (Charness et al., 2021; Gennaioli et al., 2016; Bordalo et al., 2019).
- However, such updating often leads to biases in managerial beliefs if the **information is imperfect** (Bordalo et al., 2020b; Barrero, 2022)



How does COVID-19 affect managerial beliefs?-The anchoring effect under imperfect information

- Our results indicate that for firms with **good (poor) objective operating conditions in the previous period**, their managers tend to be **more optimistic (pessimistic)**.
- The coefficients of *Outbreak* and *Weaken* are **insignificant** for sensitives samples, implying that the effect of anchoring on **managerial biases is more salient for sensitives**.

	Dependent Variable: <i>Bias</i>			
	(1)	(2)	(3)	(4)
<i>Outbreak</i>	0.162* (1.862)	0.232*** (2.808)	0.195** (2.359)	0.000 (0.004)
<i>Weaken</i>	-0.108 (-1.138)	-0.270*** (-3.083)	-0.127 (-1.411)	-0.109 (-0.985)
<i>Controlled</i>	-0.016 (-0.195)	0.051 (0.627)	-0.042 (-0.512)	-0.010 (-0.093)
$Objective_{i,t-1}$	0.186*** (3.693)		0.259*** (7.322)	0.252*** (5.682)
$Objective_{i,t-1} \times Outbreak$	0.169* (1.937)			
$Objective_{i,t-1} \times Weaken$	0.134 (1.554)			
<i>Debts/Assets</i>	0.096 (0.981)	0.083 (0.853)	0.105 (1.077)	0.034 (0.288)
<i>Revenues/Assets</i>	0.020** (1.990)	0.022** (2.330)	0.021** (2.022)	0.026* (1.799)
<i>Loan</i>	0.095 (1.131)	0.101 (1.227)	0.096 (1.153)	0.127 (1.225)
<i>Policy</i>	-0.020 (-0.324)	-0.023 (-0.377)	-0.027 (-0.436)	0.021 (0.279)
Industry Dummies	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes
Observations	1,301	1,301	1,301	883
Sample	All samples			Sensitives
Pseudo R^2	0.033	0.017	0.032	0.028

How does COVID-19 affect managerial beliefs?-The anchoring effect under imperfect information

The gap between anchor and target is associated with the change in managerial biases during the pandemic.

	Dependent Variable: <i>Bias</i>			
	(1)	(2)	(3)	(4)
<i>Objective</i> _{<i>i,t-1</i>}	0.122** (2.397)	0.161** (2.489)	0.015 (0.191)	0.040 (0.386)
<i>Objective</i> _{<i>i,t-1</i>} × <i>Above</i>	0.260*** (4.023)	0.180** (2.167)		
<i>Above</i>	-0.006 (-0.089)	-0.022 (-0.257)		
<i>Objective</i> _{<i>i,t-1</i>} × <i>Decrease</i>			0.323*** (2.712)	0.299** (2.072)
<i>Objective</i> _{<i>i,t-1</i>} × <i>Increase</i>			0.288*** (2.778)	0.239* (1.792)
<i>Outbreak</i>	0.204** (2.443)	0.003 (0.034)	0.207** (2.492)	0.014 (0.144)
<i>Weaken</i>	-0.128 (-1.394)	-0.105 (-0.931)	-0.130 (-1.427)	-0.108 (-0.957)
<i>Controlled</i>	-0.033 (-0.400)	-0.006 (-0.057)	-0.026 (-0.315)	0.002 (0.022)
<i>Debts/Assets</i>	0.112 (1.084)	0.040 (0.327)	0.106 (1.031)	0.042 (0.340)
<i>Revenues/Assets</i>	0.019* (1.925)	0.023 (1.631)	0.021** (2.077)	0.025* (1.811)
<i>Loan</i>	0.097 (1.162)	0.124 (1.200)	0.102 (1.224)	0.126 (1.221)
<i>Policy</i>	-0.021 (-0.326)	0.031 (0.400)	-0.025 (-0.396)	0.029 (0.371)
Industry Dummies	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes
Observations	1,301	883	1,301	883
Sample	All samples	Sensitives	All samples	Sensitives
Pseudo <i>R</i> ²	0.036	0.030	0.036	0.031

How does COVID-19 affect managerial beliefs?-The role of policy and loan support.

The vital role of **policy intervention and support during the pandemic** or other external shocks.

	Dependent Variable: <i>Negative</i>			
	(1)	(2)	(3)	(4)
<i>Policy × Outbreak</i>	0.320 (0.925)	-0.437* (-1.886)		
<i>Policy × Weaken</i>	-0.196 (-0.560)	-0.317 (-1.429)		
<i>Loan × Outbreak</i>			-0.483 (-0.948)	-0.176 (-0.586)
<i>Loan × Weaken</i>			-0.441 (-0.946)	-0.008 (-0.026)
<i>Outbreak</i>	-1.073*** (-4.165)	-0.052 (-0.305)	-0.853*** (-4.104)	-0.236* (-1.688)
<i>Weaken</i>	0.566** (2.375)	0.352** (2.018)	0.565*** (2.696)	0.185 (1.401)
<i>Controlled</i>	-0.088 (-0.501)	-0.150 (-1.146)	-0.098 (-0.559)	-0.118 (-0.911)
<i>Loan</i>	-0.064 (-0.347)	-0.073 (-0.576)	0.087 (0.376)	-0.038 (-0.209)
<i>Policy</i>	0.177 (0.998)	0.302** (2.250)	0.211 (1.491)	0.116 (1.204)
<i>Debts/Assets</i>	-0.225 (-0.935)	-0.030 (-0.202)	-0.225 (-0.934)	-0.017 (-0.115)
<i>Revenues/Assets</i>	-0.017 (-0.788)	-0.020 (-0.990)	-0.017 (-0.817)	-0.020 (-0.959)
Industry Dummies	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes
Observations	406	883	406	883
Sample	Moderates	Sensitives	Moderates	Sensitives
Pseudo R ²	0.122	0.031	0.122	0.027

How does COVID-19 affect managerial beliefs?-The role of policy and loan support.

- Government financial relief may effectively change managerial belief during the weakened period of the pandemic.
- Government direct fund support is more effective in adjusting managerial beliefs at the start of the pandemic

	Dependent Variable: <i>Negative</i>			
	(1)	(2)	(3)	(4)
<i>Policy_Financial</i> × <i>Outbreak</i>	-0.333 (-1.494)			
<i>Policy_Financial</i> × <i>Weaken</i>	-0.395* (-1.853)			
<i>Policy_Government</i> × <i>Outbreak</i>		-0.770* (-1.658)		
<i>Policy_Government</i> × <i>Weaken</i>		-0.354 (-1.002)		
<i>Policy_Loan</i> × <i>Outbreak</i>			-0.220 (-0.600)	
<i>Policy_Loan</i> × <i>Weaken</i>			-0.001 (-0.003)	
<i>Policy_Other</i> × <i>Outbreak</i>				0.354 (0.667)
<i>Policy_Other</i> × <i>Weaken</i>				0.310 (0.737)
<i>Outbreak</i>	-0.132 (-0.817)	-0.219 (-1.627)	-0.251* (-1.875)	-0.294** (-2.251)
<i>Weaken</i>	0.377** (2.290)	0.214 (1.642)	0.185 (1.384)	0.165 (1.254)
<i>Controlled</i>	-0.132 (-1.010)	-0.135 (-1.024)	-0.116 (-0.879)	-0.115 (-0.877)
<i>Policy_Financial</i>	0.255* (1.100)	0.076 (0.308)	0.070 (0.282)	0.072 (0.288)

Real effects of managerial biases on firm-level outcomes

Quantitatively document how much **managerial biases** may contribute to the distortions in **firm-level decisions** and **aggregate inefficiency** during COVID-19.

	Dependent Variable:			
	<i>Layoff</i>		<i>Investment Reduction</i>	
	(1)	(2)	(3)	(4)
<i>Bias</i>	-0.193*		-0.378***	
	(-1.866)		(-4.106)	
<i>Negative</i>		0.545**		0.708***
		(2.358)		(3.267)
<i>Debts/Assets</i>	-0.351	-0.347	-0.455	-0.475
	(-0.982)	(-0.970)	(-1.316)	(-1.370)
<i>Revenues/Assets</i>	0.002	0.002	0.000	-0.008
	(0.038)	(0.056)	(0.004)	(-0.226)
<i>Loan</i>	-0.033	0.013	0.215	0.123
	(-0.129)	(0.050)	(0.845)	(0.501)
<i>Policy</i>	0.047	0.036	-0.924***	-1.007***
	(0.236)	(0.179)	(-4.181)	(-4.564)
Industry Dummies	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes
Observations	249	249	204	204
Pseudo R^2	0.074	0.085	0.209	0.188

Thank You

Temporary Effect-Data Extension

	Dependent Variable:						
	<i>Bias</i>						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
		$a = 10$		$a = 20$	$a = 30$	$a = 40$	$a = 5$ for above median $a = 10$ for above median
<i>Outbreak</i>	0.179*** (2.592)	0.182*** (2.631)	0.177** (2.535)	0.206*** (2.900)	0.208*** (2.854)	0.204*** (2.781)	0.176** (2.511)
<i>Weaken</i>	-0.356*** (-4.886)	-0.355*** (-4.862)	-0.357*** (-4.865)	-0.339*** (-4.690)	-0.355*** (-4.925)	-0.359*** (-4.988)	-0.351*** (-4.773)
<i>Controlled</i>	0.019 (0.279)	0.021 (0.297)	0.019 (0.277)	0.023 (0.347)	-0.004 (-0.060)	0.006 (0.092)	0.009 (0.137)
<i>After</i>	0.040 (0.586)	0.036 (0.532)	0.030 (0.435)	0.061 (0.895)	0.069 (0.990)	0.077 (1.092)	0.029 (0.420)
<i>Debts/Assets</i>		0.116 (1.515)	0.100 (1.303)	0.093 (1.213)	0.091 (1.186)	0.091 (1.193)	0.093 (1.223)
<i>Revenues/Assets</i>		0.006 (0.881)	0.006 (0.797)	0.007 (0.930)	0.008 (1.180)	0.008 (1.185)	0.007 (0.945)
<i>Loan</i>			0.131** (2.116)	0.122* (1.940)	0.122* (1.924)	0.129** (2.031)	0.128** (2.081)
<i>Policy</i>			-0.005 (-0.099)	-0.002 (-0.047)	-0.003 (-0.070)	0.005 (0.112)	0.011 (0.228)
Industry Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	2,132	2,132	2,132	2,132	2,132	2,132	2,132
Pseudo R^2	0.012	0.013	0.014	0.014	0.014	0.015	0.013

Nature of Moderate and Sensitive

Firm-level characteristics and industry composition of **moderates** and **sensitives** groups

Panel A: Firm-level characteristic of moderates and sensitives groups

Variables	Sensitives		Moderates		Difference
	Obs.	Mean	Obs.	Mean	Mean
<i>Debts/Assets</i>	883	0.483	406	0.452	0.03
<i>Revenues/Assets</i>	883	1.931	406	2.169	-0.238
<i>Objective</i>	883	0.102	406	0.054	0.048
<i>Asset</i>	883	3453	406	3426	27.72

Panel B: Industry composition of moderates and sensitives groups

Industry	Sensitives		Moderates		Difference
	Freq.	Pct (%)	Freq.	Pct (%)	Mean
<i>Agriculture, forestry and fishing</i>	10	1.133	4	0.985	0.147
<i>Real estate</i>	13	1.472	6	1.478	-0.006
<i>Leasing and commercial service</i>	97	10.98	57	14.04	-3.054
<i>Scientific research and technical service</i>	48	5.436	9	2.217	3.219***
<i>Water conservation, environment, and public facilities management</i>	5	0.566	1	0.246	0.32
<i>Public facilities management</i>	25	2.831	13	3.202	-0.371
<i>Services and repairs for residents and other services</i>	0	0	4	0.985	-0.985***
<i>Cultural, sports and recreational</i>	8	0.906	9	2.217	-1.311*
<i>Manufacturing</i>	188	21.29	84	20.69	0.601
<i>Electricity, heat, gas, water production and supply</i>	4	0.453	0	0	0.453
<i>Construction</i>	34	3.851	20	4.926	-1.076
<i>Wholesale and retailing</i>	337	38.16	148	36.45	1.712
<i>Transport, warehousing, and postal</i>	29	3.284	14	3.448	-0.164
<i>Board and lodging</i>	35	3.964	12	2.956	1.008
<i>Information transfer, and software and information technology service</i>	50	5.663	25	6.158	-0.495

Strategic behaviors of survey respondents

Whether the survey respondents strategically report the operating conditions to obtain bank loans or policy support using the following regression?

	Dependent Variable:			
	<i>Loan</i> _{t+1}		<i>Policy</i> _{t+1}	
	(1)	(2)	(3)	(4)
<i>Bias</i>	0.012 (0.296)		-0.017 (-0.415)	
<i>Negative</i>		-0.029 (-0.312)		0.045 (0.537)
<i>Debts/Assets</i>	0.343*** (2.723)	0.343*** (2.724)	0.094 (0.731)	0.094 (0.730)
<i>Revenues/Assets</i>	0.013 (0.890)	0.013 (0.897)	-0.026* (-1.715)	-0.026* (-1.724)
<i>Loan</i>	0.556*** (5.355)	0.556*** (5.351)	0.084 (0.743)	0.084 (0.747)
<i>Policy</i>	0.432*** (4.629)	0.432*** (4.624)	1.877*** (21.693)	1.877*** (21.693)
Industry Dummies	Yes	Yes	Yes	Yes
Firm Clustered	Yes	Yes	Yes	Yes
Observations	1,284	1,284	1,280	1,280
Pseudo R^2	0.085	0.085	0.351	0.351