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BIG INNOVATION CENTRE

Econometric analysis of four waves of international procurement and investment decisions

A report for United Kingdom Trade and Investment

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The Big Innovation Centre is an initiative of The Work Foundation and Lancaster University. Launched in September 2011, it brings together a range of companies, trusts, universities and public bodies to research and propose practical reforms with the ambition of making the UK a global open innovation hub as part of the urgent task of rebalancing and growing the UK economy, and with the vision of building a world-class innovation and investment ecosystem by 2025. For further details, please visit www.biginnovationcentre.com.

Executive summary

Trade and investment from overseas firms will be vital for the UK's economic recovery. UK Trade and Investment (UKTI) have a key role in ensuring that overseas firms see the UK as an attractive destination to invest and procure.

The Reputation in Overseas Markets Survey (ROMS) contains information on the perceptions of firms in India, China and the United States of the UK and comparator countries and their patterns of investment or procurement. It presents a unique opportunity to analyse how the perceptions of overseas firms of the UK influence the investment or procurement decisions.

This report uses four waves of the data, from 2008 – 2011, to gain a better understanding of how firms in key sectors and markets decide where to invest or procure from, and the role of reputation and other factors in influencing these decisions. The results of this report should help focus efforts to improve the reputation of the UK in a way which will help UK firms perform better in these sectors and markets, and make the UK a more attractive location for inward investors.

The results suggest that:

- Firms which perceive the UK more favourably are more likely to be investing or procuring there. While the causality of this finding is not clear, and it may be that firms become favourable only after contact, this provides some justification for improving the perceptions of overseas firms of the UK.
- Particular characteristics matter for perceptions. Business Environment is the most important determinant of positive perceptions of the UK, followed by Innovation and Creativity. However, there is some diversity between the characteristics linked to favourability for different countries and sectors.
- The comparative position of the UK relative to other countries is not particularly important. Instead, absolute rather than relative perceptions of the UK appear to drive investment or procurement decisions.
- There are differences between firms who invest and those who procure in the extent to which specific country attributes are important. Firms in the investing sample tend to invest in countries they see as: Open and Accessible, Practical and Honest and Trustworthy. Firms in the procurement sample tend to procure from countries they see as: Open and Accessible, Technologically Advanced and Practical.

- There is a positive association between how well informed firms are and their perceptions of the UK – firms which are better informed are more favourable. This provides an important rationale for government intervention in this area.

- Firms which have had some contact with a representative of the UK government are more likely to feel well informed about the UK.

- There are differences across markets and sectors, suggesting that UKTI strategies need to be differentiated in focus rather than global.

Overall the results suggest that influencing perceptions of overseas firms is likely to have some influence on their procurement and investment decisions, and that Government can potentially exert some positive influence on these perceptions through its contacts with business communities overseas. However, there are four important caveats to this view:

- Cross-sectional surveys make it hard to determine causality. While the results show important associations between the variables, we are not able to assess causality. For example, there is a link between investing and the favourability of firms to the UK. However, it might be that firms which invest in the UK only become favourable after doing so. This is an important caveat to our results.

- There were no significant changes in the perceptions of the UK between the four waves. Perceptions of the UK are relatively stable over time, despite the many economic changes in this period, and hence difficult to shift.

- The response of different types of firms in different countries and sectors to changes in perceptions is likely to differ significantly. Strategies which address country and sector specific perceptions are likely to have a greater impact.

- If it was possible to change perceptions, the survey suggests that such as shift may only have modest influence on the decision to invest or procure. The effects are likely to be limited to certain issues, markets and sectors.

Overall, the scope for influencing investment and procurement decisions is relatively modest. Specific country and sector strategies are likely to have the greatest impact.

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1. Overview

Trade and investment from overseas firms will be vital for the UK's economic recovery. Both the Trade White Paper, *Trade and Investment for Growth,* and the UK Trade and Investment (UKTI) five year strategy, *Britain Open for Business*, set out the importance of ensuring that overseas businesses view the UK as an attractive place to invest and procure.

UKTI commissioned The Work Foundation to undertake econometric analysis of the UK Reputation in Overseas Market Survey (ROMS). The Reputation in Overseas Market Survey ran for four years from 2008, and provides a unique opportunity to investigate the perceptions of overseas firms of the UK as a place to invest or procure.[1]

This report aims to gain a better understanding of how firms in key sectors and markets decide where to invest or procure from, and the role of reputation and other factors in influencing these decisions. The results of this report should help focus efforts to improve perceptions of the UK in a way which will help UK firms perform better in these sectors and markets - and so make the UK a more attractive location to inward investors.

For this report, we have amalgamated all four years of the ROMS survey. By creating a larger sample size of 3,954 firms, the combined data allows a wider and more robust analysis to be conducted. This report sets out a series of (a) descriptive statistics of the results and (b) multivariate models which test the findings of the data in more detail. This report sets out the results of the analysis.

The study addresses seven research questions:

1. How and to what extent do *perceptions*, as measured by a) overall perceptions of favourability, and b) by perceptions of the UK with respect to specific characteristics[2] influence the decision to invest or procure? Does this vary by sector or market? If so, how?

2. Are perceptions about certain *country characteristics* more important than others? Are there differences between inward investment and procurement decisions in this respect? Does this vary by sector or market? If so, how?

[1] The authors would like to thank Heather Booth Di Giovanni, Yvonne Davis and Hannah Chaplin from UKTI, Richard Upward from the University of Nottingham and Gareth Quested, Prateek Sureka and Lloyd Martin from The Work Foundation for their help with the report.

[2] The research was expected to focus on the four categories (and their components) of characteristics which were used to measure KPI 2 i.e. business environment, innovation/creativity, connections and quality/value.

3. How, and to what extent, does the *comparative position* of the UK, as measured by the gap between the UK and key competitors, or the best competitor[3], influence actual and planned location decisions? Are there differences between inward investment and procurement decisions in this respect? Does this vary by sector or market? If so, how?

4. How do perceptions of *attributes associated with a country*[4] influence the decision to invest or procure from it? Do particular attributes have a stronger effect than others? Which are these? Does the effect vary by the market or sector of the respondent?

5. How and to what extent does the *stated importance* attributed to various country characteristics correspond to the revealed importance of these characteristics as reflected in actual location decisions and plans? Are business statements of the importance of some characteristics a more reliable guide to their true influence over decisions than for other characteristics? Are there differences between inward investment and procurement decisions in this respect? Does this vary by sector or market? If so, how?

6. What is the relationship between *perceptions* of the UK and *favourability* towards the UK and how *well informed* respondents feel about the UK? Does this very by market or sector? If so, how?

7. Does *contact* with a government representative or office influence how well informed respondents feel about the UK? Does this vary by sector or market? If so, how?

The report is structured as follows:

- Section 2 – Outlines the Data and Methodology used for the report
- Section 3 – Presents descriptive statistics on the overall dataset
- Sections 4 to 10 - Outline the findings for each of the seven research questions
- Section 11 – Gives a summary of the findings
- Section 12 – Appendix giving full results

[3] For overall favourability, the survey reports show that this gap can be measured both as the average of competitors, and as a gap with the best competitor. For the questions on specific characteristics, data were collected only for the UK and for the best competitor, as identified by the favourability ratings.
[4] This research question refers to the association of attributes used to measure KPI 5 (Positive associations).

2. Data & Methodology

2.1 The Reputation in Overseas Markets Survey

The UK Reputation in Overseas Markets Survey (ROMS) is an annual telephone survey of firms conducted between 2008 and 2011. The main purpose of the survey was to benchmark the UKTI programme as part of the 2007 Spending Review Performance Management Framework, to help UKTI achieve improvement over the spending period of the reputation of the UK in specified sectors and markets, both as a location for inward investment and supply.

The survey samples firms in four sectors – Financial Services, ICT, Bio-Pharmaceuticals and Energy. Firms in each wave were randomly sampled from a list of firms sourced from business directories. All the businesses interviewed were internationally active.

The number of respondents in each wave varied, but normally around 1,000 firms were sampled, giving a total sample of around 3,950 observations. Respondents were split into three categories:

- **The investing sample.** Those responsible for investing or partnering overseas (around 40% of respondents). Each of these firms must be investing overseas, although not necessarily in the UK.
- **The procuring sample.** Firms who procured overseas (25%).Each of these firms must be procuring overseas, although not necessarily in the UK.
- **Influencers.** Academics, consultants or journalists who would influence the behaviour of other firms (35%). Note that in this study we do not consider the response of influencers.

Very few financial service firms considered inward investment and these have been removed from the dataset.

Interviews were conducted in London. For respondents in the United States and India the interviews were conducted in English. Chinese respondents were interviewed by native speaking interviewers.

2.2 Methodology

This research aims to answer questions 1 – 7 as set out above. We do this through descriptive statistics, but the key results are a series of regression models. These take two basic forms:

(1) **Binary logistic regressions** – models where the dependent variable either has the value 1 or 0, such as a if a firm procures from the UK or does not,
(2) **Linear regression** – where the dependent variable is continuous. For example, a firm's favourability of the UK, on a spectrum from 1 – 10.

We use a standard set of control variables for each of the regression. These are:

- **Size** – one of 10 ordered categorical variables for firm size[5],
- **Country** – binary variables for the country in which the firm is located (India and the USA, with China as the reference category)
- **Sector** – binary variables for the sector (Energy / Renewable Energy; Finance, or; ICT with Pharmaceuticals / Biotechnology as the reference category),
- **Year** – dummy variables for each of the years of the survey (2009, 2010 and 2011 with 2008 as the reference category).

In each regression, we also include a further variable depending on each research question. For example, the perceived difference in performance between the UK and the average competitor, or whether a firm feels the UK has a particular attribute.

We also split the sample according to the research question. When investing is the dependent variable, we only include the investing sample - firms which invest overseas (and vice versa for procurement). For a small number of questions the dependent variable is the same for firms in both samples. Both sets are then included, although this is stated in the text.

[5] Under 50 employees; 50 – 69; 70 – 99; 100 – 199; 200 – 249; 250 – 499; 500 – 999; 1,000 – 1,999; 2,000 – 4,999; 5,000 plus

3. Descriptive Analysis

In this section, we summarise some of the key variables used in the analysis. The key variables are perceptions of favourability and 4 specific characteristics (Reputation Measures 1-4) that determine perceptions of favourability. These variables are ordinal (i.e. ranked in order) which take the values of 1 to 10, where 10 is the best and 1 is worst.

Each of the four Reputation Measures represents the mean value resulting from ratings given separately for a number of individual questions, each of which focuses on a specific aspect of the issue. For example, questions used to measure RM3, Connections, cover: Good international transportation and logistics links; language spoken; established network of business services; and the country as a global hub of the world's largest companies and senior business leaders. A complete list of the questions used for each of these Reputation Measures is at Appendix A.

Table 3.1 below gives the summary statistics for these variables. The average value for UK favourability across the four waves of data is 7.77 (out of maximum value of 10). The UK performs best in Connections (RM3), a measure of how well connected the UK is perceived to be, followed by Business Environment (RM1). Quality, Value and Delivery (RM4) is asked of the procurement sample. Missing values and values coded as "Don't know" have been dropped.

Table 3.1: Summary statistics for perceptions of UK overall favourability and specific characteristics

Variable	Obs.	Mean	Std. Dev.	Min	Max
UK Favourability	3936	7.77	1.572	1	10
UK RM1: Business Environment	3946	7.53	1.089	1	10
UK RM2: Innovation & Creativity	3941	7.42	1.287	1	10
UK RM3: Connections	3945	8.17	1.263	1	10
UK RM4: Quality, Value & Delivery	2394	7.50	1.134	1	10

3.1 Histograms of favourability and specific characteristics

In this section we look into in turn at distributions of each of these five variables across all four waves of data, plotting frequency histograms for each variable.

In Graph 3.1 scores for the UK for the 'favourability' variable are shown in the histogram itself, while the distribution of favourability scores for the UK's 'best competitor' is represented by red dots. The 'best competitor' is either Japan, France, Germany, or – for non-USA respondents only – the USA, for each of which favourability ratings were captured using the same scale as for the UK. The 'best competitor' was defined as the country, other than the UK, for which the respondent gave the highest favourability rating.

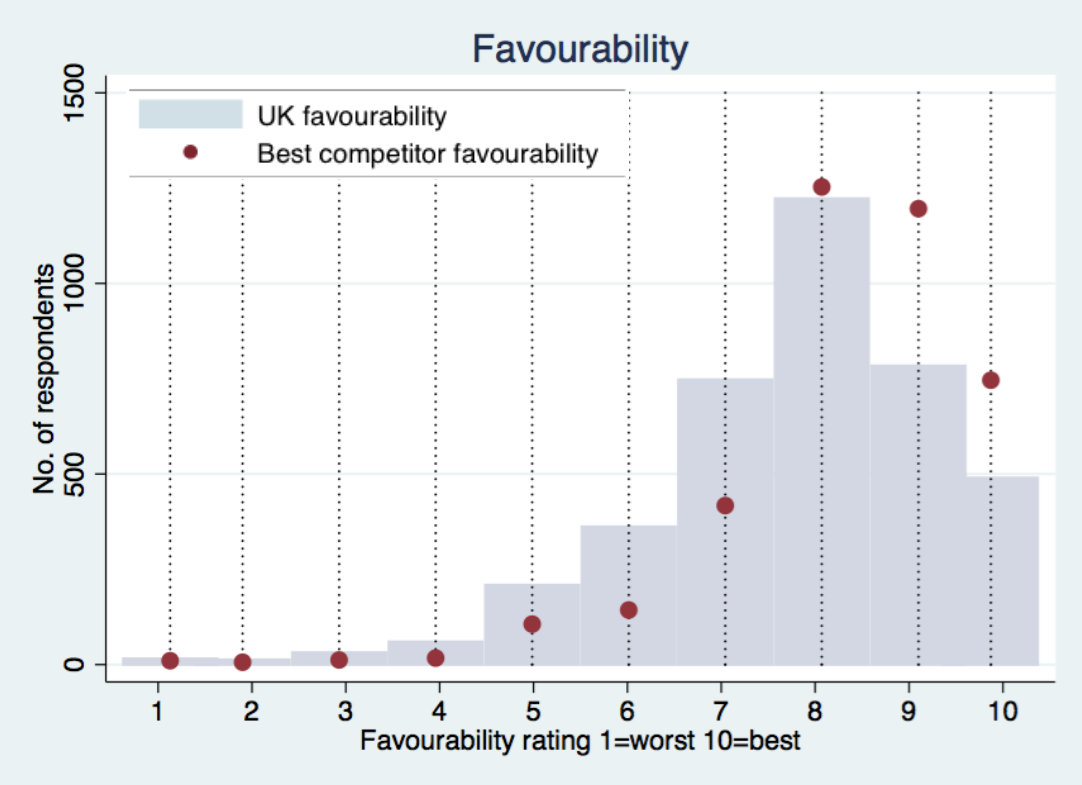
Graph 3.2-5 look in turn at the distribution of results for each of the four Reputation Measures, again presenting these in the form of histograms. These show that for all four measures, ratings of 8 were the most frequent, with ratings of 7 the second most frequent for three of the four measures, while ratings of 9 were the second most frequent for RM3, the 'Connections' measure.

Graphs 3.2-5 also show the distribution of ratings given for these same country characteristics in terms of their stated importance as factors to be taken into account when making investment or procurement location decisions. These results are shown in the form of red dots.

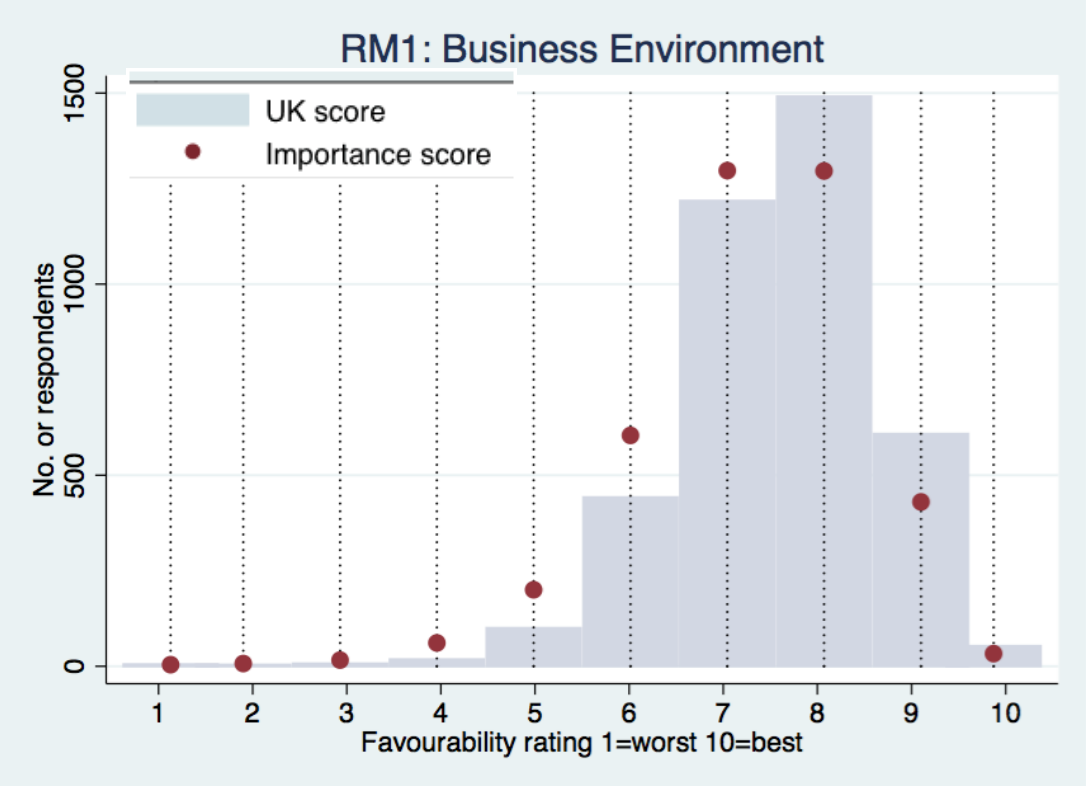
In Graph 3.4, for example, the position of the red dots shows that the proportion of respondents giving scores of 8, 9, and 10 for the importance of 'Connections' characteristics (RM3) is in each case lower than the proportion who gave these relatively high scores to the UK for this Reputation Measure. By contrast, in Graph 5, the position of the red dots is well above the histogram bars for the highest two ratings. This shows that the proportion giving scores of 9-10 for the importance of 'Quality, Value, and Delivery' (RM4) characteristics is much higher than the proportion who rated the UK at this level.

In Graphs 3.2-3, on the other hand, the position of the red dots shows that ratings for the stated importance of the characteristics captured by RM1 and RM2, respectively, are closer to the ratings given for perceptions of the UK with respect to these characteristics.

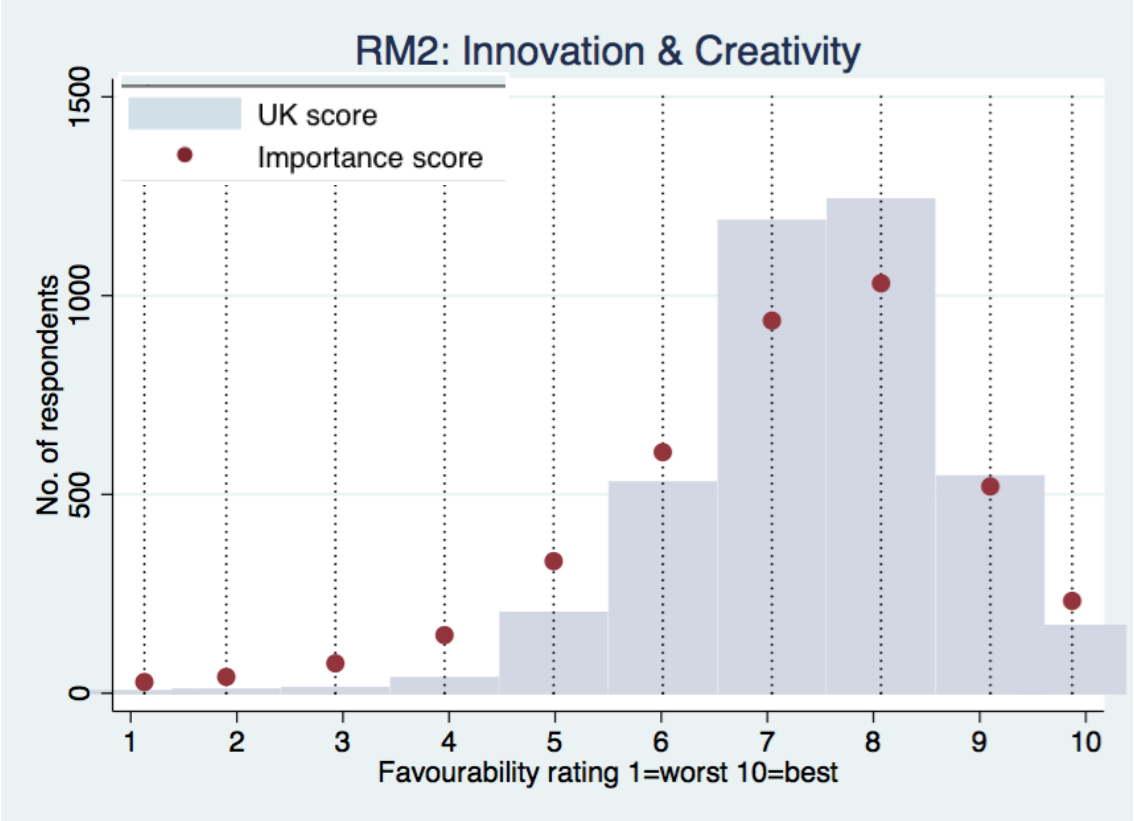
Graph 3.1: UK favourability



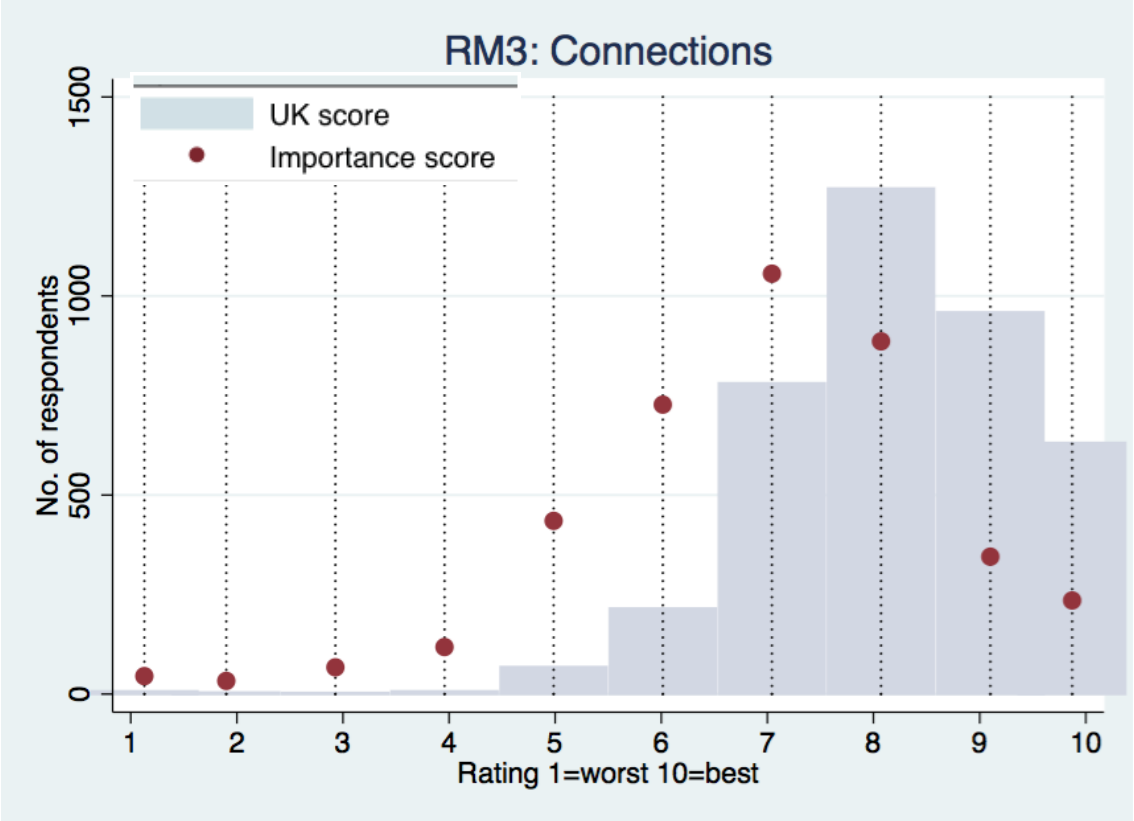
Graph 3.2: Business Environment



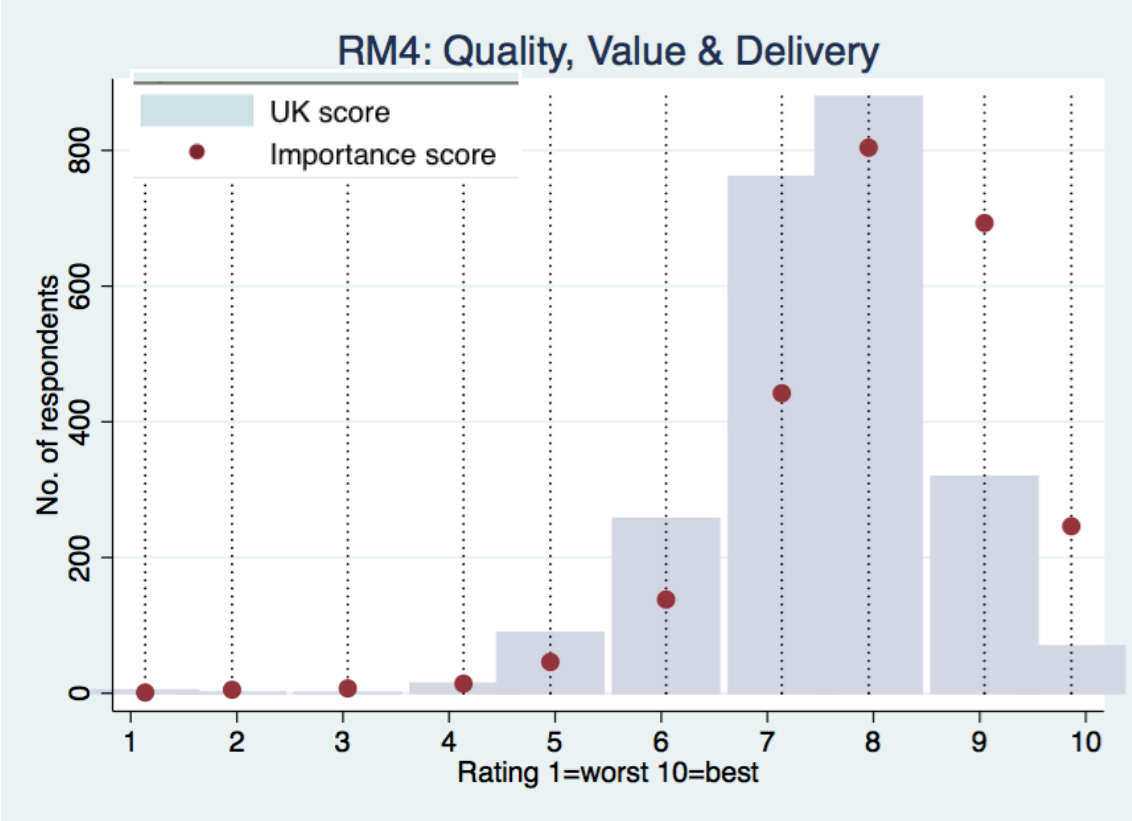
Graph 3.3: Innovation & Creativity



Graph 3.4: Connections



Graph 3.5: Quality, Value and Delivery



3.2 Investment and procurement data

The key dependent variables in this report are data on the firm's current investment and procurement activity, and on planned future decisions, both collected through ROMS.

'Currently, investing/procuring' is a simple binary variable (coded 1 if investing/partnering and 0 if not). For future decisions there are 4 categories – 0 if not likely to invest in the next 5 years, 1 if somewhat likely to invest in the next 5 years, 2 if very likely to invest in the next 5 years and 3 if investing in the next 5 years (but not currently).

The table below presents the summary stats for the 4 key dependent variables. 25% of firms in the investing sample are currently investing in the UK and 44% of procuring firms are currently procuring from the UK. About 47% of firms planning to invest the next 5 years are either definitely investing or very likely to invest in the UK. 50% of firms planning to procure in the next 5 years are either definitely procuring or very likely to procure from the UK in the next 5 years.

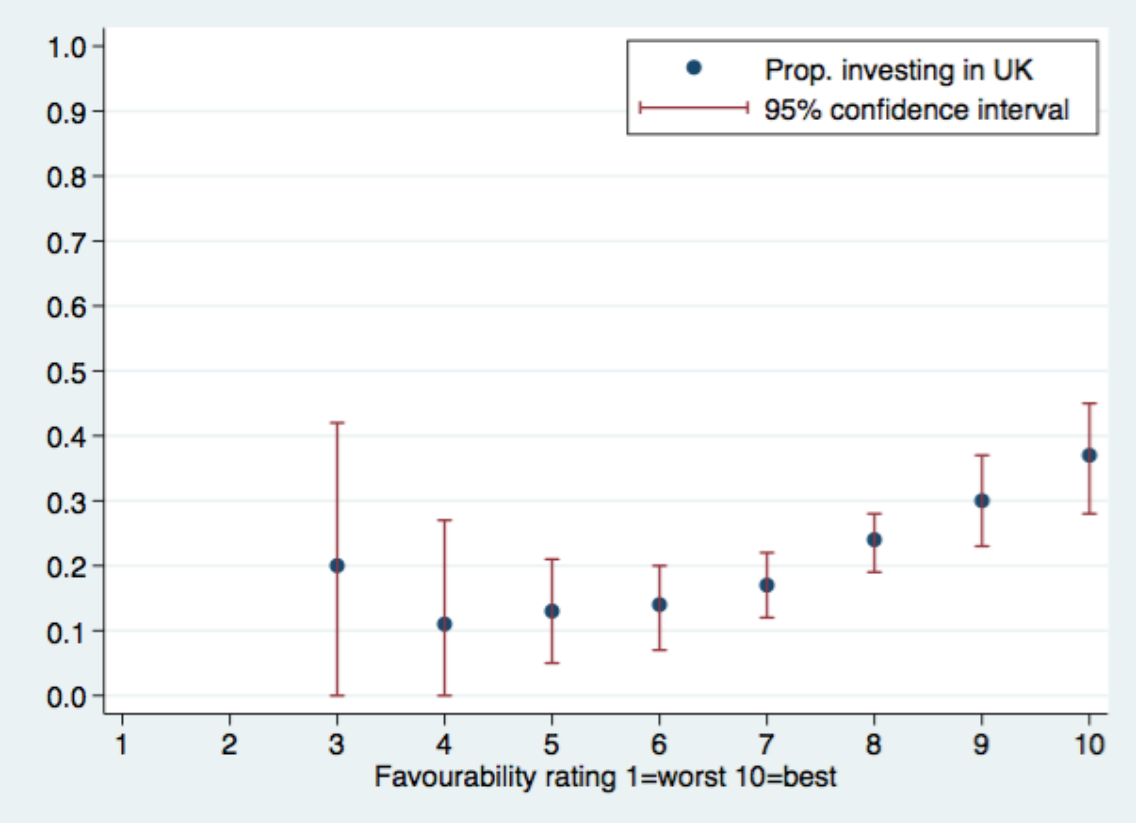
Table 3.2: Summary statistics for UK investment and procurement decisions

Variable	Obs.	Mean	Std. Dev.	Min	Max
Currently Investing/Partnering	1059	0.25	0.42	0	1
Investing in the next 5 years (not likely and somewhat likely 0, very likely and investing1)	589	0.47	1.21	0	1
Currently Procuring	972	0.44	0.49	0	1
Procuring in the next 5 years (not likely and somewhat likely 0, very likely and procuring 1)	581	0.5	1.08	0	1

We now graphically represent the relationship between perceptions of favourability and proportion of firms currently investing/procuring and investing/procuring in the next 5 years.

Graph 3.6 represents the mean value of firms currently investing for each value of favourability and the 95 percent confidence interval for the mean value. There is a clear positive trend between favourability and proportion of firms currently investing in the UK

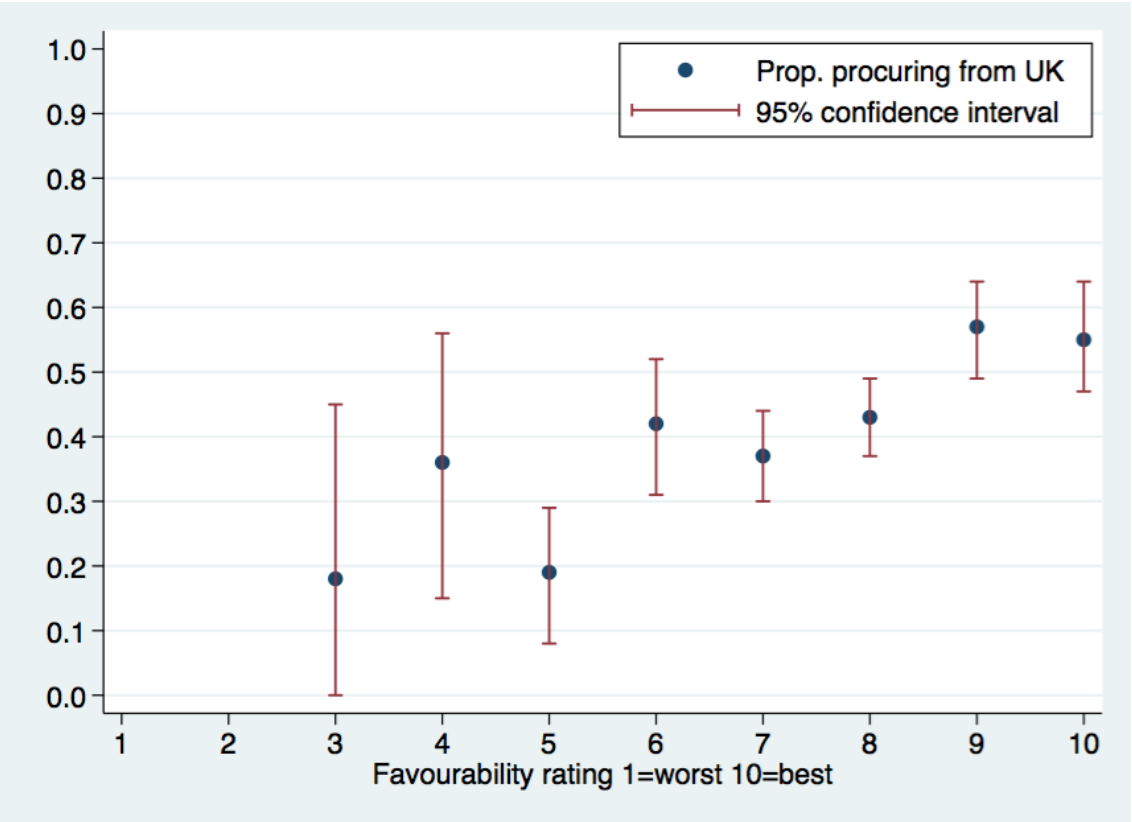
Graph 3.6: Distribution of proportion currently investing for each favourability rating



Note: Scores with less than 10 observations have not been shown on the graph

For procuring as well, there is a clear positive trend and relationship between favourability and proportion of firms currently procuring from the UK appears to be more strongly positive than for firms in the investing sample.

Graph 3.7: Distribution of proportion currently procuring for each favourability rating

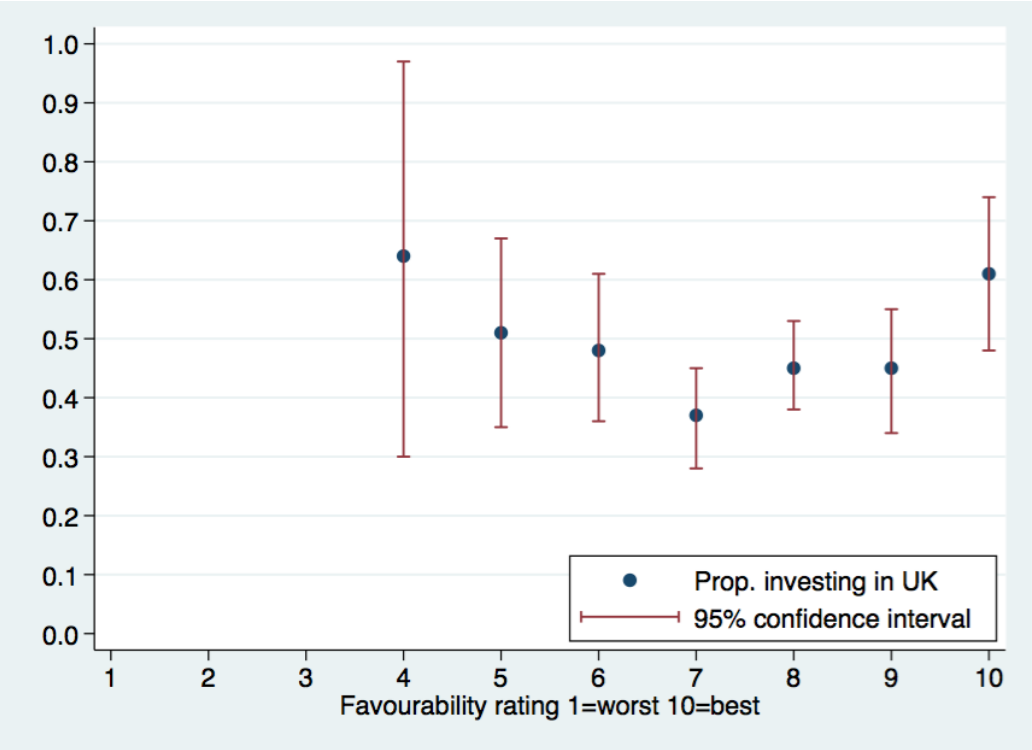


Note: Scores with less than 10 observations have not been shown on the graph

For firms that are likely to invest/procure in the future we create a binary variable by combining firms that are very likely to invest/procure in the future and are definitely investing/procuring in the future (coded as 1) and combining the firms are not likely to invest/procure in the future or somewhat likely to invest/procure in the future (coded as 0). We then plotthe proportion of firms procuring against the average value for each score favourability with its 95 percent confidence interval in graphs 3.8 and 3.9.

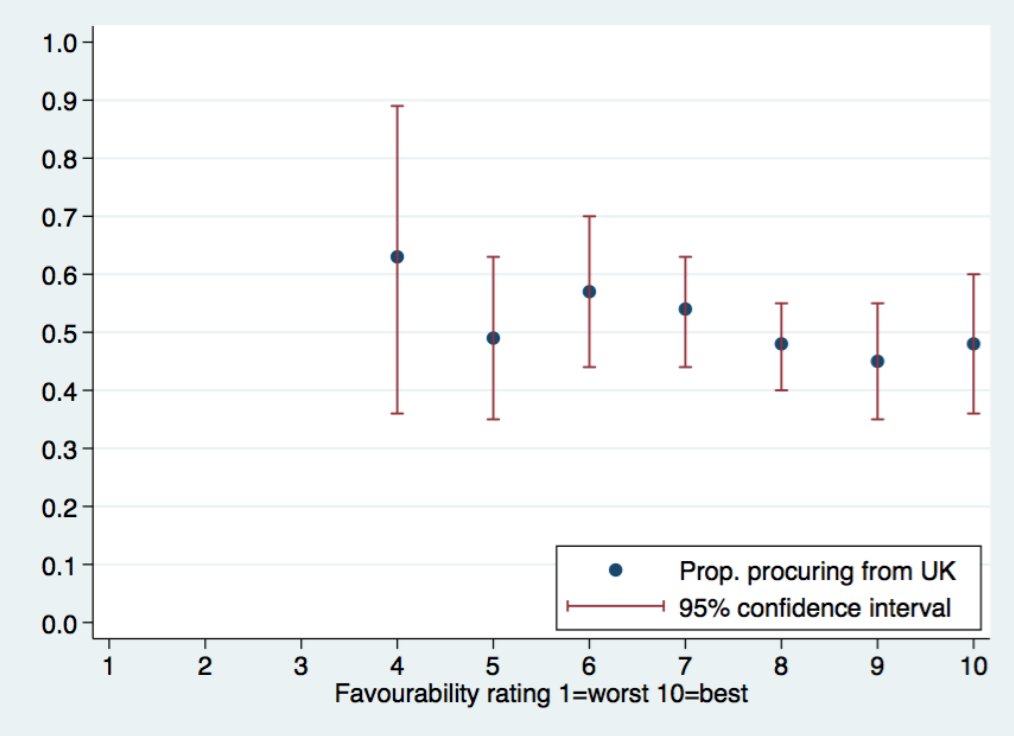
We can see that for both there is no discernible relation between favourability and decisions to invest and procure in the future as there is with firms that are currently investing. As there is no clear relationship between the planned decisions and favourability or the specific characteristics, whether for the full sample or different sectors or markets, we do not include the econometric results for planned decisions unless there is a clear relationship for at least one of the samples in the following chapters.

Graph 3.8: Distribution of proportion investing in the future for each favourability rating



Note: Scores with less than 10 observations have not been shown on the graph

Graph 3.9: Distribution of proportion procuring in the future for each favourability rating



Note: Scores with less than 10 observations have not been shown on the graph

4. Research Question 1: Perceptions of the UK and the decision to invest or procure

In this section we address research question 1:

> How and to what extent do perceptions, as measured by a) overall perceptions of favourability, and b) by perceptions of the UK with respect to specific characteristics[6] influence the decision to invest or procure? Does this vary by sector or market? If so, how?

Summary

We first consider the link between overall perceptions of favourability and whether firms are more likely to invest or procure in the UK. The analysis found that overall:

- **Firms which are more favourable to the UK are more likely to invest or procure in the UK.**

For firms in the investing sample:

- **The relationship between favourability and investment is strongest for firms from the United States. However, the relationship still holds for firms from India and China.**
- **For sectors, the relationship between favourability and investment is strongest for firms in Biotechnology / Pharmaceuticals. It is also positive for ICT firms and Energy firms.**

For firms in the procuring sample:

- **Firms which are more favourable to the UK are more likely to procure from the UK.**
- **The relationship between favourability and procurement exists for Indian firms and US firms, but not Chinese firms.**
- **There is a positive and significant relationship between favourability and procurement for firms in Biotechnology / Pharmaceuticals, Energy and Finance.**

Second, the analysis considers the links between four specific characteristics and the likelihood of investing or procuring. For firms in the investing sample:

[6] The research will be expected to focus on the four categories (and their components) of characteristics which were used to measure KPI 2 i.e. business environment, innovation/creativity, connections and quality/value.

- **Firms which perceive the business environment in the UK as strong are more likely to invest in the UK. However, perceptions of Innovation and Creativity, Connections and Quality, value and delivery (RM4) are not significantly related to the likelihood of investing.**

For firms in the procuring sample:

- **For procurement decisions, all four characteristics – Business Environment, Innovation and Creativity, Connections and Quality, value and Delivery - are important.**

4.1 Research Question 1a: Overall perceptions of favourability and the decision to invest or procure

4.1.1 Methodology

In this section we investigate whether firms who have more favourable opinions of the UK are more likely to invest or procure in the UK. The key independent variable used here is overall favourability with the UK. As set out in section 3, in each regression we control for sector, country of origin and firm size. We also conduct sectoral and market analysis, running each specification for each sector and country as well as the whole economy.

First, we look at the decision to invest in the UK and the overall perceptions of favourability of the UK. We do this through a binary regression model where the dependent variable is whether a firm invests or procures in the UK, and the key dependent variable is the overall favourability of the UK. We control for various firm characteristics, specifically the size of the firm, the market/country it operates in, the sector it operates in and the year. The results of this regression can be seen in model (1) in Table 4B below.

Next, to study whether the relationship of overall favourability and the probability of currently investing in the UK varies by market/country or sector we run the same specification as in model (1), controlling for size, sector, market and year, for firms operating in each market/country and each sector in models (2) to (8) in Table 4A.

4.1.2 Perceptions of favourability and the decision to invest

In the table below we present the summary statistics for UK favourability for the whole sample, as well as for sectors and markets.

Table 4A: Overall summary stats for UK favourability score and specific characteristics

Country/Sector	Obs.	Mean	Std. Dev.	Min	Max
All countries/sectors	3936	7.77	1.572	1	10

Country/Sector	Obs.	Mean	Std. Dev.	Min	Max
China	1338	7.40	1.370	1	10
India	1251	7.66	1.663	1	10
USA	1348	8.23	1.533	1	10
Biotech	708	7.68	1.632	1	10
Energy	666	7.59	1.775	1	10
Finance	501	8.08	1.441	1	10
ICT	667	7.63	1.610	1	10

The average favourability score in the data is 7.77, indicating that most perceive the UK favourably. The highest ratings are for the USA (8.23) and Finance firms (8.08). The lowest ratings are for China (7.40) and Energy (7.59).

For each of these samples, we run our standard logistic regression, the results of which are presented in the table below. The table reports the marginal effects of the independent variables, allowing us to interpret their values in relation to the change in the dependent variable. The marginal effects are simply the slope of the model, that is, the change in the dependent variable due to a unit change in the independent variable. For example, we can see from Table 4B that favourability is a highly significant determinant in the decision to invest in the UK for the overall model.

Table 4B: The impact of favourability on likelihood of investing

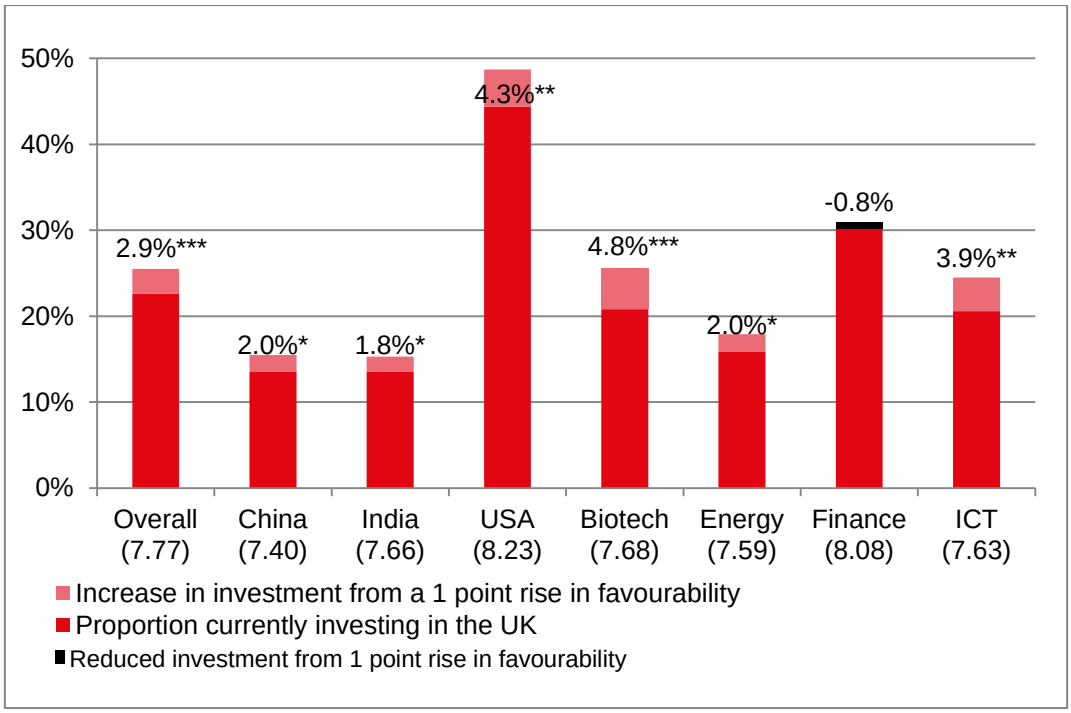
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Probability of investing (1 if investing; 0 if not)							
Favourability	0.0290***	0.0202*	0.0184*	0.0434**	0.0484***	0.0201*	-0.00754	0.0388**
	(0.00795)	(0.0109)	(0.00996)	(0.0189)	(0.0147)	(0.0122)	(0.0190)	(0.0179)
Observations	1,055	383	361	311	238	250	315	252
Pseudo R2	0.153	0.0794	0.0959	0.0961	0.175	0.0888	0.215	0.172

Estimated as a logistic regression. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses. All models include control variables for firm size, country, sector and year. Full results are given in the appendix.

*** p<0.01, ** p<0.05, * p<0.1

The graph below represents the results graphically. The blue bar represents the average percentage of firms investing in a given sample. The average favourability score for the UK is presented in table 4A above and under the x-axis in the graph. The red indicated the increase in investment from a 1 point increase in the UK's favourability score.

Graph 4A: The impact of favourability on the probability of investing



Firms which are more favourable towards the UK are more likely to be investing there. The marginal effect is interpreted as a change in the perceptions of favourability of the UK by one unit, which increases the probability to invest in the UK by 0.029. In the overall model, the size is particularly relevant in determining the decision to invest – the larger the firm, the more likely they are to invest.

At a country level, the relationship between favourability and investment is strongest for firms from the United States. Looking across markets/countries, we see that the relationship between the decision to invest and overall favourability is strongest for the USA, followed by where a rise in favourability by 1 unit increases the likelihood to invest by 0.0434. For China and India, overall favourability is weakly significant in determining whether a firm invests or not.

Models (5) to (8) in Table 4Bestimate this relationship across sectors. **For sectors, the relationship between favourability and investment is strongest for firms in Biotechnology / Pharmaceuticals.** For this sector, an increase in favourability by 1 discrete unit increases the likelihood to invest by 0.0484 points. In ICT the relationship is also significant and positive but not as strongly significant and positive as compared to the Biotech sector. Here a unit change in favourability increases the probability of investing by 0.0388 points. In the energy sector, the relationship between favourability and the probability to invest is weakly significant but positive – a 1 unit change in favourability increases the likelihood to invest by 0.0201 points. There is no significant relationship between the Finance sector and the probability to invest.

4.1.3 Perceptions of favourability and the decision to procure

Next, we estimate the effect of perceptions of overall favourability of the UK on the decision to currently procure from the UK. The analysis is the same as for investment decisions - we simply change the dependent variable to the decision to currently to procure from the UK. As before, the key independent variable is the overall favourability of the UK and we control for various firm characteristics such as size, sector, market and the year. Model 1 in Table 4C gives the overall results; models (2) to (4) consider country effects and (5) to (8) give the results by sector. Graph 4B represents these results graphically, showing an increase in average procurement for the overall model, and for sectors and markets, from a 1 point increase in the score for favourability.

Firms which are more favourable to the UK are more likely to procure from the UK. A change in favourability by 1 unit increases the likelihood that a firm also invests by 5.7%.

A strong relationship between favourability and procurement exists for Indian firms and US firms, and a weak one for Chinese firms. Across markets/countries we see that Indian and US firms have strongly significant and positive relationships between the probability to procure and favourability – an increase in favourability by 1 unit raises the probability of procuring by 6.4 and 6.5 percentage points respectively. However, Chinese firms have a weakly significant relationship between the probability of procuring and favourability.

There is a positive and significant relationship between favourability and procurement for firms in Biotechnology / Pharmaceuticals, Energy, and ICT. Energy has the strongest relationship with favourability followed by the ICT sector and then Biotech.

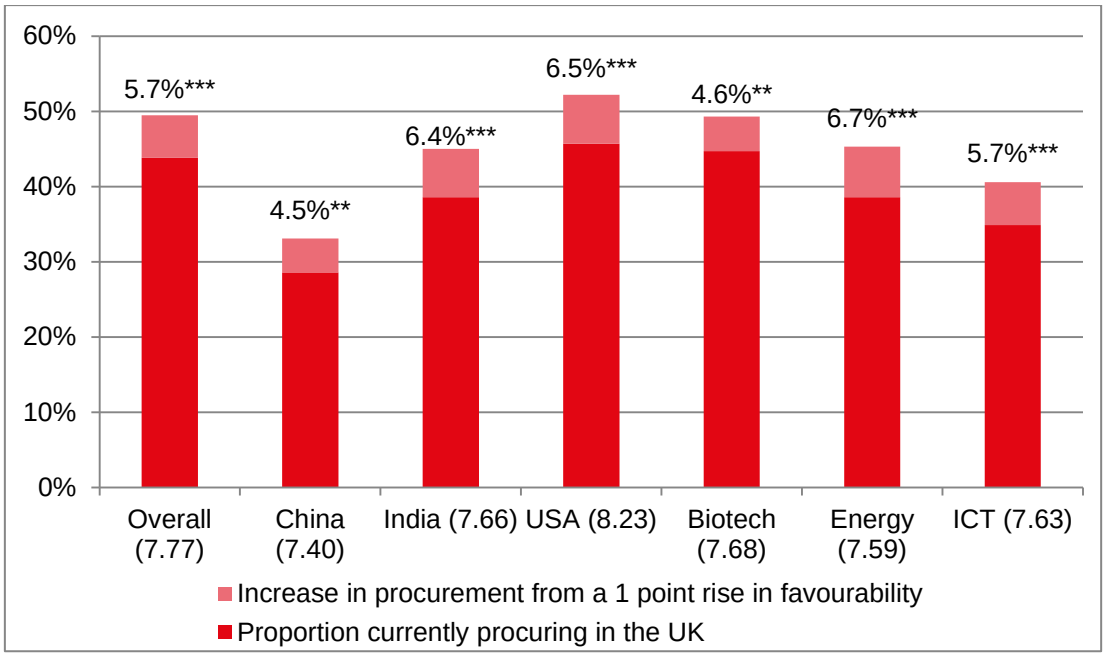
Table 4C: The impact of favourability on the probability of procuring

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Probability of procuring (1 if procuring; 0 if not)						
Favourability	0.0569***	0.0451**	0.0644***	0.0654***	0.0455**	0.0673***	0.0569***
	(0.0110)	(0.0203)	(0.0186)	(0.0195)	(0.0199)	(0.0180)	(0.0201)
Observations	966	291	356	302	331	300	297
Pseudo R2	0.0879	0.0799	0.105	0.0745	0.0983	0.0811	0.079

Estimated as logistic regression. Sample: Firms in the procuring sample. Marginal effects presented. Standard errors in parentheses. All models include control variables for firm size, country, sector and year. Full results are given in the appendix.

*** p<0.01, ** p<0.05, * p<0.1

Graph 4B: The impact of favourability on the probability of procuring



Comparing procurement decisions to investment decisions, we can see that both are strongly significant and positively related to overall favourability, but favourability has a marginally larger effect on the probability to procure as opposed to invest.

4.1.4 Conclusions from research question 1a

Overall, firms which are more favourable to the UK are more likely to invest or procure in the UK.

It is also positive for firms from all three country samples; however, it is strongest for firms from the United States. The relationship is also positive for all sectors except finance. The strongest relationship is for Biotechnology / Pharmaceuticals.

Similarly, firms in the procuring sample are more likely to procure from the UK if they are more favourable to the UK. The relationship exists for Indian and US firms, but not Chinese firms. By sector, a strong relationship exists for Biotech, Energy and ICT firms.

4. 2 Research question 1b: Perceptions of specific characteristics and the decision to invest or procure

4.2.1 Methodology

In this section, we look at the relationship between specific characteristics and the decision to

invest and procure. Specifically, the characteristics we will look at are:

- **Business Environment** (RM1),
- **Innovation and Creativity** (RM2),
- **Connections** (RM3),
- **Quality, Value and Delivery** (RM4).

The characteristic Quality, Value and Delivery (RM4) applies specifically to firms that procure, and so will only consider it in our procurement analysis. All other characteristics apply to both investment and procurement and we will assess the relationship of each in turn with the decision to procure or invest. Note that these characteristics are highly related (i.e. a firm which rates the UK highly on one is likely to rate the UK highly on others). Because of this we run the regressions for each separately.

Tables 4D - 4G present the summary statistics for each specific characteristic for the full sample as well as for each sector and market.

Table 4D: Overall summary stats for RM1: Business Environment score for the UK

Country/Sector	Obs.	Mean	Std. Dev.	Min	Max
All countries/sectors	3946	7.53	1.089	1	10
China	1340	7.26	1.012	1	10
India	1255	7.46	1.110	1	10
USA	1351	7.87	1.057	1	10
Biotech	710	7.54	1.151	1	10
Energy	668	7.44	1.153	1	10
Finance	503	7.62	1.110	1	10
ICT	670	7.38	1.138	1	10

There is relatively little variation between respondent groups in how they perceive the UK's Business Environment. The highest perception is from US respondents (7.87) and the lowest Chinese (7.26).

Table 4E: Overall summary stats for RM2: Innovation & Creativity score for the UK

Country/Sector	Obs.	Mean	Std. Dev.	Min	Max
All countries/sectors	3941	7.42	1.287	1	10
China	1338	7.26	1.180	1	10
India	1253	7.34	1.348	1	10
USA	1350	7.65	1.300	1	10
Biotech	709	7.47	1.319	1	10
Energy	665	7.32	1.391	1	10
Finance	503	7.31	1.364	1	10
ICT	670	7.21	1.311	1	10

Table 4F: Summary stats for RM3: Connections score for the UK

Country/Sector	Obs.	Mean	Std. Dev.	Min	Max
All countries/sectors	3941	7.42	1.287	1	10
China	1338	7.26	1.180	1	10
India	1253	7.34	1.348	1	10
USA	1350	7.65	1.300	1	10
Biotech	710	8.40	1.337	1	10
Energy	667	8.34	1.386	1	10
Finance	503	8.09	1.342	1	10
ICT	670	8.27	1.331	1	10

Table 4G: Summary stats for RM4: Connections score for the UK

Country/Sector	Obs.	Mean	Std. Dev.	Min	Max
All countries/sectors	3941	7.42	1.287	1	10
China	734	7.52	1.067	1	10
India	792	7.55	1.187	1	10
USA	868	7.46	1.142	1	10
Biotech	349	7.69	1.197	1	10
Energy	318	7.48	1.158	1	10
Finance	39	7.26	1.163	1	10
ICT	293	7.37	1.256	1	10

4.2.2 Specific characteristics and the decision to invest

Tables 4H - 4J summarise the statistics for the favourability score and specific characteristics for firms in the investing sample only. We also summarise the key variables across sectors and markets. The UK scores highest for RM3: Connections among the specific characteristics. The UK performs best in the Finance sector which has the highest scores for overall favourability and each specific characteristic across all the sectors. Across different markets, the UK performs best in US market for each specific characteristic and overall favourability.

Table 4H: Summary stats for UK favourability score and specific characteristics: investing sample

Variable	Obs.	Mean	Std. Dev.	Min	Max
UK Favourability	1055	7.59	1.654	1	10
UK RM1: Business Environment	1058	7.39	1.127	1	10
UK RM2: Innovation & Creativity	1056	7.25	1.360	1	10

Variable	Obs.	Mean	Std. Dev.	Min	Max
UK RM3: Connections	1058	7.83	1.226	1	10

Table 4I: Averages for favourability and specific characteristics across sectors: investing sample

	(1) Biotech/Pharma	(2) Energy/Renewable Energy	(3) Finance	(4) ICT
UK favourability	7.300847	7.425703	7.984127	7.539683
RM1: Business Environment	7.322034	7.337349	7.577778	7.242063
RM2: Innovation and Creativity	7.355932	7.26506	7.339683	7.015873
RM3: Connections	7.745763	7.787149	8.031746	7.678571

Table 4J: Averages for favourability and specific characteristics across countries: investing sample

	(1) China	(2) India	(3) USA
UK favourability	7.303665	7.409471	8.157556
RM1: Business Environment	7.15445	7.29805	7.762058
RM2: Innovation and Creativity	7.180628	7.142061	7.453376
RM3: Connections	7.486911	7.665738	8.424437

Table 4K shows the relationship between these specific variables and the decision to invest and procure, across all market and sectors. Models (1) – (3) run logistic regressions with probability to invest as the dependent variable and models (4) – (7) run logistic regressions with the probability to procure as the dependent variable. We run separate models for RM1, RM2 and RM3 as a determinant of investment decisions in (1) to (3) and from (4) – (7) we run separate models for RM1, RM2, RM3 and RM4 as determinants of procurement decisions. As before, for each regression we control for firm characteristics such as size, sector and market, as well as the year.

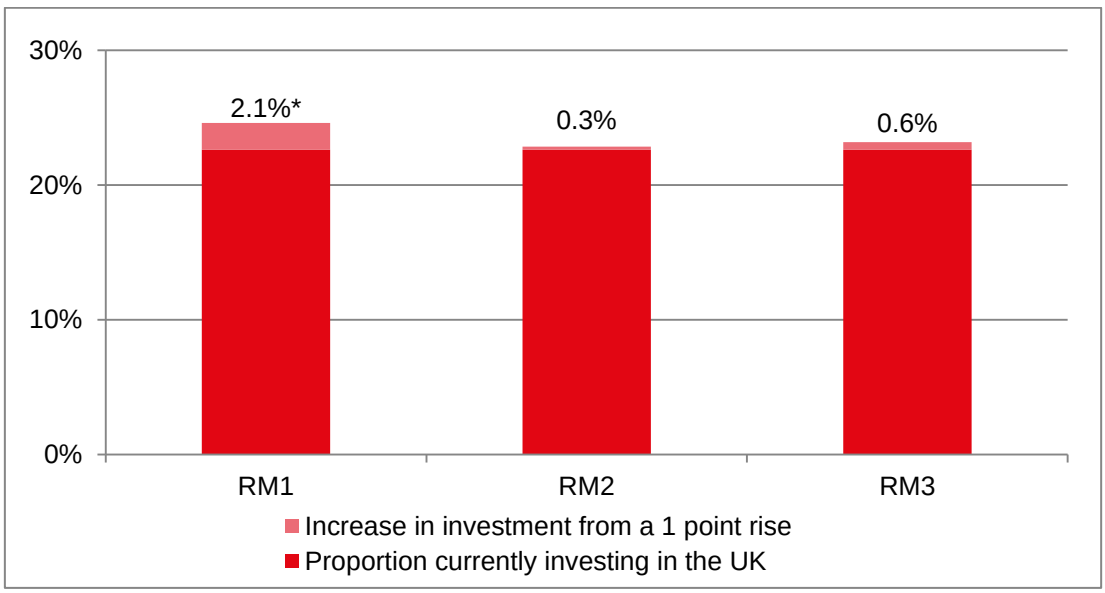
Graph 4C shows the increase in average investment for the overall models for each specific characteristic given a 1 point rise in the average score for each of these characteristics for the UK. Graph 4D does the same for procurement.

Table 4K: Impact of different characteristics on likelihood of investing or procuring

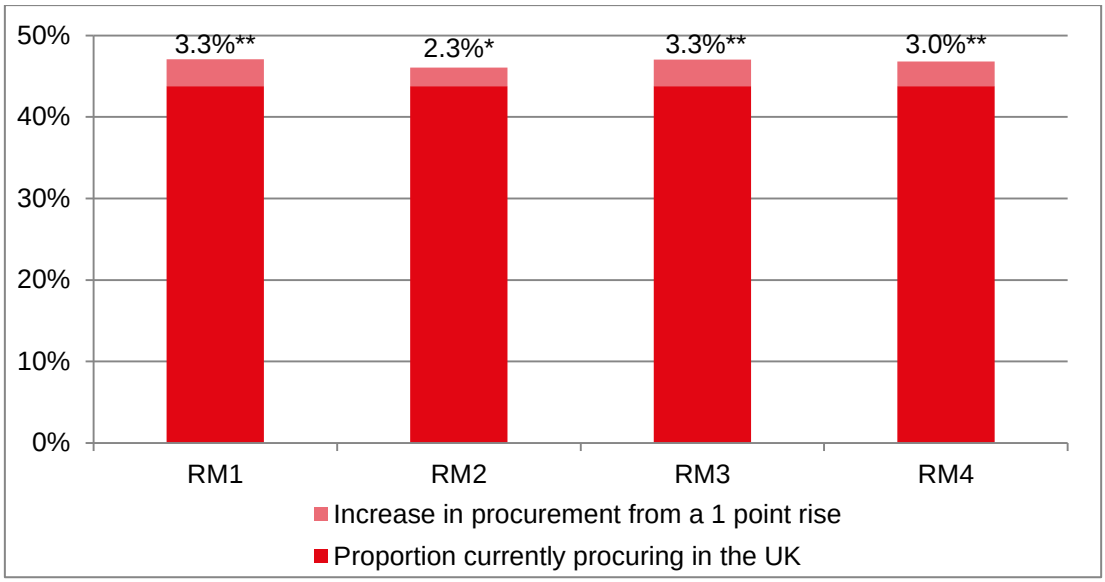
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
VARIABLES	Invest: All sectors / countries Probability of investing (1 if investing; 0 if not)			Procure: All sectors / countries Probability of procuring (1 if procuring; 0 if not)			
RM1: Business Environment	0.0206*			0.0325**			
	(0.0108)			(0.0147)			
RM2: Innovation & Creativity		0.00257			0.0226*		
		(0.00844)			(0.0121)		
RM3: Connections			0.00575			0.0326**	
			(0.00990)			(0.0144)	
RM4: Quality, value & delivery							0.0299**
							(0.0151)
Observations	1,059	1,059	1,059	879	877	878	779
Pseudo R2	0.143	0.140	0.140	0.127	0.126	0.129	0.0740

Estimated as logistic regression. Sample: Firms in investing sample (1 – 3), firms in procuring sample (4 – 7). Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Graph 4C: Impact of different characteristics on likelihood of investing



Graph 4D: Impact of different characteristics on likelihood of procuring



Overall, firms which perceive the business environment as strong are more likely to invest in the UK. A one unit rise in perceptions about the business environment increases the probability to invest by 0.0206 points.

However, perceptions of Innovation and Creativity, Connections and Quality, value and delivery (RM4) are not significantly related to the likelihood of investing. For investment decisions, RM1 is the only statistically significant characteristic and even that is a weakly significant relationship.

For procurement decisions, all the characteristics are significant and positively related to the decision to procure. RM2 is weakly significantly related to the probability of procurement. Business Environment and Connections havethe strongest relationship with the decision to procure – a rise by one unit in the perception of the business environment raises the likelihood to procure by 0.0325 and 0.0326 points respectively. These are followed by Quality, Value and Delivery (0.0299), and finally Innovation and Creativity (0.226).

Comparing across investment and procurement firms, we can see that, generally, specific characteristics play a greater part in determining the decision to procure as opposed to invest.

Table 4L looks at whether the relationship between specific characteristics (RM1, RM2 and RM3) and the decision to invest varies across markets/countries. There are no significant relationships between different characteristics and the likelihood to invest across the markets apart from RM1: Business environment in India, where the relationship is significant and positive.

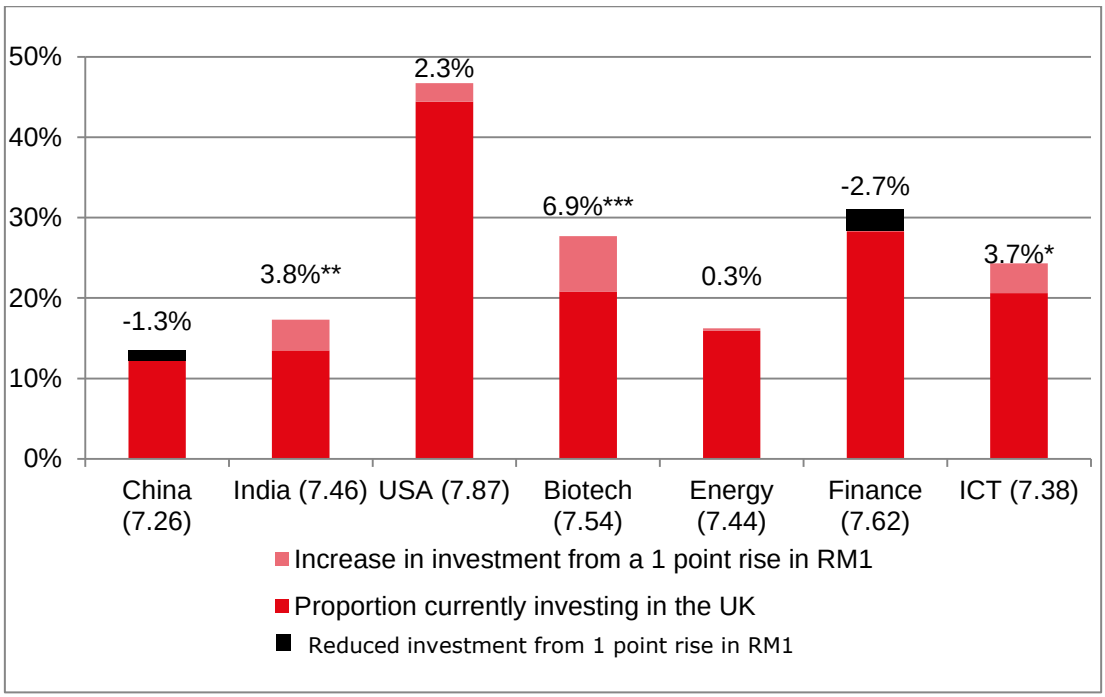
Table 4L: Impact of different characteristics on likelihood of investing, by country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	China	China	China	India	India	India	USA	USA	USA
VARIABLES	Probability of investing (1 if investing; 0 if not)								
RM1: Business Environment	-0.0129			0.0378**			0.0225		
	(0.0142)			(0.0163)			(0.0238)		
RM2: Innovation & Creativity		-0.0117			0.000905			0.00389	
		(0.0127)			(0.0112)			(0.0198)	
RM3: Connections			-0.000439			0.00935			-0.0138
			(0.0137)			(0.0145)			(0.0253)
Observations	383	383	383	362	360	362	313	313	313
Pseudo R2	0.0672	0.0674	0.0647	0.102	0.0836	0.0839	0.0858	0.0841	0.0847

Estimated as logistic regression. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

As RM1: Business Environment is the only significant characteristic in the decision to invest, we only present the breakdown graphically by country and sectors here.

Graph 4E: Impact of RM1 on the probability of investing



4.2.3 Specific characteristics and the decision to procure

Tables 4M through to 4O summarise the statistics for the favourability score and specific characteristics for firms in the procuring sample only. We also summarise the key variables across sectors and markets. There is little variation between the summary results for the sample of procuring firms compared to the sample of investing firms.

Table 4M: Summary stats for UK favourability score and specific characteristics for procuring firms

Variable	Obs.	Mean	Std. Dev.	Min	Max
UK Favourability	3937	7.76	1.563	1	10
UK RM1: Business Environment	3946	7.53	1.090	1	10
UK RM2: Innovation & Creativity	3941	7.42	1.288	1	10
UK RM3: Connections	3945	8.17	1.263	1	10
UK RM4: Quality, Value & Delivery	3937	7.77	1.563	1	10

Table 4N: Averages for favourability and specific characteristics across sectors

	(1) Biotech/Pharma	(2) Energy/Renewable Energy	(3) Finance	(4) ICT
UK favourability	7.671388	7.587613	8.075848	7.628186
RM1: Business Environment	7.528329	7.436556	7.616766	7.382309
RM2: Innovation and Creativity	7.466006	7.317221	7.307385	7.212894
RM3: Connections	8.398017	8.339879	8.085828	8.271364

Table 4O: Averages for favourability and specific characteristics across countries

	(1) China	(2) India	(3) USA
UK favourability	7.390555	7.661859	8.230883
RM1: Business Environment	7.255622	7.454327	7.867112
RM2: Innovation and Creativity	7.261619	7.340545	7.652561
RM3: Connections	7.764618	8.124199	8.626578

The relationship between specific characteristics (RM1, RM2, RM3 and RM4) and the decision to procure across the different markets is established by Table 4P. For China none of the specific characteristics have a statistically significant relationship with the decision to procure. There also appears to be a downward trend over in procurement decisions from China – Chinese firms were likelier to procure in 2009 compared to the following years.

For Indian firms, all apart from Quality, Value and Delivery (RM4) have a strongly significant relationship with the decision to procure. Connections (RM3) has a particularly strong positive relationship – a one unit increase in perceptions about connectivity will increase the probability to procure by 6.8 percentage points. Business Environment is significant at 5% but also has a strong positive relationship with the decision to procure for Indian firms – a one unit rise in perceptions about the business environment increases the likelihood to procure by 4.1 percentage points. Innovation and Creativity is also strongly significant for Indian firms – in this case, a one point increase in perceptions of innovation and creativity increases the probability of procuring 0.0426 points.

Graphs 4F through to 4I represent these results graphically, showing the relationship between the decision to procure and each specific characteristic across all sectors and markets.

Table 4P: Impact of different characteristics on likelihood of procuring, by country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	China	China	China	China	India	India	India	India	USA	USA	USA	USA
VARIABLES	Probability of procuring (1 if procuring; 0 if not)											
RM1: Business Environment	0.0148				0.0410*				0.0431			
	(0.0265)				(0.0246)				(0.0277)			
RM2: Innovation & Creativity		0.000456				0.0426**				0.0211		
		(0.0214)				(0.0203)				(0.0228)		
RM3: Connections			0.0159				0.0680***				0.00836	
			(0.0217)				(0.0220)				(0.0287)	
RM4: Quality Value and Delivery				0.00395				0.0289				0.0557**
				(0.0263)				(0.0263)				(0.0256)
Observations	256	255	255	231	329	329	329	297	271	270	271	249
Pseudo R2	0.0879	0.0867	0.0901	0.0493	0.111	0.114	0.125	0.0668	0.114	0.112	0.109	0.0806

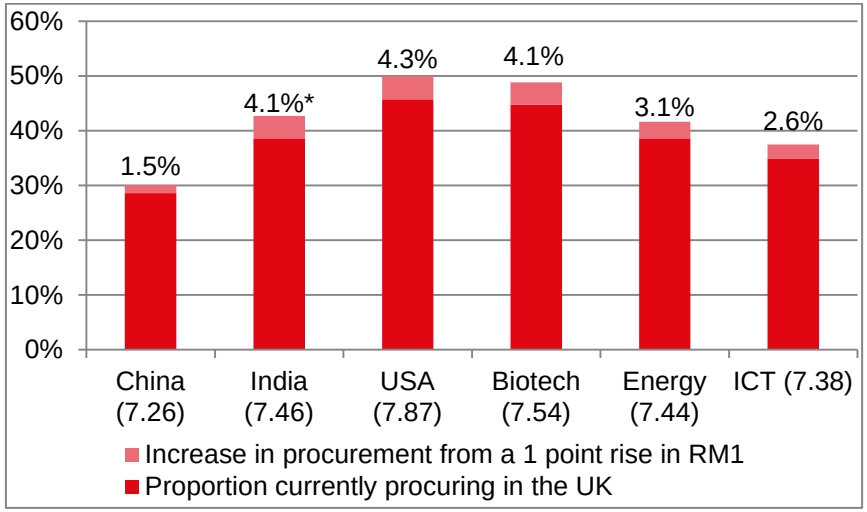
Estimated as logistic regression model. Sample: Procuring firms only. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. *** p<0.01, ** p<0.05, * p<0.1

Table 4Q: Impact of different characteristics on likelihood of investing, by sector

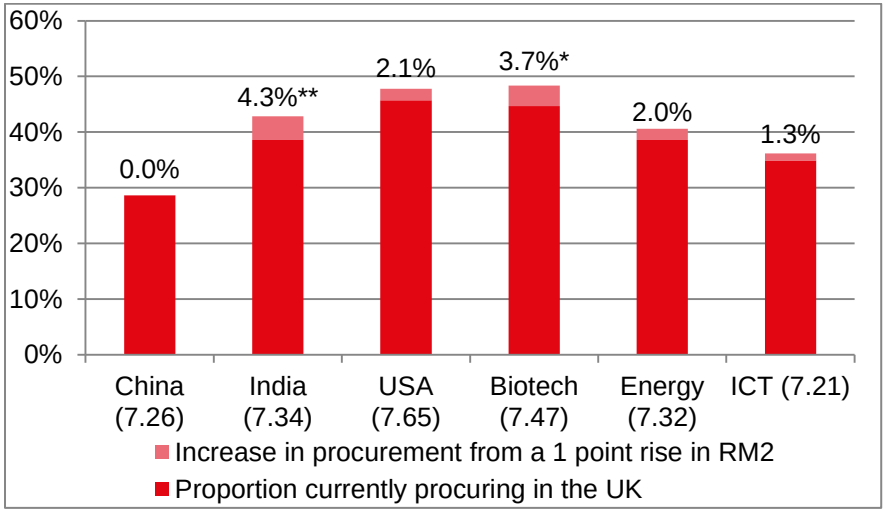
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Biotech	Biotech	Biotech	Energy	Energy	Energy	Finance	Finance	Finance	ICT	ICT	ICT
VARIABLES	Probability of investing (1 if investing; 0 if not)											
RM1: Business Environment	0.0691***			0.00316			-0.0271			0.0374*		
	(0.0222)			(0.0177)			(0.0267)			(0.0224)		
RM2: Innovation & Creativity		0.00814			-0.000144			-0.0105			0.00567	
		(0.0185)			(0.0127)			(0.0179)			(0.0192)	
RM3: Connections			0.0484**			-0.0220			-0.0155			0.0159
			(0.0201)			(0.0171)			(0.0218)			(0.0189)
Observations	240	240	240	251	251	251	316	316	316	252	252	252
Pseudo R2	0.167	0.131	0.150	0.0755	0.0754	0.0819	0.217	0.215	0.216	0.159	0.148	0.150

Estimated as logistic regression model. Sample: Firms in investing sample only. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. *** p<0.01, ** p<0.05, * p<0.1

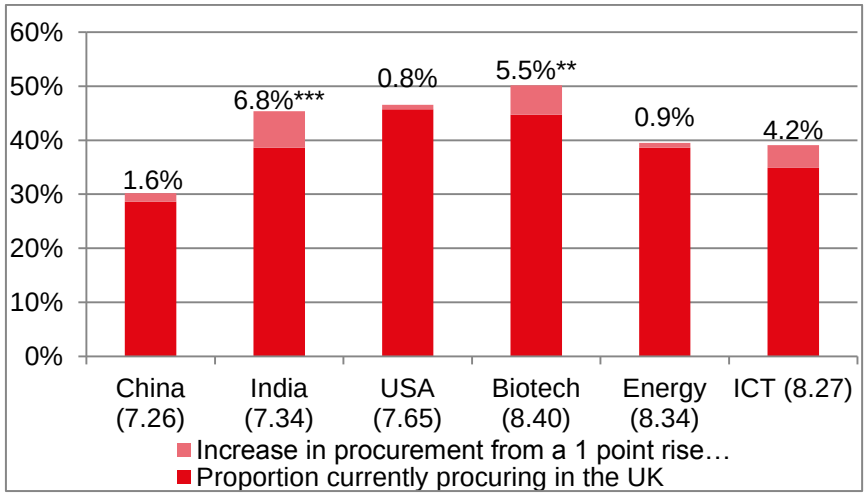
Graph 4F: Impact on procurement of increasing RM1 score



Graph 4G: Impact on procurement of increasing RM2 score



Graph 4H: Impact on procurement of increasing RM3 score



Graph 4I: Impact on procurement of increasing RM4 score

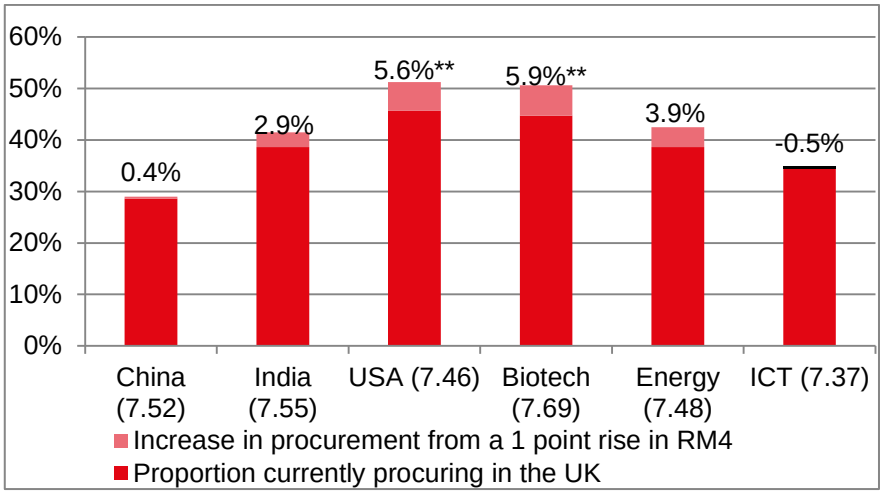


Table 4R: Impact of different characteristics on likelihood of procuring, by sector

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Biotech	Biotech	Biotech	Biotech	Energy	Energy	Energy	Energy	ICT	ICT	ICT	ICT
VARIABLE	Probability of procuring (1 if procuring; 0 if not)											
RM1: Business Environment	0.0414				0.0306				0.0264			
	(0.0261)				(0.0249)				(0.0276)			
RM2: Innovation & Creativity		0.0365*				0.0199				0.0126		
		(0.0215)				(0.0208)				(0.0237)		
RM3: Connections			0.0549**				0.00937				0.0421	
			(0.0241)				(0.0224)				(0.0278)	
RM4: Quality Value and Delivery				0.0590**				0.0385				-0.00520
				(0.0271)				(0.0279)				(0.0253)
Observations	304	304	304	282	267	265	266	239	269	269	269	249
Pseudo R2	0.136	0.137	0.142	0.103	0.0953	0.0934	0.0966	0.0792	0.103	0.101	0.108	0.0623

Estimated as logistic regression. Sample: procuring firms only. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

For Biotechnology firms, Business Environment and Connections are significantly positively associated with investing. Table 4Q considers the results for investing by sector. The marginal effect for Biotechnology firms is slightly higher: an increase of one point in Business Environment is associated with a 6.9 per cent increase in the likelihood of investing. In contrast, for both Energy and Finance firms none of these relationships are significant. For ICT firms, only one characteristic – Business Environment – is significantly associated with investment.

Table 4R gives the results for procurement by sector. **For Biotechnology / Pharmaceuticals firms, there are significant associations with Innovation and Creativity, Connections and Quality Value and Delivery**. The effect is largest for Quality, Value and Delivery, where a one point increase is associated with a 0.0590 increase in the likelihood of procurement. In a similar result to those for investment, none of the coefficients are significant for Energy or ICT firms.

4.2.4 Conclusions from research question 1b

For firms in the investing sample, those which perceive the business environment of the UK as strong are more likely to invest in the UK. However, perceptions of Innovation and Creativity and Connections are not significantly related to the likelihood of investing.

For firms in the procuring sample, all four characteristics – Business Environment, Innovation and Creativity, Connections and Quality, Value and Delivery – are important**.**

5. Research Question 2: Overall perceptions of favourability and the decision to invest or procure

In this section we address research question 2:

> Are perceptions about certain country characteristics more important than others? Are there differences between inward investment and procurement decisions in this respect? Does this vary by sector or market? If so, how?

Summary

To answer question 2 we study the country characteristics that determine perceptions of favourability for each country. Overall, the analysis finds that:

- **For all firms, Business Environment has the strongest relationship with favourability for the UK. There are also positive relationships between Innovation and Creativity and Connections.**
- **For Chinese firms all three characteristics are significantly related to favourability, but the relationship is strongest for Business Environment.**
- **For both Indian and US firms there is a positive relationship between Business Environment and Innovation and Creativity with favourability, but not Connectivity.**

5.1 Methodology

To estimate this question our key independent variables are the specific characteristics and our dependent variable is the UK's favourability score. As the dependent variable is coded 1 – 10, we run multiple regression models to conduct our analysis. We compare differences between investing and procuring and across sectors as well.

We analyse the relationship between perceptions of favourability and specific characteristics, i.e. Business Environment (RM1), Innovation and Creativity (RM2), Connection (RM3) and Quality, Value and Delivery (RM4). We estimate multiple regressions with favourability as the independent variable and the specific characteristics as dependent variables along with our set of control variables (size, sector, market and year). We run this model for all sectors and countries together, as well as for each sector and market individually. We look at this relationship for all firms, both investors and procurers (Table 5A), and for investors (Table 5B) and procurers (Table 5C) separately.

5.2 Perceptions of favourability and the decision to invest or procure

First we look at all firms, both investors and procurers together. As with all the other tables Model (1) looks at all firms across all sectors, models (2) to (4) estimate the model for the different markets/countries and models (5) to (8) estimate the model for each sector. Table 5A shows that for the overall specification. Graphs 5A-C show the increase in the favourability score from a 1 point rise in the score for each characteristic by country and sector for all firms.

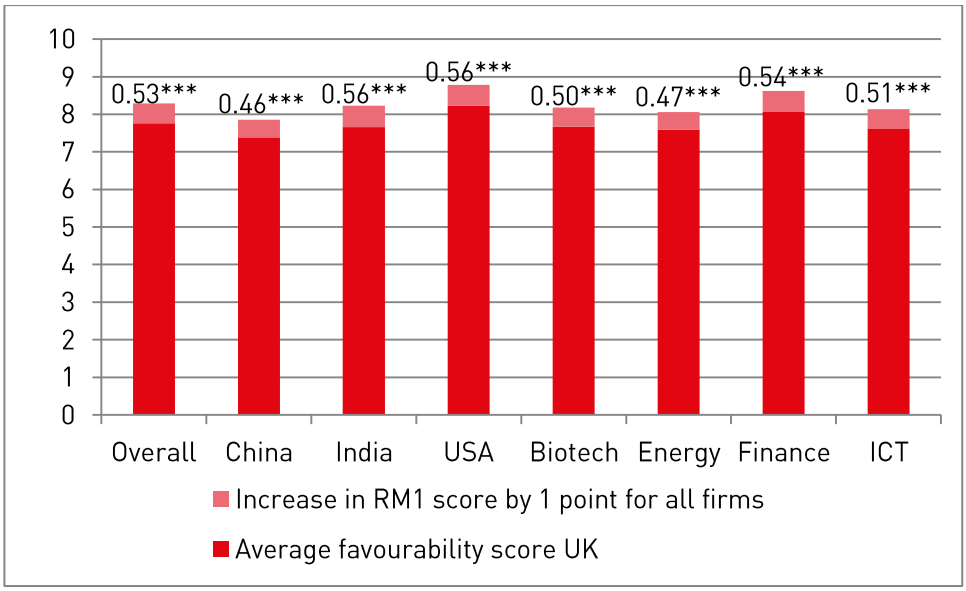
Table 5A: Influence of perceptions of the UK with respect to specific characteristics on favourability with the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
RM1: Business Environment	0.530***	0.461***	0.564***	0.556***	0.504***	0.471***	0.542***	0.512***
	(0.0484)	(0.0788)	(0.0819)	(0.0867)	(0.0931)	(0.107)	(0.109)	(0.0853)
RM2: Innovation & Creativity	0.232***	0.232***	0.277***	0.188***	0.269***	0.252***	0.106**	0.298***
	(0.0351)	(0.0590)	(0.0584)	(0.0631)	(0.0716)	(0.0827)	(0.0521)	(0.0663)
RM3: Connections	0.0619*	0.0965*	0.0323	0.0572	0.0506	0.123*	0.0525	0.0801
	(0.0346)	(0.0495)	(0.0607)	(0.0656)	(0.0693)	(0.0648)	(0.0784)	(0.0606)
Observations	2,280	785	777	718	647	573	451	609
R-squared	0.346	0.327	0.337	0.315	0.338	0.300	0.388	0.409

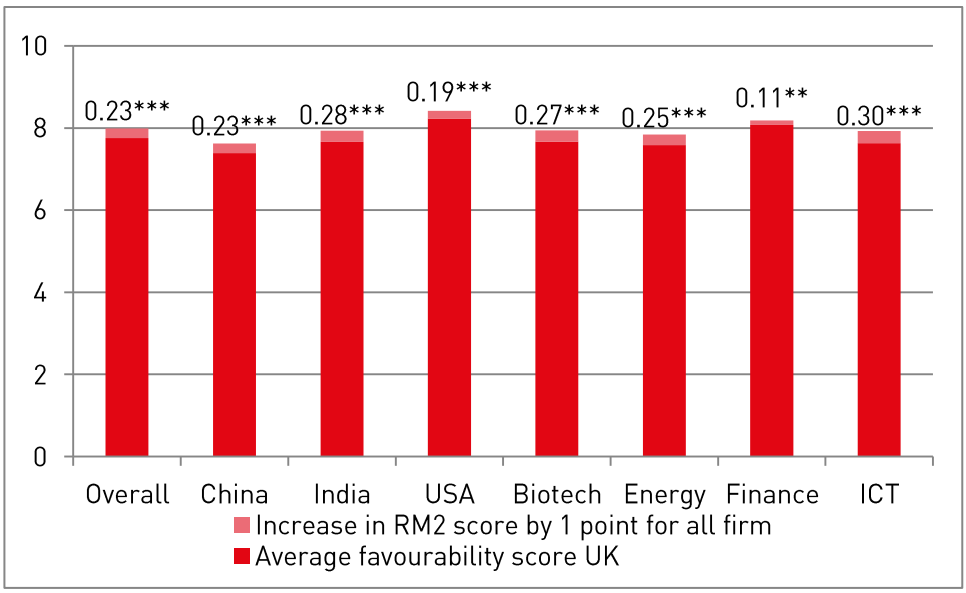
Estimated using OLS. Sample: All firms. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is an investor or not. Full results are presented in the appendix

*** p<0.01, ** p<0.05, * p<0.1

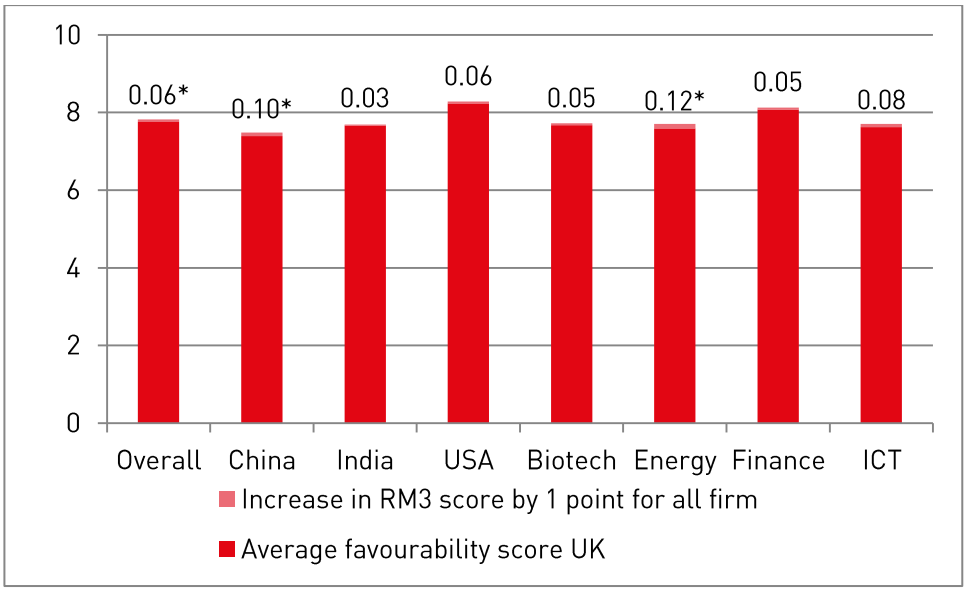
Graph 5A: Impact of an increase in RM1 on favourability for all firms



Graph 5B: Impact of an increase in RM2 on favourability for all firms



Graph 5C: Impact of an increase in RM3 on favourability for all firms



For all firms, Business Environment (RM1) has the strongest relationship to favourability with the UK, but Innovation and Creativity (RM2) and Connections (RM3) are also positively linked. It is strongly significant in the model – a 1 point change in perceptions about the business environment raises favourability by 0.53points. Creativity and Innovation (RM2) is also strongly significant in the model but the magnitude of the coefficient, although positive, is weaker than Business Environment – a 1 point change in perceptions about Creativity and Innovation raises overall favourability by 0.23 points. Connections (RM3) are not as strongly significant compared to the previous two characteristics, and the marginal effect of perceptions about connectivity is also the weakest of the three characteristics.

For Chinese firms, Business Environment (RM1), Innovation and Creativity (RM2) and Connections (RM3) are significantly related to favourability. For Chinese firms all characteristics are statistically significant, with business environment having the strongest relationship with perceptions of favourability.

For India, Business Environment again has the strongest relationship with favourability, followed by Innovation and Creativity. Connectivity is not important in determining perceptions of favourability for Indian firms.

For US firms, Business Environment and Innovation and Creativity have the strongest relationship with favourability. Connections are not statistically significantly related to favourability.

5.3 Perceptions of favourability and the decision to invest or procure: Investing sample

Table 5B considers the influence of three characteristics – Business Environment, Innovation and Creativity and Connections – on favourability with the UK.

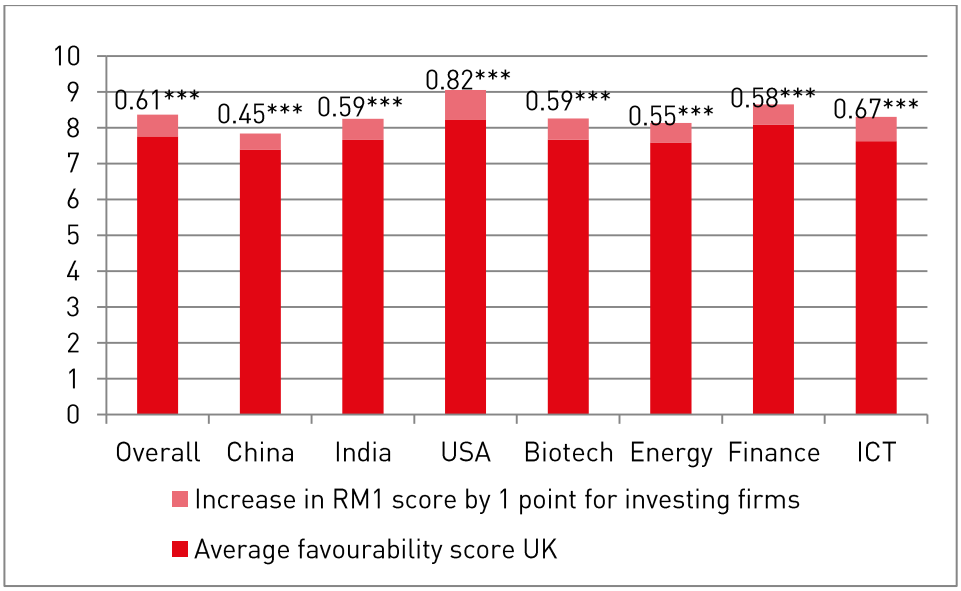
Table 5B: Influence of perceptions of the UK with respect to specific characteristics on favourability with the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
RM1: Business Environment	0.606***	0.447***	0.587***	0.820***	0.588***	0.546***	0.577***	0.674***
	(0.0629)	(0.100)	(0.123)	(0.105)	(0.134)	(0.166)	(0.104)	(0.114)
RM2: Innovation & Creativity	0.156***	0.173***	0.249***	0.0245	0.251***	0.0700	0.109*	0.211***
	(0.0410)	(0.0635)	(0.0772)	(0.0682)	(0.0960)	(0.113)	(0.0566)	(0.0784)
RM3: Connections	0.102**	0.157**	0.108	0.0453	0.0511	0.231**	0.117	0.00709
	(0.0452)	(0.0699)	(0.0879)	(0.0813)	(0.0999)	(0.107)	(0.0776)	(0.0826)
Observations	1,409	527	451	431	344	310	412	343
R-squared	0.362	0.322	0.349	0.367	0.345	0.248	0.434	0.432

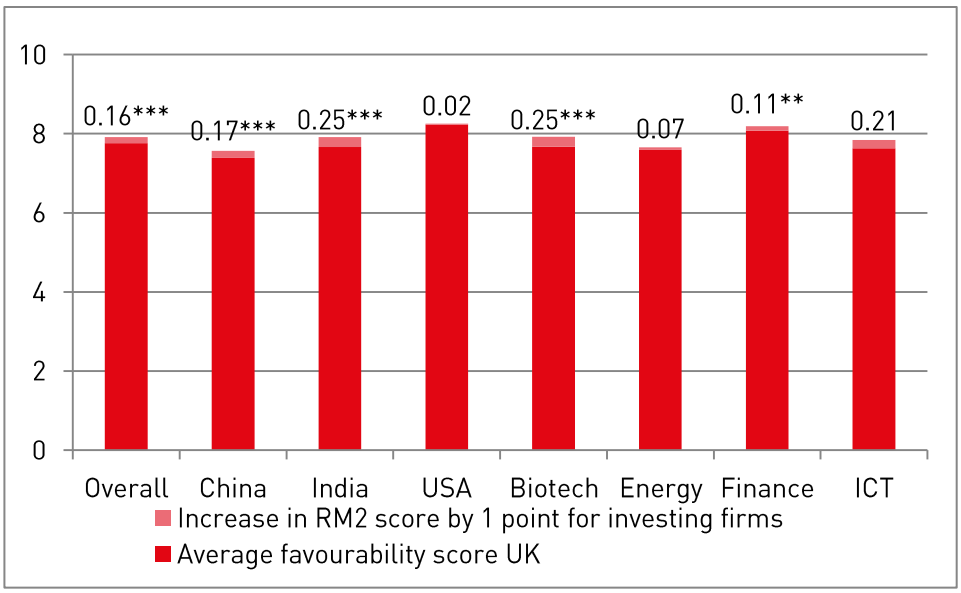
Estimated using OLS. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses.
Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Graphs 5D to 5F show the increase in a the favourability score from a1 point rise in the score for each characteristics for firms in the investing sample only, breaking down the results by sector and market.

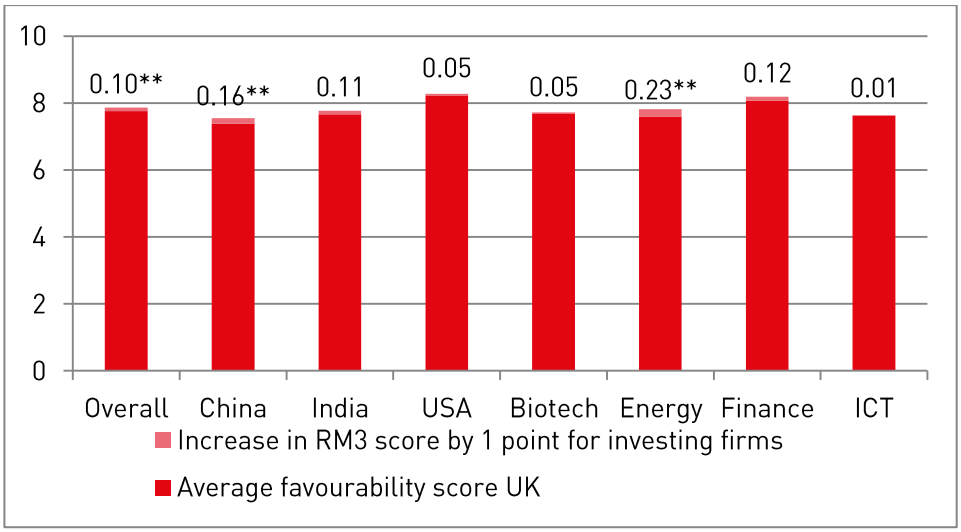
Graph 5D: Impact of an increase in RM1 on favourability for investing firms



Graph 5E: Impact of an increase in RM2 on favourability for investing firms



Graph 5F: Impact of an increase in RM3 on favourability for investing firms



Overall, there is a positive relationship between all three of these variables on favourability with the UK. The coefficient is far stronger for Business Environment, for which an increase of 1 point is associated with a 0.6 increase in favourability with the UK. The effects for Innovation and Creativity and Connections are both positive but smaller.

Breaking these results down by country, Chinese firms display a similar pattern. For Indian firms, Business Environment and Innovation and Creativity are both important, but Connections – while positive – is not significant at standard levels.

Firms in the US see only Business Environment as important, but with a higher coefficient than for all firms. An increase of 1 point is associated with a 0.8 increase in favourability with the UK

Results for sector differ slightly. For Biotech / Pharma firms, both Business Environment and Innovation and Creativity are significant, Business Environment more so. For energy firms, Innovation and Creativity is not significant, but both Business Environment and Connections are important.

For Finance firms, perceptions of Connections are unimportant in determining favourability of the UK. The results for ICT firms are broadly the same: Connections are unimportant, but both Business Environment and Innovation and Creativity are significantly associated with favourability.

5.4 Perceptions of favourability and the decision to invest or procure: Procuring sample

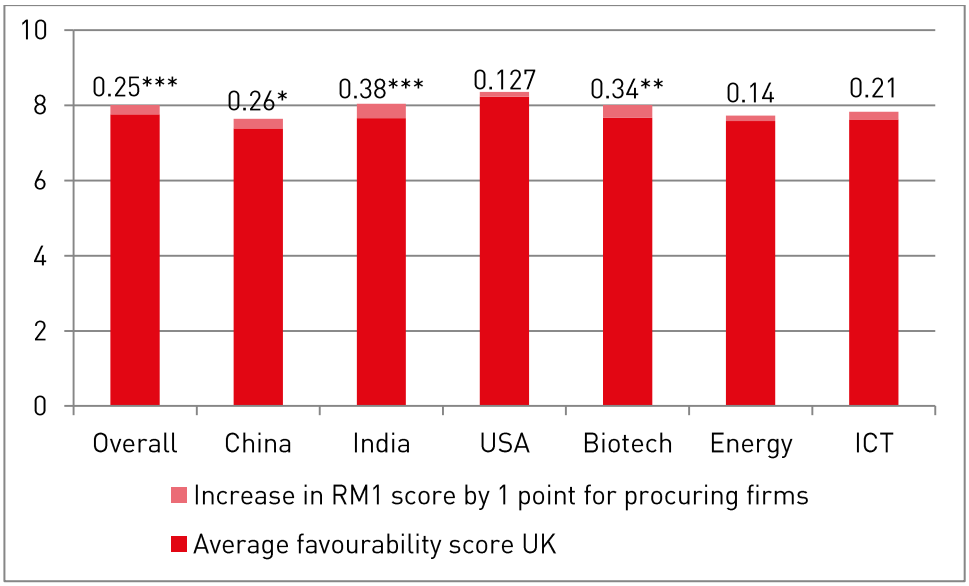
Table 5C: Influence of perceptions of the UK with respect to specific characteristics on favourability with the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)						
RM1: Business Environment	0.253***	0.257*	0.382***	0.127	0.342**	0.137	0.207
	(0.0812)	(0.150)	(0.122)	(0.135)	(0.140)	(0.133)	(0.135)
RM2: Innovation & Creativity	0.321***	0.407***	0.258**	0.364***	0.290***	0.434***	0.314***
	(0.0632)	(0.120)	(0.106)	(0.0900)	(0.108)	(0.126)	(0.102)
RM3: Connections	0.0369	0.0776	-0.0720	0.160**	-0.0240	0.0609	0.0995
	(0.0522)	(0.0763)	(0.0912)	(0.0788)	(0.102)	(0.0726)	(0.0826)
RM4: Quality, Value and Delivery	0.270***	0.164	0.248**	0.318***	0.154	0.303**	0.337***
	(0.0664)	(0.144)	(0.111)	(0.0856)	(0.108)	(0.134)	(0.0995)
Observations	772	227	294	251	281	236	246
R-squared	0.417	0.431	0.365	0.439	0.343	0.464	0.459

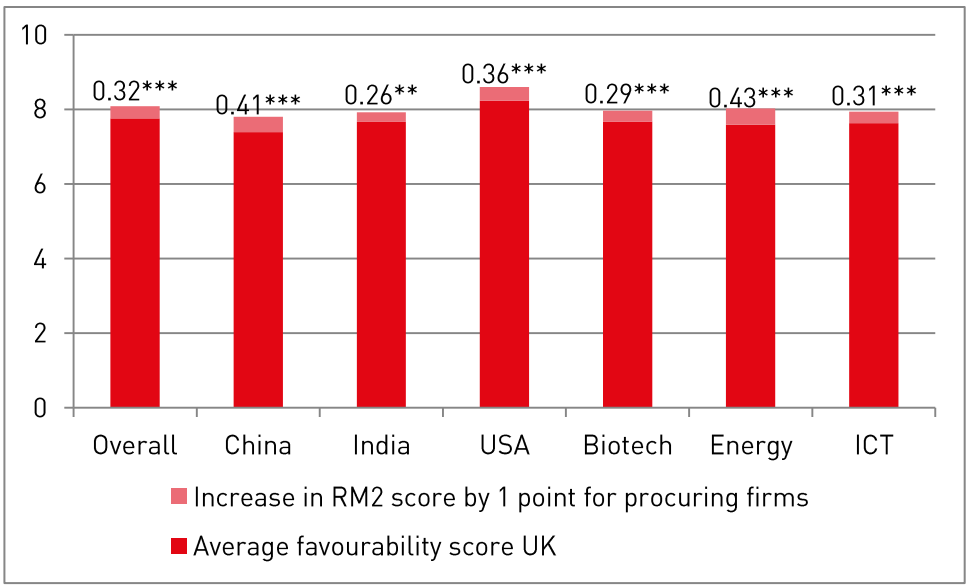
Estimated using OLS. Sample: Procuring firms only. Marginal effects presented. Standard errors in parentheses.
Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Graphs 5G - F show the increase in the favourability score from a 1 point rise in the score for each characteristic by country and sector for procuring firms.

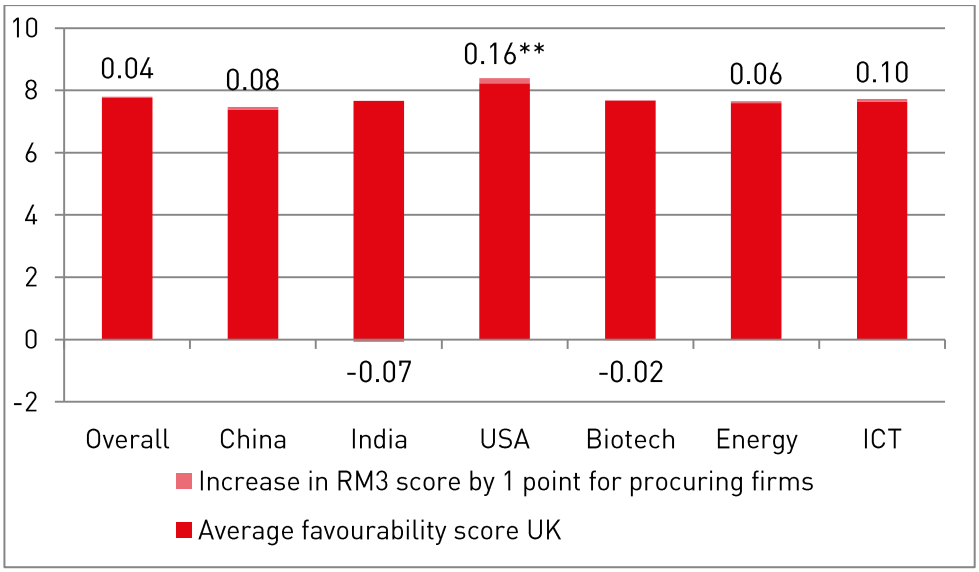
Graph 5G: Impact of an increase in RM1 on favourability for procuring firms



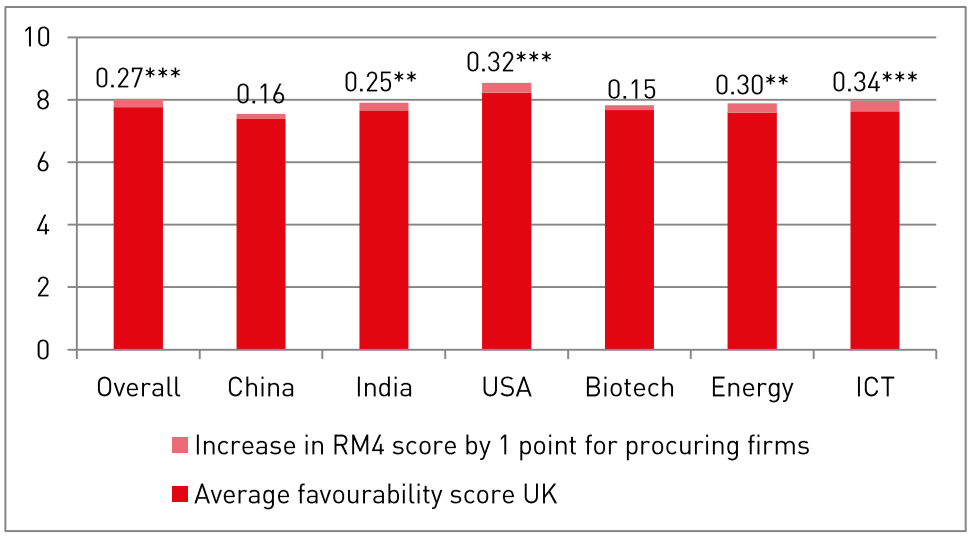
Graph 5H: Impact of an increase in RM2 on favourability for procuring firms



Graph 5I: Impact of an increase in RM3 on favourability for procuring firms



Graph 5I: Impact of an increase in RM4 on favourability for procuring firms



Finally, we consider how the four characteristics influence the favourability towards the UK of procuring firms. Overall, Business Environment and Innovation and Creativity are significantly associated with favourability with the UK. The coefficient of Business Environment is around 0.25, meaning it is less important than for firms in the investing sample. Innovation and Creativity is more important, in contrast, when focusing on procuring firms – an increase of one point in perceptions of Innovation and Creativity is associated with a 0.32 increase in favourability with the UK. RM3: Connections is only significant for US firms and not the overall model. For procuring firms RM4: Quality Value and Delivery has the strongest relationship with favourability.

Breaking these results down by country, Chinese, Indian and US firms reflect the overall results very closely: Quality Value and Delivery is important for Indian and US firms but not Chinese firms. Business Environment is important for Chinese and Indian firms but not for US firms in determining favourability. Innovation and Creativity are important for all countries but Connections is only important for US firms. Business Environment is most important for Indian firms (the coefficient is 0.38, compared to 0.26 for Chinese firms). Innovation and Creativity is most important for Indian firms where a 1 point rise in the score for RM2 increases the favourability rating by 0.41 points.

Sectoral differences are also particularly pronounced. Procuring firms in Biotechnology value Business Environment and Innovation and Creativity but not Connections and Quality, Value and Delivery. Quality, Value and Delivery is important in determining favourability for the ICT and Energy sectors. Procuring firms in Energy and ICT all have Business Environment and Innovation and Creativity as significantly associated with increased favourability. Connections are unimportant across all sectors. Innovation and Creativity is significant across all sectors and most important for Energy firms (0.43) and ICT (0.31), and less important for Biotechnology / Pharmaceutical.

5.3 Conclusions from research question 2

The extent to which different country characteristics are related to favourability differs. Overall, Business Environment seems to have the closest relationship with favourability. However, Innovation and Creativity and Connections are also positively related. For procuring firms Quality, Value and Delivery is most important for determining favourability followed by Business Environment.

There are some differences between the samples in which characteristics are most closely related to favourability.

6. Research Question 3: Comparative position of the UK and actual and planned location decisions

In this section we address research question 3:

> How, and to what extent, does the comparative position of the UK, as measured by the gap between the UK and key competitors, influence actual and planned location decisions? Are there differences between inward invest and procurement decisions in this respect? Does this vary by sector or market? If so, how?

Summary

We address question 3 through an analysis of the comparative performance of the UK on actual (section 6.1) and planned (section 6.2) location decisions. The analysis found that:

- **There is no overall relationship between difference in favourability between the UK and its *best* competitor *and* the decision to invest or procure (however, as set out above, absolute favourability is linked).**
- **For firms in the investing sample, there is a relationship between relative favourability between the UK and *best* competitor and investment for Chinese firms and Biotechnology firms.**
- **There is no relationship between relative favourability between the UK and *best* competitor and procurement.**
- **However, favourability between the UK and the *average* competitor is significantly related to investment, but not procurement.**
- **The relationship between relative favourability with *average* competitor is important for Chinese firms, Biotech Firms, and ICT firms.**
- **For procuring firms, difference in favourability with *average* competitor is only important for Indian firms, and with a negative relationship.**

6.1 Methodology

The variable of interest in this regression is the difference in favourability between the UK and the nearest competitor. This is larger if the UK does better than the nearest competitor, and

smaller (or negative) when the UK does less well. The dependent variable is whether a firm invests in the UK or not, and only respondents who are investors are included.

6.2 Relationship between comparative position of the UK and actual location decisions

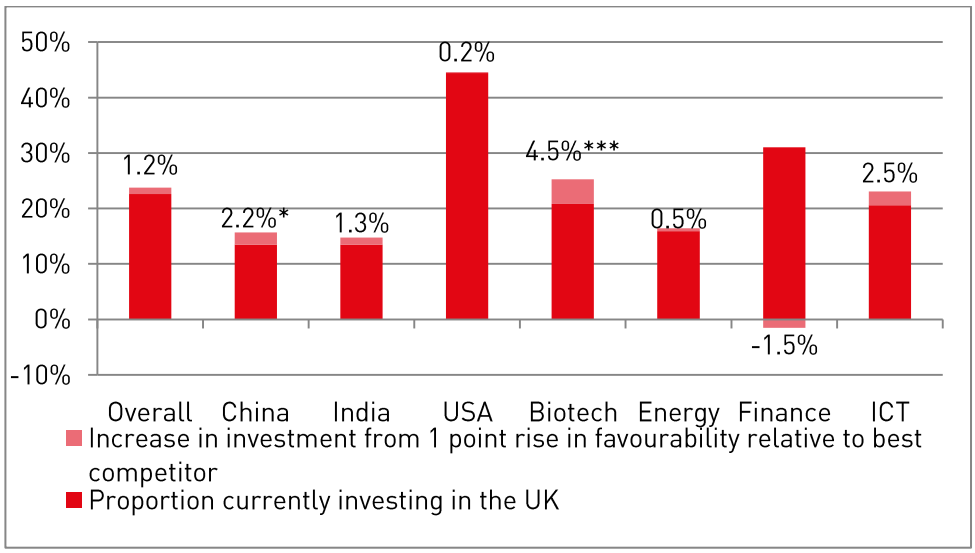
Table 6A: Difference in favourability between UK and best competitor and investment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in a country (1 if investing; 0 otherwise)							
Difference in favourability	0.0117	0.0220*	0.0127	-0.00198	0.0448***	0.00542	-0.0151	0.0246
	(0.00836)	(0.0129)	(0.0118)	(0.0185)	(0.0173)	(0.0138)	(0.0205)	(0.0159)
Observations	1,055	383	361	311	238	250	315	252
Pseudo R2	0.143	0.0796	0.0879	0.0840	0.156	0.0785	0.216	0.157

Estimated as a logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Graph 6A: Difference in favourability between UK and best competitor and investment



Overall, there is no statistically significant relationship between *relative* UK performance and the decision to invest (Table 6A, Column 1). While the coefficient is positive, it is not statistically significant.

When the results are considered by country, there is a positive relationship between

relative favourability and investment for Chinese firms only. For Chinese firms the marginal effect is 0.0220, but only significant at the 10% significance level. For each increase in the UK's relative position of one point, the chances of a Chinese firm investing are 2.2% higher.

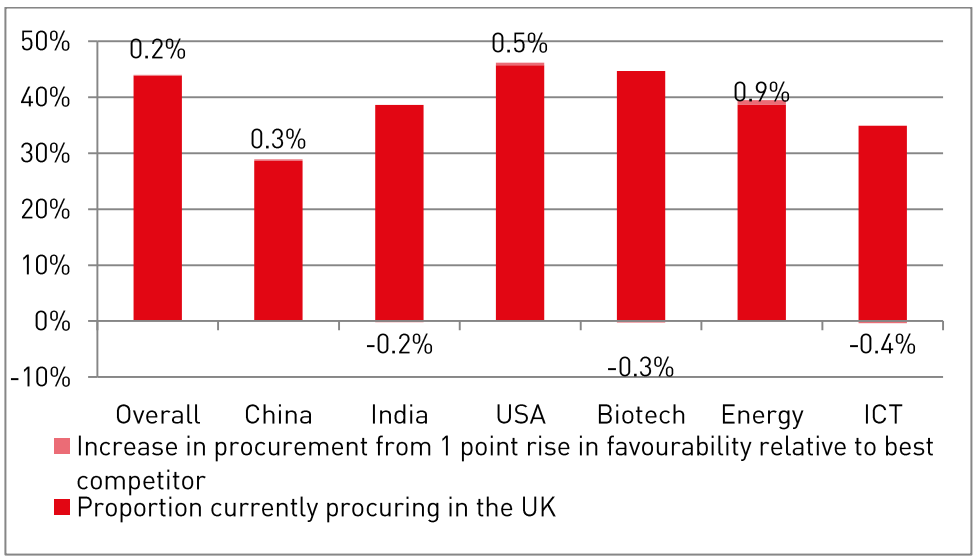
Biotechnology / Pharmaceuticals is the only sector for whom relative favourability is particularly important. Each improvement in relative favourability of one point is associated with an increased likelihood of 4.5% in the chances of investment.

Table 6B: Difference in favourability between UK and key competitor and procurement

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in a country (1 if procuring; 0 otherwise)						
Difference in favourability	0.00189	0.00305	-0.00197	0.00495	-0.00274	0.00873	-0.00358
	(0.00233)	(0.00480)	(0.00320)	(0.00890)	(0.00399)	(0.00766)	(0.00538)
Observations	1,668	651	397	266	405	400	313
Pseudo R2	0.116	0.123	0.252	0.0705	0.163	0.0714	0.150

Estimated as logit regression. Sample: Procuring firms only. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Graph 6B: Difference in favourability between UK and best competitor and procurement



In table 6B we consider the relationship between differences in favourability and the actual decision to procure.

There is no statistically significant relationship between relative favourability and the decision to procure, controlling for size, country, sector and year. In short, while relative assessment seems to matter for investment decisions it does not for procurement.

Table 6C: Difference in favourability between UK and average competitor and investment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in a country (1 if investing; 0 otherwise)							
Difference in favourability v average	0.0155*	0.0354**	0.00907	0.00472	0.0353*	-0.00612	0.00914	0.0315*
	(0.00937)	(0.0164)	(0.0118)	(0.0202)	(0.0190)	(0.0165)	(0.0231)	(0.0182)
Observations	1,000	383	306	311	222	233	303	242
Pseudo R2	0.150	0.0890	0.107	0.0841	0.139	0.0893	0.213	0.168

Estimated as a logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Graph 6C: Difference in favourability between UK and average competitor and investment

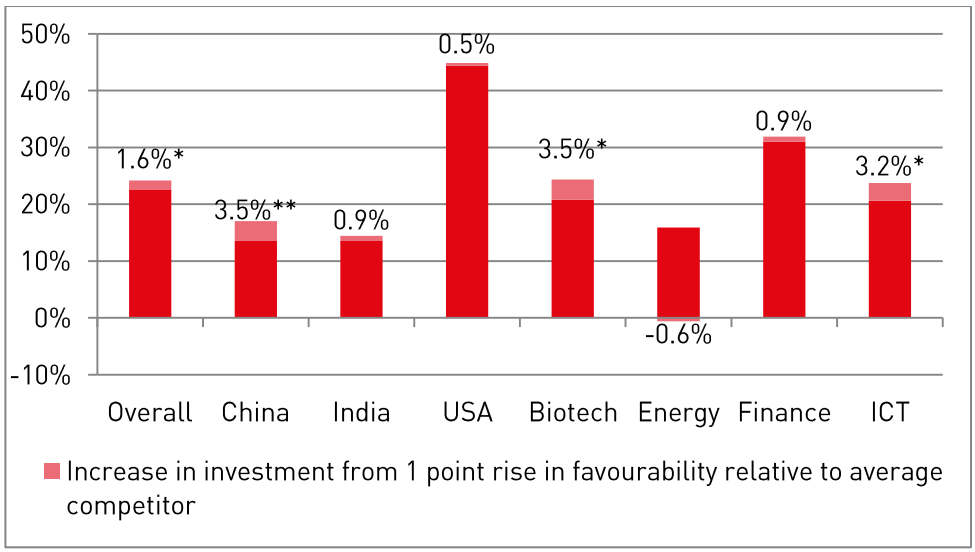


Table 6C considers the link between the difference in average favourability and investment. The variable of interest is the difference between favourability with the UK and the average favourability for four countries (USA, Japan, Germany and India).

Firms who rate the UK more highly than other countries are more like to invest in the UK. This relationship is only significant at the 10% level, however, and needs to be viewed with some caution.

Chinese firms which perceive the UK as better than average are more likely to be

investing in the UK. This is significant at the 5% level. While the relationships between relative evaluation of the UK and investment are positive for both Indian firms and US firms, in neither case is it statistically significant.

Biotechnology / Pharmaceuticals and ICT firms which see the UK as relatively good are more likely to invest in the UK. The coefficient for Biotechnology / Pharmaceuticals firms is slightly higher, and both are significant at only the 10% level.

Table 6D: Difference in favourability between UK and average competitor and procurement, logit regression

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in a country (1 if procuring; 0 otherwise)						
Difference in favourability v average	0.00135	0.00174	-0.0188*	0.0151	-0.00569	0.00232	0.000393
	(0.00263)	(0.00448)	(0.00966)	(0.0106)	(0.00826)	(0.00774)	(0.00739)
Observations	1,598	651	247	266	292	379	300
Pseudo R2	0.113	0.122	0.190	0.0780	0.114	0.0558	0.142

Estimated as a logit regression. Sample: Firms in procuring sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Graph 6D: Difference in favourability between UK and average competitor and procurement

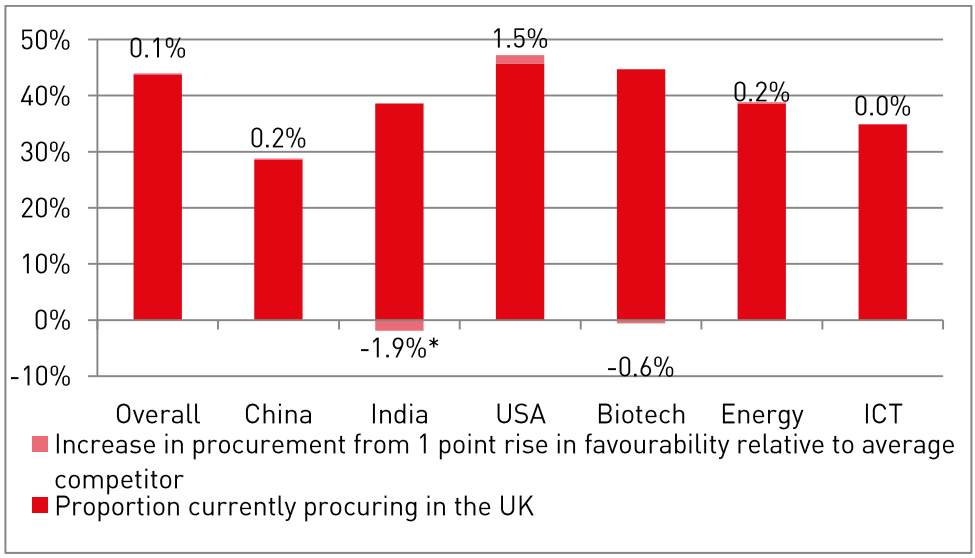


Table 6D considers relative evaluation of the UK and procurement. Overall, there is no relationship between relative performance and procurement. Similarly, there is no country effect. Only one sub-category is significant: Indian firms are less likely to procure from the UK if they perceive it favourably. This is only significant at the 10% level.

6.3 Relationship between comparative position of the UK and future location decisions

Next, we consider differences in favourability between the UK and its nearest competitors. As with tables 6A – 6D, the dependent variable is the gap between the two – a larger, negative result suggests that perceived differences are more important. However, in this case the dependent variable is whether a firm is likely to invest in the UK in future, and the sample is firms which have not already invested.

Table 6E: Impact of difference in favourability from best competitor on likelihood of investment

	(1) All sectors / countries	(2) China	(3) India	(4) USA	(5) Biotech	(6) Energy	(7) Finance	(8) ICT
VARIABLES	If firm is likely to invest in UK (somewhat likely, very likely and investing = 1; Not likely = 0)							
Difference in favourability	-0.0183	-0.00357	-0.00705	-0.0529*	-0.0340	-0.0509**	0.0268	-0.00345
	(0.0138)	(0.0261)	(0.0184)	(0.0309)	(0.0337)	(0.0250)	(0.0314)	(0.0251)
Observations	585	218	242	125	136	149	160	140
Pseudo R2	0.0284	0.0142	0.0160	0.0411	0.0556	0.0375	0.0131	0.0355

Estimated as logit regression models. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Column 1 gives the full results. **Perceived differences between the UK and abroad have no statistically significant relationship with favourability.** Other differences are apparent – firms from the United States and India are significantly more likely to invest in the UK. But overall it is absolute rather than relative favourability which is important.

However, relative position is related to likelihood of investing for two subgroups: US firms and energy firms. US firms are less likely to invest where the relative differences are larger, with an increase in relative difference with the best competitor leading to a reduction in the chances of investment of 5.3%. Similarly, an increase in competitor's performance relative to the UK of one unit is associated with a reduction of 5.1% in the probability of investing for energy firms.

Table 6F: Impact of difference in favourability from best competitor on future likelihood of procurement

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	If firm is likely to procure from UK (somewhat likely, very likely and investing = 1; Not likely = 0)							
Difference in favourability	-0.0182	-0.0409*	-0.00889	0.00397	0.0208	-0.0253	-0.0233	-0.0506*
	(0.0129)	(0.0244)	(0.0222)	(0.0222)	(0.0247)	(0.0202)	(0.101)	(0.0265)
Observations	577	202	216	159	197	185	22	172
Pseudo R2	0.0215	0.0376	0.0408	0.0325	0.0139	0.0489	0.202	0.0547

Estimated as logit regression. Sample: Firms in procuring sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 200
*** p<0.01, ** p<0.05, * p<0.1

In table 6F we consider the impact of relative favourability on the likelihood of procurement in future.

Relative favourability is unimportant overall in determining future procurement. Overall, the effect is negative but not significant.

However, for two sub-groups there is a significant relationship. Chinese firms are likely to see relative importance (between the countries considered in this data) as important, although this is only significant at the 10% level. Similarly, ICT firms are more likely to perceive relative differences as important. A decrease in relative performance of one point for ICT firms reduces the probability of investment by just over 5%.

6.4 Conclusions from Research Question 3

There is little relationship between relative favourability and the decision to invest or procure. For firms in the investing sample, the relationship between the UK and best competitor is only important for Chinese firms and Biotechnology firms. There is no relationship for firms in the procuring sample.

Favourability compared to the average competitor is more closely related to investment, but not procurement. This is true in in particular for Chinese firms, Biotechnology firms and ICT firms.

7. Research Question 4: Perceptions of attributes and the decision to invest or procure

In this section we address research question 4:

> How do perceptions of *attributes associated with a country*[7] influence the decision to invest or procure from it? Do particular attributes have a stronger effect than others? Which are these? Does the effect vary by the market or sector of the respondent?

Summary

We address research question 4 through an analysis of the relationship between perceived attributes and investment in the UK (section 7.1) and investment across the UK, Germany, the US and Japan (section 7.2).

The results suggest that:

- **For all firms in the investing sample, three attributes are positively associated with investing in the UK: Open and Accessible, Practical, and Honest and Trustworthy.**
- **By country, Chinese firms invest in countries they see as innovative or Honest and Trustworthy. Indian firms invest in countries they see as 'practical'. US firms invest in countries they see as Open and Accessible, Practical or Entrepreneurial.**
- **By sector, Biotechnology firms invest in Countries they see as Open & Accessible, Energy firms those they see as Practical and Conventional. Finance firms invest in countries they see as Practical. ICT firms invest in countries they see as Open and Accessible and Practical.**
- **Firms tend to procure from countries they see as Open and Accessible, Technologically Advanced and Practical.**
- **By country, there is no relationship between perceived country characteristics and procurement for Chinese firms. Indian firms procure from countries they see as Open and Accessible, Technologically Advanced and Entrepreneurial. US firms tend to procure from countries they see as Technologically Advanced, Practical and Open and Accessible.**

[7] This research question refers to the association of attributes used to measure KPI 5 (Positive associations).

- **By sector, Biotechnology firms are likely to procure from countries they see as Honest and Trustworthy, and Open and Accessible. Energy firms procure from countries they see as Open and Accessible and Entrepreneurial. ICT firms invest in countries they see as Open and Accessible, Practical, and Technologically Advanced.**

7.1 Methodology

We estimate the results in two parts. First, in section 7.2 we determine the relation between perceived attribute and location decisions for the UK. In this instance we use our standard sample of firms to estimate the relationship between each perceived attribute with the decision to invest or procure from the UK using our standard control variables.

Next, in section 7.3 we estimate the relationship each perceived attribute with the decision to invest or procure from any country. The major change for this research question is that the sample of firms has changed. Rather than only investigate the relationships between firms and the UK, we use each firm / country relationship for the UK, Germany, the US and Japan. This firm / country relationship is used as the observation in the analysis, giving us four times as many observations as before.

7.2 Relationship between perceived attributes and location decisions for the UK

Tables 7A and 7B present the results for the relationship between country attributes and the decision invest or procure from the UK, respectively. There is no significant relationship overall, for investment or procurement. Being perceived as ‘Conventional’ in the Biotech sector has a weakly significant negative relationship with investing in the UK. There are no other significant results to report.

Table 7A: Impact of country attributes on decision to invest in the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
Conventional	-0.0133	0.000980	-0.0134	-0.0313	-0.0553*	0.0344	-0.0162	-0.0236
	(0.0164)	(0.0195)	(0.0199)	(0.0463)	(0.0334)	(0.0296)	(0.0362)	(0.0277)
Entrepreneurial	-0.0233	-0.0216	-0.0333	-0.0172	-0.0463	-0.0508*	-0.000727	0.00771
	(0.0179)	(0.0195)	(0.0208)	(0.0468)	(0.0328)	(0.0273)	(0.0405)	(0.0385)
Honest & Trustworthy	0.0144	-0.00123	0.00358	0.113**	0.00600	0.0104	0.0112	0.0211
	(0.0184)	(0.0181)	(0.0224)	(0.0570)	(0.0364)	(0.0323)	(0.0407)	(0.0349)
Innovative	-0.0124	0.0251	5.95e-05	-0.0926*	-0.00252	0.0155	-0.0166	-0.0401
	(0.0184)	(0.0232)	(0.0229)	(0.0476)	(0.0398)	(0.0324)	(0.0380)	(0.0324)
Open & Accessible	0.0140	0.0147	-0.00519	-0.0369	0.0290	0.0209	0.00362	-0.00198
	(0.0189)	(0.0214)	(0.0233)	(0.0508)	(0.0379)	(0.0310)	(0.0406)	(0.0363)
Practical	0.0180	-0.0152	0.0544*	0.0382	0.0414	0.0242	-0.00546	-0.00298
	(0.0192)	(0.0186)	(0.0298)	(0.0506)	(0.0407)	(0.0319)	(0.0440)	(0.0347)
Technologically advanced	0.0193	0.0209	0.000391	0.0234	0.0325	-0.0341	0.00918	0.0667*
	(0.0179)	(0.0187)	(0.0215)	(0.0512)	(0.0383)	(0.0277)	(0.0403)	(0.0355)
Observations	3,520	1,248	1,264	1,008	828	792	1,080	820
Pseudo R2	0.140	0.100	0.0858	0.0945	0.118	0.0859	0.229	0.156

Estimated as logit regression. Sample: Firms investing in the UK only. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table 7B: Impact of country attributes on decision to procure from the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring from the UK (1 if investing; 0 otherwise)						
Conventional	-0.0224	-0.00412	-0.0462	-0.0160	-0.0396	-0.00868	-0.0143
	(0.0218)	(0.0362)	(0.0353)	(0.0492)	(0.0401)	(0.0429)	(0.0357)
Entrepreneurial	-0.00830	-0.00979	-0.0290	0.0266	-0.00106	0.00271	-0.0219
	(0.0242)	(0.0423)	(0.0387)	(0.0478)	(0.0434)	(0.0470)	(0.0415)
Honest & Trustworthy	0.0201	-0.0517	0.0530	0.0520	0.0366	-0.00114	0.0223
	(0.0236)	(0.0330)	(0.0389)	(0.0552)	(0.0447)	(0.0449)	(0.0386)
Innovative	-0.00805	-0.0379	-0.0203	0.0401	-0.0496	0.0192	-0.00172
	(0.0241)	(0.0418)	(0.0385)	(0.0482)	(0.0446)	(0.0446)	(0.0426)
Open & Accessible	0.00728	0.0116	0.0553	-0.0347	0.0725*	-0.00200	-0.0345
	(0.0245)	(0.0397)	(0.0432)	(0.0522)	(0.0436)	(0.0485)	(0.0412)
Practical	0.0190	0.0856**	-0.0740*	0.0190	-0.0381	0.0388	0.0660
	(0.0244)	(0.0388)	(0.0416)	(0.0507)	(0.0430)	(0.0460)	(0.0442)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring from the UK (1 if investing; 0 otherwise)						
Technologically advanced	0.0100	0.0366	0.0583	-0.0577	0.0402	-0.0118	0.00196
	(0.0230)	(0.0383)	(0.0405)	(0.0447)	(0.0420)	(0.0442)	(0.0388)
Observations	3,408	972	1,280	1,064	1,184	1,028	1,040
Pseudo R2	0.129	0.0992	0.114	0.113	0.143	0.0991	0.109

Estimated as logit regression. Sample: Firms procuring from the UK only. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

7.3 Relationship between perceived attributes and location decisions: Investing sample

We now change our sample size and estimate the results for the relationship between country attributes and the decision to invest or procure in any country. Tables 7C and 7D report the results.

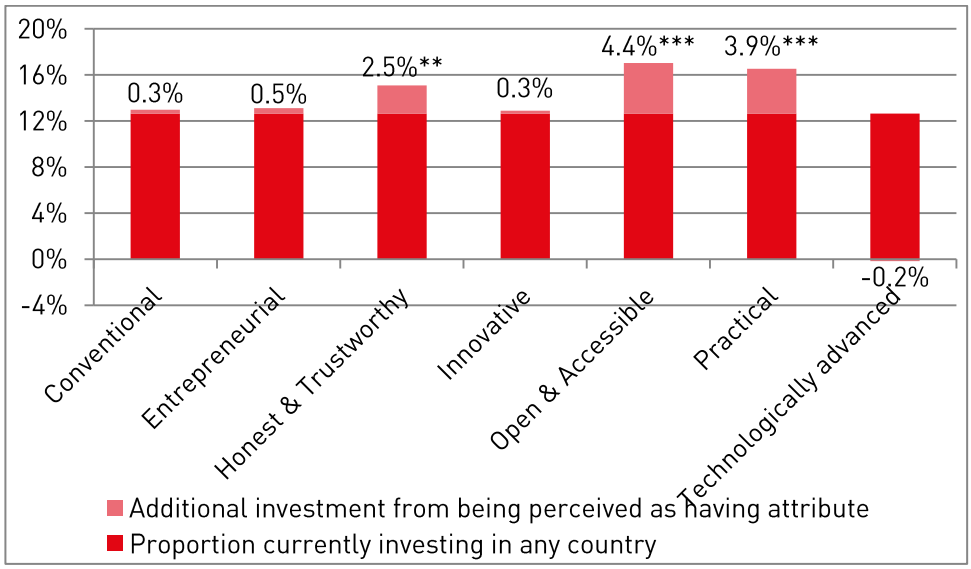
Table 7C: Impact of country attributes on decision to invest in any country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in a country (1 if investing; 0 otherwise)							
Conventional	0.00323	0.000363	0.0200	-0.0308	-0.000730	0.0368*	0.00572	-0.0313*
	(0.0108)	(0.0145)	(0.0157)	(0.0299)	(0.0218)	(0.0196)	(0.0220)	(0.0184)
Entrepreneurial	0.00469	-0.0274**	0.00111	0.0532*	-0.00461	-0.0376**	0.0265	0.0341
	(0.0115)	(0.0135)	(0.0154)	(0.0301)	(0.0206)	(0.0168)	(0.0245)	(0.0252)
Honest & Trustworthy	0.0245**	0.0263*	0.00231	0.0344	0.0297	0.00775	0.0241	0.0306
	(0.0121)	(0.0149)	(0.0165)	(0.0397)	(0.0230)	(0.0209)	(0.0253)	(0.0237)
Innovative	0.00263	0.0311*	0.0196	-0.0365	0.0214	0.0325	0.00508	-0.0386*
	(0.0120)	(0.0187)	(0.0182)	(0.0319)	(0.0239)	(0.0238)	(0.0235)	(0.0212)
Open & Accessible	0.0440***	0.0218	0.0194	0.0970***	0.0612**	0.0240	0.0147	0.0672**
	(0.0128)	(0.0173)	(0.0181)	(0.0326)	(0.0266)	(0.0213)	(0.0237)	(0.0279)
Practical	0.0390***	-0.00141	0.0749***	0.0790**	0.00209	0.0406*	0.0509*	0.0485*
	(0.0127)	(0.0141)	(0.0265)	(0.0339)	(0.0232)	(0.0227)	(0.0262)	(0.0253)
Technologically advanced	-0.00152	0.00784	-0.0145	-0.00595	0.0240	-0.0222	-0.00575	-0.00734
	(0.0115)	(0.0137)	(0.0149)	(0.0369)	(0.0224)	(0.0189)	(0.0236)	(0.0234)
Observations	5,063	2,132	1,694	1,237	1,195	1,145	1,491	1,232
Pseudo R2	0.0904	0.0929	0.0999	0.0743	0.135	0.0698	0.127	0.0957

Estimated as logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008

*** p<0.01, ** p<0.05, * p<0.1

Graph 7A: Impact of country attributes on decision to invest in any country

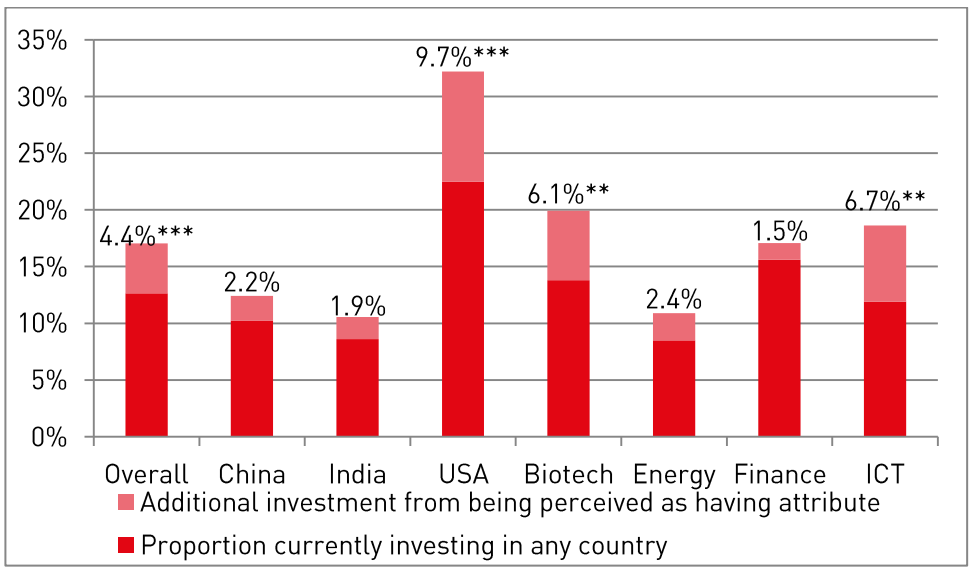


As before, the dependent variable is whether a firm invests or procures in each country. Regression diagnostics reveal no major problems. Table 7C gives results for investment decisions. Column 1 gives the results for all sectors in all countries.

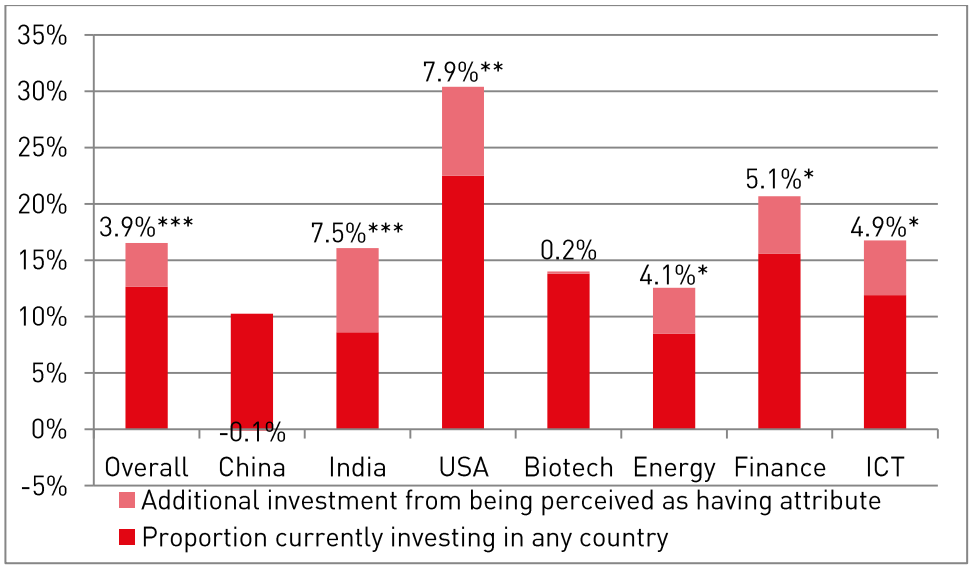
Three of the attributes are positively and significantly related to the probability of investing: Open and Accessible, Practical and Honest and Trustworthy, with Open and Accessible the most important.

The market/sector breakdown of each of the significant attributes for investing is given in Graphs 7A-C.

Graph 7B: Impact of being viewed as "Open & Accessible" on decision to invest in any country



Graph 7C: Impact of being viewed as "Practical" on decision to invest in any country



For Chinese firms, seeing a country as 'innovative' is the most important determinant of investment, followed by Honest and Trustworthy. Both of these relationships are significant only at the 10% level, however. Perceiving a country as 'entrepreneurial' is actually negatively related to investment.

For Indian firms, perceiving a country as practical is a strong predictor of investment. The coefficient is 0.075, implying that an increase of one point in an assessment of practicality increases the likelihood of investment by 7.5% (albeit with provisos regarding causality).

For US firms, the main associations are with 'Open and Accessible' and 'Practical'. Of these, being Open and Accessible is the most important – it is significant at the 10% level and the coefficient is almost double in magnitude to that for being Practical.

By sector, Biotech firms are more likely to invest in a country they see as practical. An increase in the scale of one point increases the probability of investment by just over six per cent.

Energy firms invest in countries they see as practical or conventional. However, they are also less likely to invest in countries which they see as entrepreneurial.

Finance firms are influenced solely by practicality. However, this relationship is only significant at the 10% level.

Finally, ICT firms are more likely to invest in countries they see as Open and Accessible or Practical. However, they are less likely to invest in countries which they see as innovative or conventional.

7.4 Relationship between perceived attributes and location decisions: Procuring firms

Table 7D: Impact of country attributes on decision to procure in any country

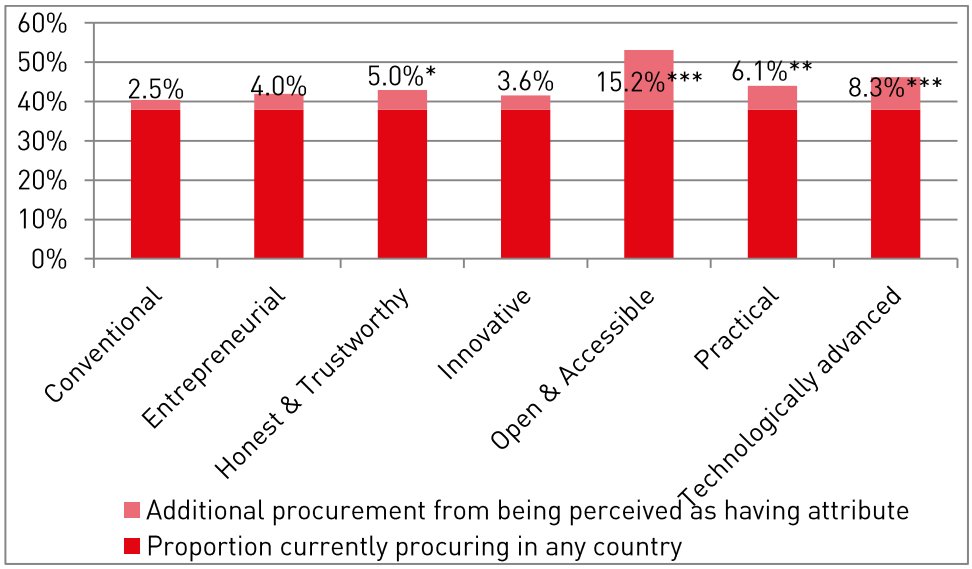
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether firm invests in a country (1 if yes, 0 if no)						
Conventional	0.0250	0.0401	-0.0354	0.00866	0.0464	0.0414	0.00490
	(0.0296)	(0.0659)	(0.0462)	(0.0416)	(0.0510)	(0.0569)	(0.0531)
Entrepreneurial	0.0403	0.0331	0.0870*	-0.00891	-0.00200	0.106*	0.0322
	(0.0312)	(0.0647)	(0.0497)	(0.0426)	(0.0542)	(0.0586)	(0.0567)
Honest & Trustworthy	0.0500*	0.0224	0.0142	0.0626	0.183***	0.0171	-0.0445
	(0.0301)	(0.0549)	(0.0497)	(0.0500)	(0.0509)	(0.0567)	(0.0527)
Innovative	0.0364	0.0488	0.0277	0.0759	0.0433	0.0506	0.0123
	(0.0314)	(0.0662)	(0.0488)	(0.0499)	(0.0552)	(0.0558)	(0.0594)
Open & Accessible	0.152***	0.0881	0.218***	0.110**	0.158***	0.148***	0.163***
	(0.0317)	(0.0607)	(0.0536)	(0.0491)	(0.0539)	(0.0569)	(0.0582)
Practical	0.0608**	0.00967	-0.0323	0.156***	0.0198	0.0286	0.152***
	(0.0305)	(0.0536)	(0.0513)	(0.0521)	(0.0511)	(0.0561)	(0.0565)
Technologically advanced	0.0829***	0.0306	0.0972*	0.169***	0.00357	0.0859	0.157***
	(0.0304)	(0.0554)	(0.0522)	(0.0498)	(0.0517)	(0.0566)	(0.0562)
Observations	2,556	729	960	849	888	771	780
Pseudo R2	0.165	0.109	0.155	0.263	0.161	0.151	0.191

Sample: All country / perceptions relationships for procuring firms (i.e. each firm is included four times). All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

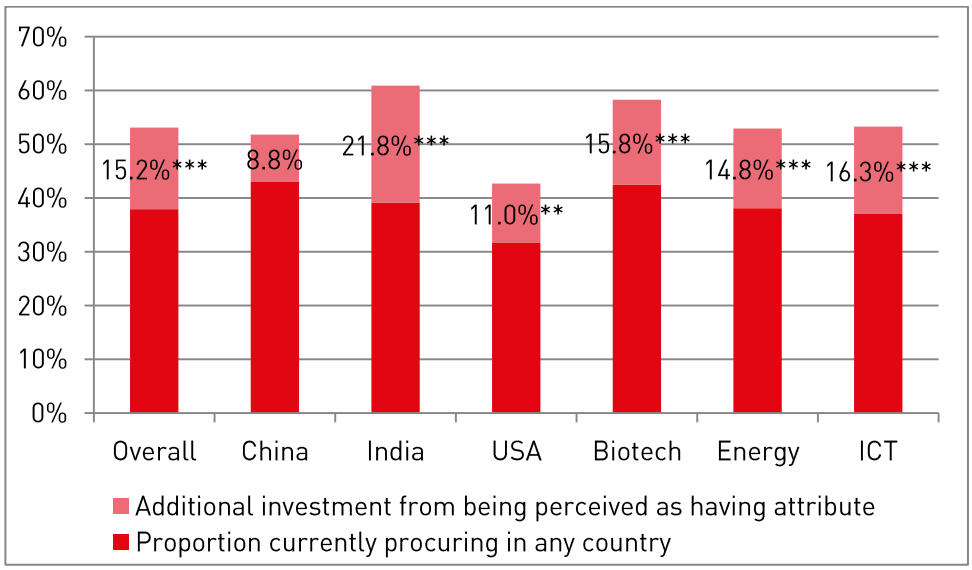
Table 7D sets out the results for procuring firms only. **Overall, procuring firms tend to procure in countries they perceive as Open and Accessible, Honest and Trustworthy, Practical and Technologically Advanced.** The strongest effect is from being Open and Accessible: a one point increase is associated with an increased probability of procurement of over fifteen per cent.

Graphs 7D – 7G show breakdown the results for each of these attributes by country/ sector graphically.

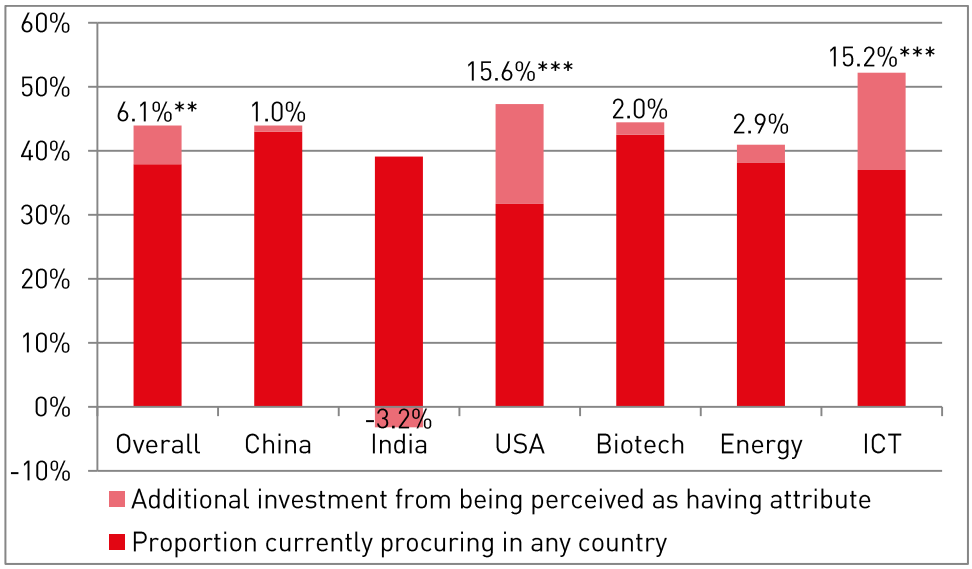
Graph 7D: Impact of country attributes on decision to procure in any country



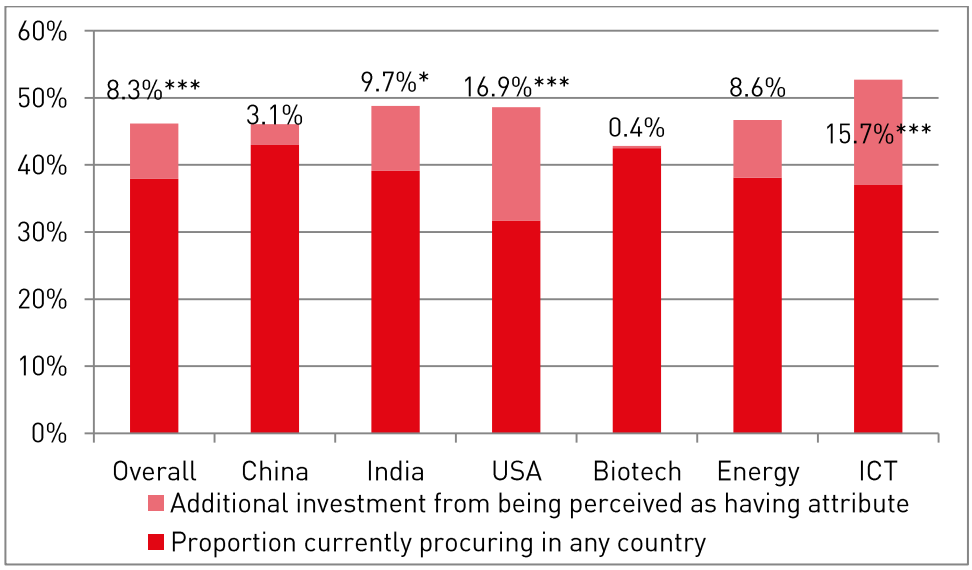
Graph 7E: Impact of being viewed as "Open & Accessible" on decision to procure in any country



Graph 7F: Impact of being viewed as "practical" on decision to procure in any country



Graph 7G: Impact of being viewed as "practical" on decision to procure in any country



For Chinese procurers there is no relationship between the characteristics and procurement.

For Indian procurers the largest effect is from Open and Accessible, followed by Technologically Advanced and Entrepreneurial.

US firms see Technologically Advanced, Practical, and Open and Accessible as important.

Breaking the results down by sector, **for Biotechnology / Pharmaceuticals firms Honest and Trustworthy and Open and Accessible are both associated with increased likelihood of procuring.** The coefficient is similar, but slightly higher for Honest and Trustworthy.

For Energy firms, the significant attributes are Open and Accessible followed by

Entrepreneurial.

ICT firms are most likely to procure from countries they see as Open and Accessible, Technologically advanced and Practical.

7.5 Conclusions from research question 4

The most important attributes for firms in the investing sample are Open and Accessible, Practical and Honest and Trustworthy. There are some differences amongst firms suggesting that UKTI strategies need to be differentiated by market.

8. Research Question 5: Stated and revealed importance of country characteristics

In this section we address research question 5:

> How and to what extent does the stated importance attributed to various country characteristics correspond to the revealed importance of these characteristics as reflected in actual location decisions and plans? Are business statements of the importance of some characteristics a more reliable guide to their true influence over decisions than for other characteristics? Are there differences between inward investment and procurement decisions in this respect? Does this vary by sector or market? If so, how?

Summary

To research question 5 we compare the link between investment and procurement decisions for firms who state each characteristic is important compared to those who do not. The results suggest stated importance is related to actual importance. More specifically, they show that:

- **For firms in the investing sample which perceive Business Environment as important the effect of an increased rating of the UK Business Environment on the probability of investment is larger than for other firms. There is a similar effect for all sub-groups.**

- **As before, there is no relationship between Innovation and Creativity (RM2) or Connections (RM3) and the likelihood of investing, even for firms who perceive this as important.**

- **Procuring firms who perceive Business Environment (RM1) or Quality, Value and Delivery (RM4) as important are more likely to invest in the UK, and this effect is stronger than for other firms. The extent of a relationship with Innovation and Creativity (RM2) and Connections (RM3) is unclear, as the sample size is smaller.**

8.1 Methodology

For this question we run our model for firms that consider each specific characteristic to be an important determinant of their perceptions of favourability. For this we draw on data from Section B of the questionnaire, where managers are asked to identify what they believe to be

the most important characteristics in determining their decision. In the table below we summarise the data for how important firms believe each specific characteristic is in determining their perception of favourability, where 10 is most important and 1 is not important at all.

Table 8A: Summary statistics of importance score for specific characteristics

Variable	Obs	Mean	Std. Dev.	Min	Max
RM1: Business Environment	3948	7.239362	1.192707	1	10
RM2: Innovation & Creativity	3948	7.097771	1.717454	1	10
RM3: Connections	3947	6.905498	1.699091	1	10
RM4: Quality, Value & Delivery	2396	8.08389	1.242285	1	10

To answer this question, we run the standard model but only for firms who have stated they consider a particular characteristic to be an important factor in determining their perceptions of favourability. We only consider firms that have ranked the importance of a specific characteristic at 8 (9 for RM4 as the average score is 8) or higher.

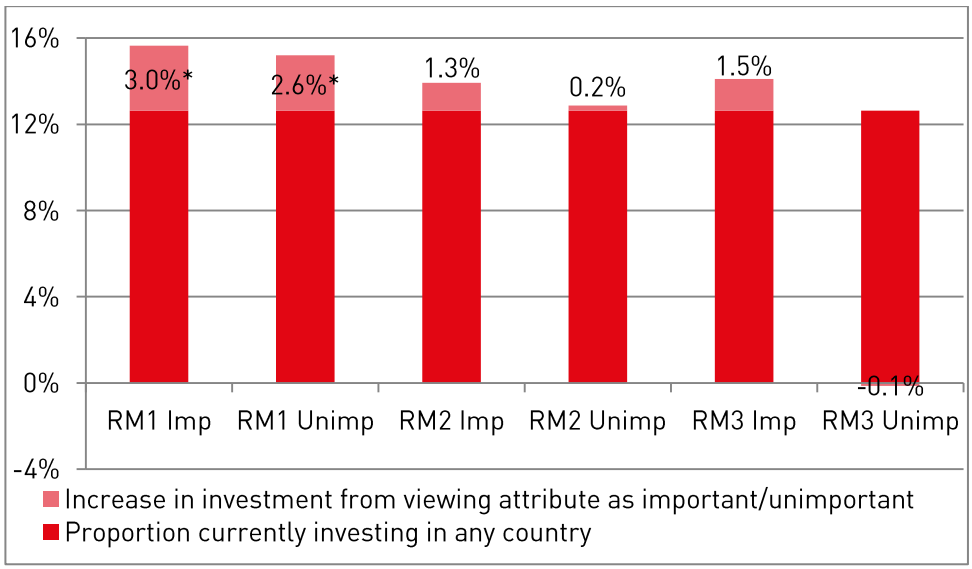
We run a second regression for the firms that consider that particular characteristic to be unimportant, i.e. given an importance score of between 1 and 7 then compare it to the value for those that rank the characteristic between 8 and 10. If the coefficient for the marginal effect has increased than when compared to that found under research question 1, then the importance of these characteristics is reflected in actual investment and procurement decisions.

To determine the statistical significance of the difference between the two coefficients we estimate a third regression with an interaction term between the score of the specific characteristic and a dummy variable of whether the firm considers the characteristic important or not. The statistical significance of this coefficient gives us the significance level of the difference between the two coefficients.

The full results for each of these regressions are presented in the appendix.

8.2 Stated and revealed importance of country characteristics: Investing sample

Graph 8A: Increase in investment from viewing attribute as important or unimportant



First, we consider firms in the investing sample. In table 8A.1 we run our standard model on firms that have stated RM1 Business Environment was an important determinant of their perception of UK favourability (i.e. RM1>=8). Comparing the marginal effect coefficient from the all country/sector regression to our previous estimate with the full sample, we find that **firms that rank RM1 as an important determinant of their perceptions of favourability are more likely to invest in the UK than the full sample.** From table 8A.2 we can see that from a 1 point increase in the score of RM1 firms that rank RM1 as important are 1% more likely to invest than all firms.

Firms from China that consider RM1 to be an important indicator have a weakly significant negative relationship between their perceptions of how well the UK performs in the Business Environment characteristic and the probability of investing. Comparing this to our previous estimate in section 4 the relationship is now significant as well as more negative.

Indian firms that consider RM1 an important indicator are 3.4% more likely to invest in the UK if the business environment score increases by 1 point. For the US a 1 point rise in the score of RM1 increases the probability of investing by 2% for firms that rank RM1 at 8 or greater compared to the full sample, although both these values are not significant.

Looking across sectors, we see that the strongest relationship is with Biotech. Firms that consider RM1 an important determinant of favourability are 2.5% more likely to invest in the UK than the full sample from a 1 point rise in the score in for RM1. For ICT, firms who consider RM1 to be important are 2% more likely to invest from a 1 point rise in the score, although the relationship is not significant.

Table 8A.1: Impact of Business Environment (RM1) on the probability of investing for firms that rank Business Environment as an important indicator

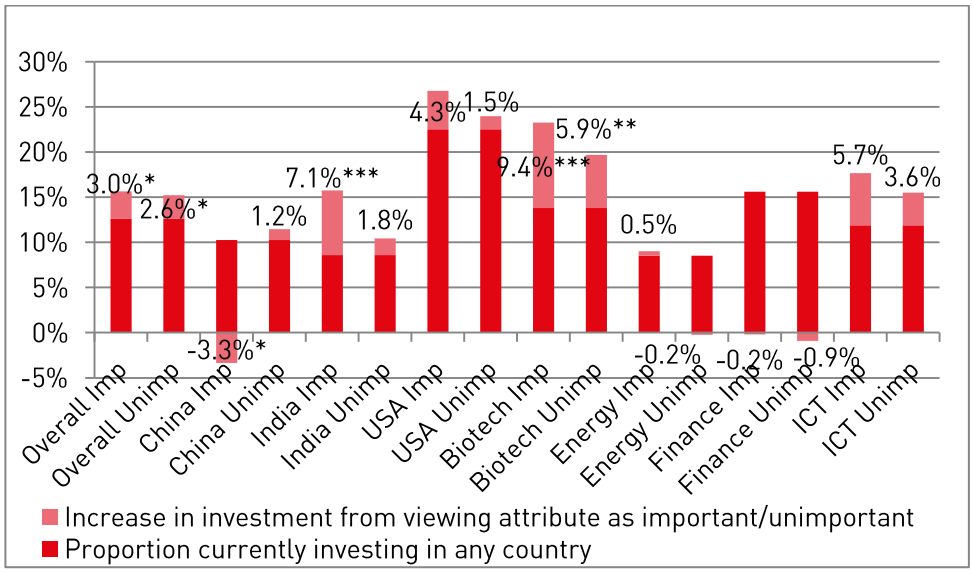
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
RM1:Business Environment	0.0301*	-0.0334*	0.0714***	0.0427	0.0944***	0.00527	-0.00213	0.0574
	(0.0174)	(0.0182)	(0.0215)	(0.0402)	(0.0334)	(0.0316)	(0.0242)	(0.0396)
Observations	454	146	171	137	91	107	150	106
Pseudo R2	0.147	0.223	0.140	0.0993	0.233	0.115	0.270	0.178

Estimated as logit regression. Sample: Firms in investing sample who rank RM1 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8A.2 RM1: Comparing coefficients for firms: Investing sample

	All sectors/ countries	China	India	USA	Biotech	Energy	Finance	ICT
Investing firms that consider RM1 important	0.0301*	-0.0334*	0.0714***	0.0427	0.0944***	0.00527	-0.00213	0.0574
Firms that consider RM1 less important	0.0257*	0.0119	0.0184	0.0146	0.0589**	-0.00237	-0.00913	0.0360
Difference	0.0044	-0.0453***	0.0533	0.0281	0.0655	0.0029	-0.007	0.0214

Graph 8B: Impact of RM1 on the probability of investing for firms that rank RM1 as an important indicator



For RM2, there are no significant relationships with decision to invest for firms that rank RM2 as an important indicator, as can be seen in Table 8B.1. Table 8B.2 compares the estimates for firms in the investing sample that consider RM1 as important with the full sample model and the sample of firms that consider RM2 less important.

Table 8B.1 Impact of RM2 on the probability of investing for firms that rank RM2 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
RM2:Innovation & Creativity	0.0128	-0.00719	0.0159	0.0257	0.00401	0.00443	-0.00427	0.00854
	(0.0106)	(0.0118)	(0.0203)	(0.0423)	(0.0253)	(0.00420)	(0.0223)	(0.0189)
Observations	396	183	107	67	95	86	79	97
Pseudo R2	0.127	0.156	0.124	0.171	0.251	0.120	0.302	0.285

Estimated as logit regression. Sample: Firms in investing sample who rank RM2 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8B.2 RM2: Comparing coefficients for firms: Investing sample

	All sectors/ countries	China	India	USA	Biotech	Energy	Finance	ICT
Investing firms that consider RM2 important	0.0128	-0.00719	0.0159	0.0257	0.00401	0.00443	-0.00427	0.00854
Firms that consider RM2 less important	0.00237	-0.00611	-0.00591	0.000258	0.00523	-0.00965	0.00542	0.00181
Difference	0.01043	-0.00108	0.02181	0.0254	-0.00121	-0.01408	-0.00969	0.00673

The results for RM3 are given in Table 8C.1. Here, also we see that there are no significant relationships between investing and the score for RM3 for firms that consider RM3 to be an important indicator. In table 8C.2 we compare with our previous estimates – because the sample sizes are small it is difficult to draw any conclusions.

Table 8C. Impact of RM3 on the probability of investing for firms that rank RM3 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
RM3: Connections	0.0146	-0.0202	0.00594	0.0968	-0.0522	0.00275	0.0161	0.0152

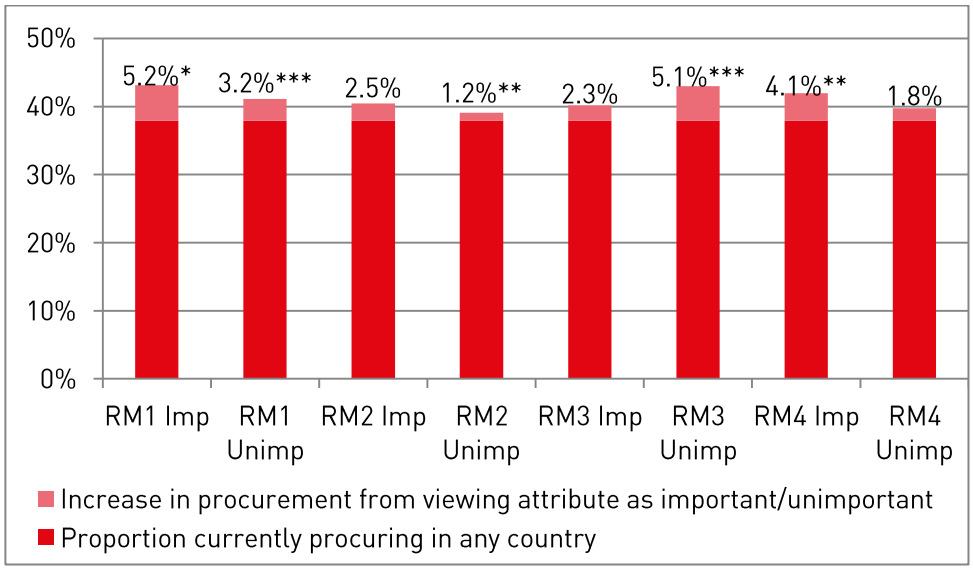
	(0.0152)	(0.0296)	(0.0168)	(0.0798)	(0.0692)	(0.00246)	(0.0206)	(0.0334)
Observations	315	99	150	66	52	55	100	93
Pseudo R2	0.160	0.180	0.148	0.251	0.271	0.169	0.223	0.169

Estimated as logit regression. Sample: Firms in investing sample who rank RM3 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8C.1 RM3: Comparing coefficients for firms: Investing sample

	All sectors/ countries	China	India	USA	Biotech	Energy	Finance	ICT
Investing firms that consider RM3 as important	0.0146	-0.0202	0.00594	0.0968	-0.0522	0.00275	0.0161	0.0152
Firms that consider RM3 less important	-0.00141	0.00244	0.0149	-0.0402	0.0434*	-0.0317	-0.0352	0.00877
Difference	0.01601	-0.02264	-0.00896	-0.137*	-0,0956	0.0345	0.0513	0.00635

Graph 8C: Increase in procurement from viewing attribute as important or unimportant



8.3 Stated and revealed importance of country characteristics: Procuring sample

Next, we look at procuring firms. **For Business Environment (RM1) we find that there are weakly significant relationships for the all sector/country pairs, for Indian firms and for the Biotech sector.** Comparing these coefficients with our estimates for all firms we can see that apart from US firms and the Energy sector procuring firms are more likely to invest in the UK if they think the UK scores well for RM1 and they consider RM1 to be an important indicator.

All procuring firms who consider RM1 important are 2% more likely to invest given a 1 point rise in the score for RM1 for the UK when compared to the whole sample. Chinese firms are 2.9% more likely to procure if they consider RM1 to be important given a 1 point rise in the score for RM1, but this relationship is insignificant.

For Indian firms this relationship is significant at the 10% level, and Indian firms are 5.5% more likely to procure given a 1 point rise in the score for RM1 and if they think RM1 is an important characteristic in determining their perception of favourability.

Across sectors the effect is strongest for Biotech firms, where firms are 7.5% more likely to procure given a 1 point rise in the score for RM1 for firms that consider RM1 to be important compared to the whole sample estimate.

Table 8D.1 Impact of RM1 on the probability of procuring for firms that rank RM1 as an important indicator

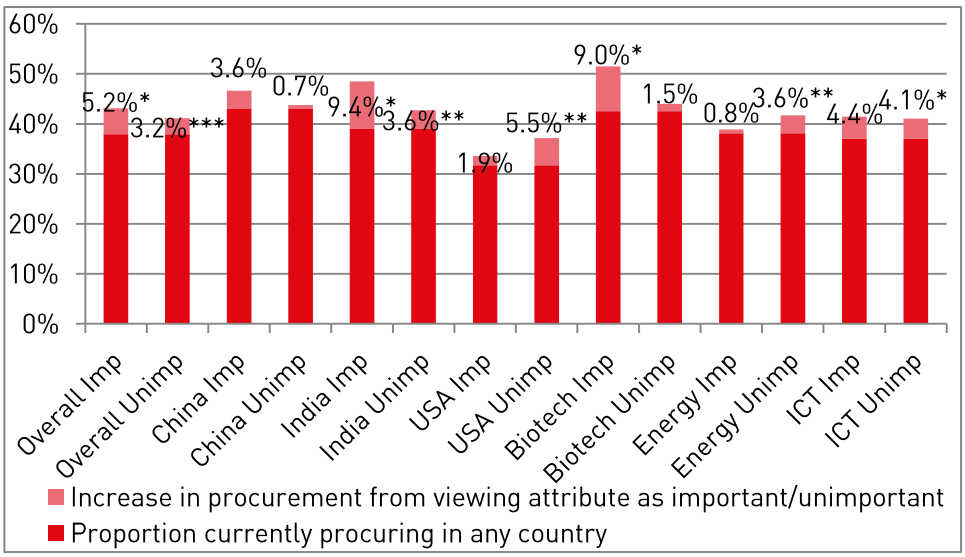
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)						
RM1:Business Environment	0.0523*	0.0363	0.0939*	0.0185	0.0902*	0.00766	0.0444
	(0.0308)	(0.0561)	(0.0496)	(0.0636)	(0.0528)	(0.0617)	(0.0484)
Observations	329	92	122	103	126	83	101
Pseudo R2	0.138	0.121	0.0865	0.154	0.121	0.133	0.110

Estimated as logit regression. Sample: Firms in the procuring sample who rank RM1 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8D.2 RM1: Comparing coefficients for procuring firms

	All sectors/ countries	China	India	USA	Biotech	Energy	ICT
Procuring firms that consider RM1 as important	0.0523*	0.0363	0.0939*	0.0185	0.0902*	0.00766	0.0444
Firms that consider RM1 less important	0.0321***	0.00736	0.0364**	0.0548**	0.0149	0.0360**	0.0406*
Difference	0.0202	0.0289	0.0556	-0.0363	0.0753	-0.02834	0.0038

Graph 8D: Impact of RM1 on the probability of procuring for firms that rank RM1 as an important indicator



For RM2, there are no significant relationships with decision to procure for firms that rank RM2 as an important indicator, as can be seen in Table 8E.1. Table 8E.2 compares the estimates for firms in the investing sample that consider RM2 as important with the full sample model.

Table 8E.1 Impact of RM2 on the probability of procuring for firms that rank RM2 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)						
RM2:Innovation & Creativity	0.0254	0.0157	0.00894	0.0744	0.0121	0.0528	0.0241
	(0.0217)	(0.0326)	(0.0337)	(0.0455)	(0.0360)	(0.0387)	(0.0377)
Observations	379	128	155	96	155	103	121
Pseudo R2	0.0862	0.0648	0.0697	0.134	0.112	0.106	0.0836

Estimated as logit regression. Sample: Firms in procuring sample who rank RM2 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8E.2 RM2: Comparing coefficients for procuring firms

	All sectors/ countries	China	India	USA	Biotech	Energy	ICT
Procuring firms that consider RM2 as important	0.0254	0.0157	0.00894	0.0744	0.0121	0.0528	0.0241
Firms that consider RM2 less important	0.0121**	0.00496	0.0376***	0.00726	0.0283*	0.00237	0.0174
Difference	0.0132	0.01074	-0.02866	0.06714	-0.0162	0.05043	0.0067

The results for RM3 are given in Table 8F.1. Here, also we see that there are no significant relationships between procuring and the score for RM3 for firms that consider RM3 to be an important indicator. In table 8F.2 we compare with our previous estimates. Again, due to the small sizes it is difficult to draw any conclusions.

Table 8F.1 Impact of RM3 on the probability of procuring for firms that rank RM3 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)						
RM3: Connections	0.0229	-0.00323	0.0296	0.0374	0.0369	-0.0431	0.148***
	(0.0242)	(0.00421)	(0.0338)	(0.0413)	(0.0348)	(0.0555)	(0.0542)
Observations	387	103	172	112	143	114	130
Pseudo R2	0.0934	0.225	0.0702	0.0634	0.111	0.104	0.128

Estimated as logit regression. Sample: Firms in the procuring sample only who rank RM3 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8F.2 RM3: Comparing coefficients for procuring firms

	All sectors/ countries	China	India	USA	Biotech	Energy	ICT
Procuring firms that consider RM3 as important	0.0229	-0.00323	0.0296	0.0374	0.0369	-0.0431	0.148***
Firms that consider RM3 less important	0.0510***	0.0317***	0.0751***	0.0938***	0.0880***	0.0701***	0.0751***
Difference	-0.0281	-0.03493	-0.0455**	-0.0564	0.0511	-0.1132	0.0729

For RM4, we can see that the all sector/country model is significant as well as the country

regression for the US, and for the Biotech and Energy sector. In table 8G.2 we compare coefficients with previous estimates for the whole sample. Firms that rank RM1 as important across all sectors and countries are 1% more likely to procure given a 1 point rise in the score for RM4. Looking across countries, we see that US firms that consider RM4 to be important are 1.6% more likely to procure given a 1 point rise in the score for RM4.

Across sectors, the Biotech sector's revealed importance for RM4 is not reflected in actual location decisions. Firms that consider RM4 as an important indicator in the Biotech sector are 0.7% less likely to procure from the UK given a 1 point rise in the score for RM4. For the energy sector, firms that consider RM4 to be important are 3.8% more likely to procure from the UK given a 1 point rise in the score.

Table 8G.1 Impact of RM4 on the probability of procuring for firms that rank RM4 as an important indicator

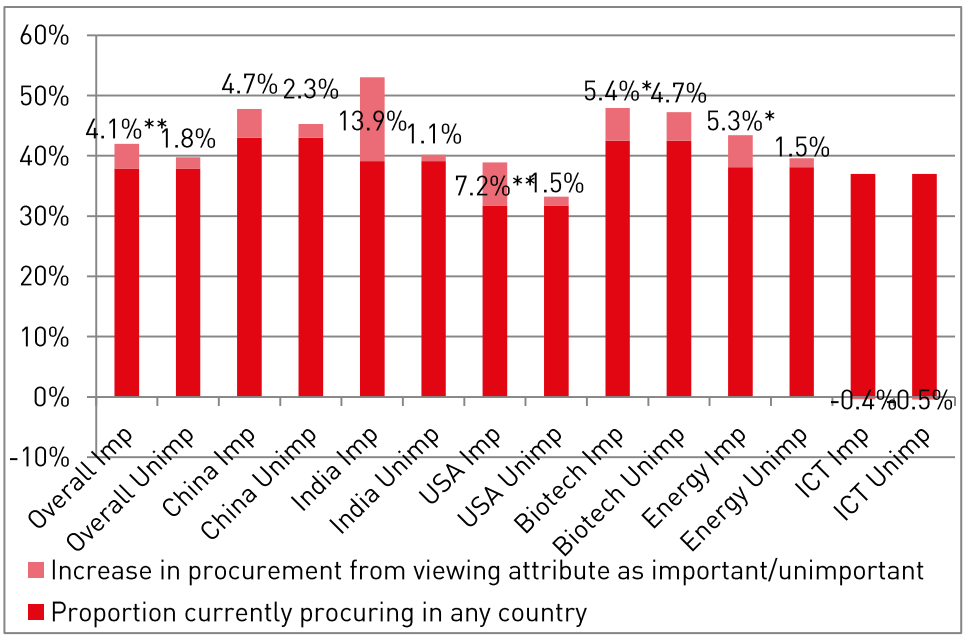
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)						
RM4: Quality, Value &Delivery	0.0405**	0.0474	0.00139	0.0721**	0.0543*	0.0529*	-0.00386
	(0.0180)	(0.0302)	(0.0316)	(0.0299)	(0.0318)	(0.0321)	(0.0292)
Observations	521	136	204	176	205	165	137
Pseudo R2	0.0897	0.0426	0.0883	0.0861	0.120	0.0876	0.0651

Estimated as logit regression. Sample: Firms in the procuring sample only who rank RM4 9 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table 8G.2 RM4: Comparing coefficients for procuring firms

	All sectors/ countries	China	India	USA	Biotech	Energy	ICT
Procuring firms that consider RM4 as important	0.0405**	0.0474	0.00139	0.0721**	0.0543*	0.0529*	-0.00386
Procuring firms that consider RM4 as less important	0.0184	0.0227	0.0106	0.0150	0.0473	0.0149	-0.00457
Difference	0.0221	0.0247	-0.00921	0.0571	0.0070	0.0380	0.00067

Graph 8E: Impact of RM4 on the probability of procuring for firms that rank RM4 as an important indicator



8.4 Conclusions from research question 5

Our results suggest that stated importance is related to actual importance. This suggests that the results of the previous research questions are useful for guiding policy. It also suggests that UKTI policy is best targeted at those firms (or groups of firms) who perceive particular attributes as important.

9. Research Question 6: Perceptions and favourability of the UK and how well informed respondents are

In this section we address research question 6:

> What is the relationship between perceptions of the UK and favourability towards the UK and how well informed respondents feel about the UK? Does this very by market or sector? If so, how?

Summary

We address question 6 by looking at favourability and testing for correlation with scores for how well informed respondents feel. The results suggest that:

- **Firms in both the procuring and investing samples who are well informed about the UK feel more positive about the country.**
- **Overall, the relationship is strongest for Indian firms, followed by Chinese and US firms. At a sectoral level, the effect is strongest for Finance and Energy firms.**
- **For investors only, Indian firms have the strongest relationship between favourability and being well-informed across countries. Across sectors Finance and Energy have the strongest relationship.**
- **For procuring firms only, Indian procurers have the strongest relationship between favourability and being well-informed. For sectors, Energy has the strongest relationship.**

9.1 Methodology for research question 6

To study this question we use OLS regression with favourability as the dependent variable and a ranking of how well informed the firm feels about the UK as the key independent variable, along with our standard control variables: investment/procurement dummy, size, sector, country of origin and year. Data used for the ranking is from a survey question which asked clients to give a rating on a scale of 1 to 10 for how well informed they consider themselves to be about the UK, where 1 is not well informed at all and 10 is the most well informed.

9.2 Favourability of the UK and how well informed firms are: All firms

Summary stats for key dependent variables for research question 6 & 7 are given below:

Variable	Obs	Mean	Std. Dev.	Min	Max
Well-informed ranking	3935	6.27	2.11	1	10
Had contact with government representative	3169	0.24	0.43	0	1

	Overall	China	India	USA	Biotech/ Pharma	Energy/ Renewable Energy	Finance	ICT
Average well-informed ranking	6.27	5.19	6.73	6.91	6.34	6.16	6.68	6.07
Proportion of firms who had contact with a government representative	24%	29%	23%	20%	27%	29%	23%	26%

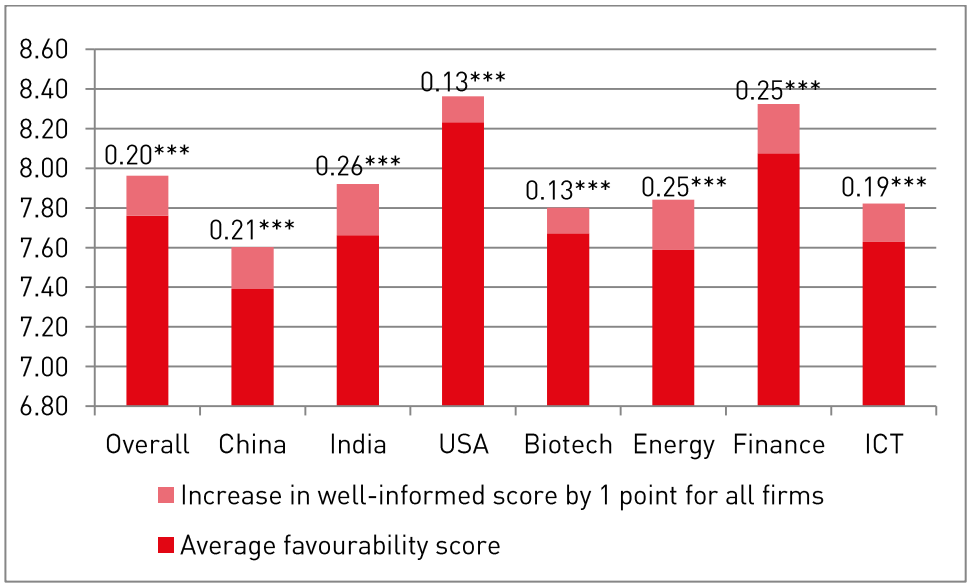
Table 9A: Influence of being well informed about the UK on perceptions of favourability, all firms

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
Well-informed rank	0.203***	0.212***	0.258***	0.131***	0.129***	0.253***	0.247***	0.194***
	(0.0195)	(0.0301)	(0.0339)	(0.0367)	(0.0388)	(0.0373)	(0.0401)	(0.0367)
Observations	1,861	624	662	575	527	501	331	502
R-squared	0.138	0.113	0.141	0.087	0.83	0.169	0.250	0.148

Estimated using OLS. Sample: All firms. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is an investor or not.

*** p<0.01, ** p<0.05, * p<0.1

Graph 9A: Impact of an increase in well-informed score on favourability for all firms



We first run our standard model for all firms, procurers and investors. **There is a strongly significant and positive relationship between favourability and being well informed for the whole sample as well as across countries and sectors.**

The relationship is strongest for Indian firms; a 1 point rise in the well-informed ranking increases favourability by 0.267 points. For the overall model, a 1 point rise in the well-informed ranking increases favourability by 0.212 points.

9.3 Favourability of the UK and how well informed firms are: Investing sample

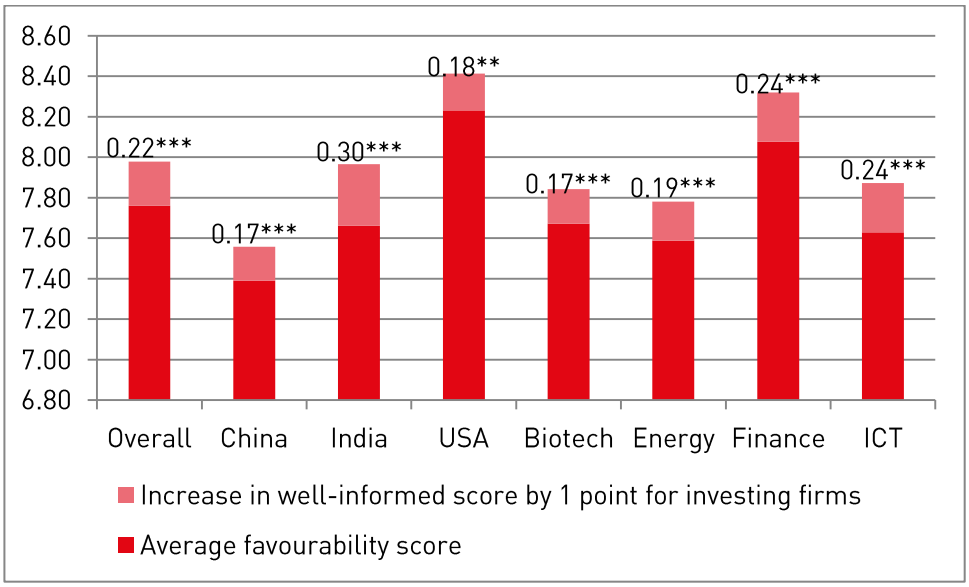
Table 9B: Influence of being well informed about the UK on perceptions of favourability for investors

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
Well-informed rank	0.219***	0.167***	0.304***	0.182***	0.171***	0.193***	0.244***	0.244***
	(0.0292)	(0.0415)	(0.0551)	(0.0497)	(0.0684)	(0.0582)	(0.0467)	(0.0465)
Observations	910	324	327	259	211	208	274	343
R-squared	0.134	0.063	0.140	0.117	0.074	0.073	0.234	0.159

Estimated using OLS. Sample: Firms in investing sample. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is an investor or not.

*** p<0.01, ** p<0.05, * p<0.1

Graph 9B: Impact of an increase in well-informed score on favourability for investing firms



Firms in the investing sample who are well informed are more favourable about the UK. Looking at firms in the investing sample only, the relationship is strongly positive and significant across all the models. For the 'all sector/country' model for firms in the investment sample the relationship is marginally stronger than for the all firm sample.

Indian firms have the strongest relationship between favourability and being well-informed across countries - A one point rise in the well-informed rank increases favourability by 0.32 points. However, the relationship is significant for all three groups.

Across sectors Finance and Energy have the strongest relationship, a 1 point rise in ranking increases favourability by 0.244 points for both sectors.

9.4 Favourability of the UK and how well informed firms are: Procuring sample

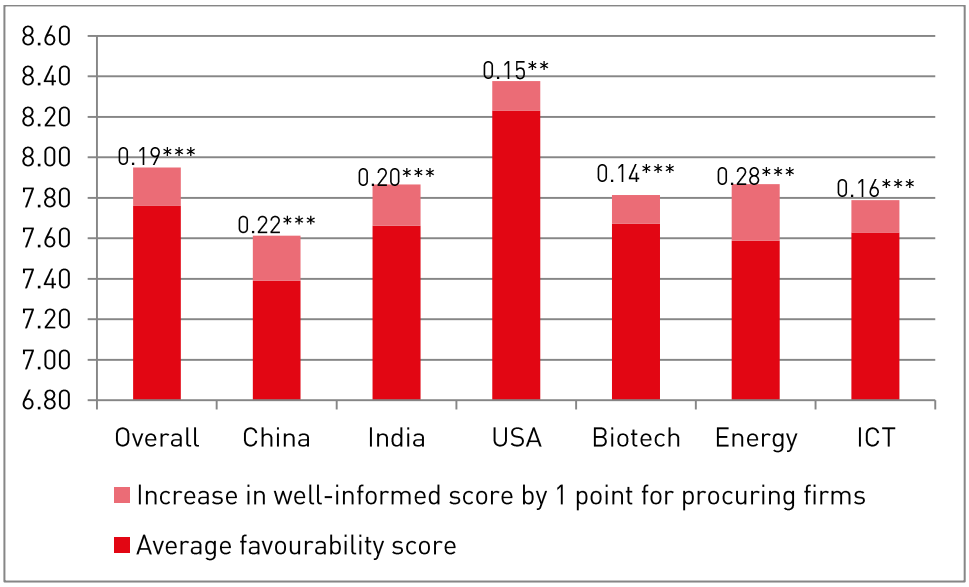
Table 9C. Influence of being well informed about the UK on perceptions of favourability of procurers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)						
Well-informed rank	0.198***	0.223***	0.215***	0.159***	0.141***	0.293***	0.175***
	(0.0280)	(0.0510)	(0.0397)	(0.0579)	(0.0489)	(0.0535)	(0.0487)

Observations	874	260	326	288	303	266	266
R-squared	0.127	0.146	0.128	0.063	0.059	0.186	0.134

Estimated using OLS. Sample: Firms in procuring sample. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is a procurer or not.
*** p<0.01, ** p<0.05, * p<0.1

Graph 9C: Impact of an increase in well-informed score on favourability for procuring firms



For procuring firms as well, the relationship is strongly positive and significant across all the models. However, the coefficient is smaller compared to the investing sample. For the all sector/country model the relationship is marginally stronger than for the all firm sample.

Indian procurers have the strongest relationship between being well-informed and favourability across countries - A 1 point rise in the well-informed rank increases favourability by 0.215 points. Across sectors, Energy has the strongest relationship, a 1 point rise in ranking increases favourability by 0.293 points for both sectors.

9.5 Conclusions from research question 6

Firms which are better informed about the UK are more likely to be positive about the country. Although we cannot rule out reverse causality, more favourable firms seeking out information does suggest a rationale for intervention. This is particularly the case in light of research question 1a, which showed that firms which were more favourable towards the UK are more likely to be investing or procuring here.

10. Research Question 7: Contact with a government representative and the decision to invest or procure

In this section we address research question 7:

> Does contact with a government representative or office influence how well informed respondents feel about the UK? Does this vary by sector or market? If so, how?

Summary

We address this question using a question which asks whether firms have had contact with anyone from the UK Government (note that this is broadly defined, and not necessarily connected with investing or procuring overseas). The results suggest that:

- **Both firms in the procuring and investing samples which have had contact with a government representative are more likely to feel well informed about the UK.**
- **Overall, the relationship is strongest for US firms and firms in Energy.**
- **For firms in the investing sample, the relationship is strongest for US firms and Chinese firms and also firms in Finance or Energy sectors.**
- **For procuring firms, the relationship is strongest for US firms, followed by Chinese and Indian firms. There is a positive relationship for ICT procurers, but no relationship for Biotechnology or Finance procurers.**

10.1 Methodology for research question 7

To address this research question we estimate an OLS model with the well-informed ranking as the dependent variable and whether the firm was contacted by a government representative as the key independent variable, along with our standard set of controls (full regression results are reported in the appendix).

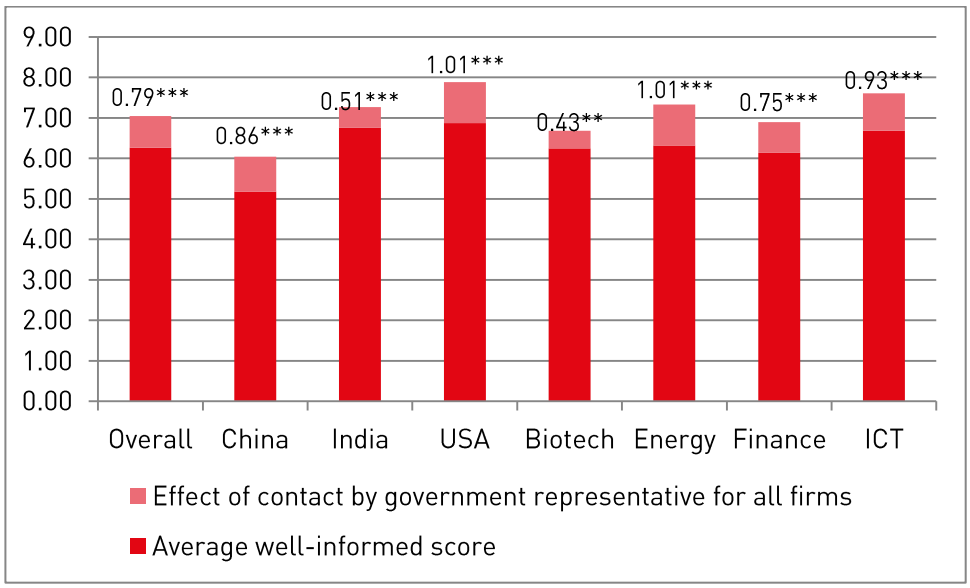
10.2 Contact with government representative and how well informed firms feel: All firms

Table 10A: Impact of contact with a government representative on how well informed all firms believe they are

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Well informed ranking for the UK							
Contacted by a government representative	0.787***	0.860***	0.507***	1.013***	0.429**	1.007***	0.753***	0.927***
	(0.0948)	(0.152)	(0.181)	(0.179)	(0.180)	(0.188)	(0.222)	(0.180)
Observations	2,021	733	651	637	576	535	372	538
R-squared	0.197	0.075	0.017	0.095	0.186	0.149	0.239	0.245

Estimated as OLS regression. Sample: All firms. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is an investor or not.
*** p<0.01, ** p<0.05, * p<0.1

Graph 10A: Impact of contact with a government representative on how well informed all firms believe they are



Overall, firms who have been contacted by a government representative are more likely to feel well-informed about the UK. This relationship holds for all countries and sectors. For the overall model, being contacted by the government increases the well-informed ranking by 0.787 points.

The relationship is strongest for US firms, where being contacted by a government representative raises the well-informed ranking of the UK by 1 point.

Across sectors this effect is strongest for Energy, where being contacted by a government representative raises the well-informed ranking by 1 point.

10.3 Contact with government representative and how well informed firms feel: Investing sample

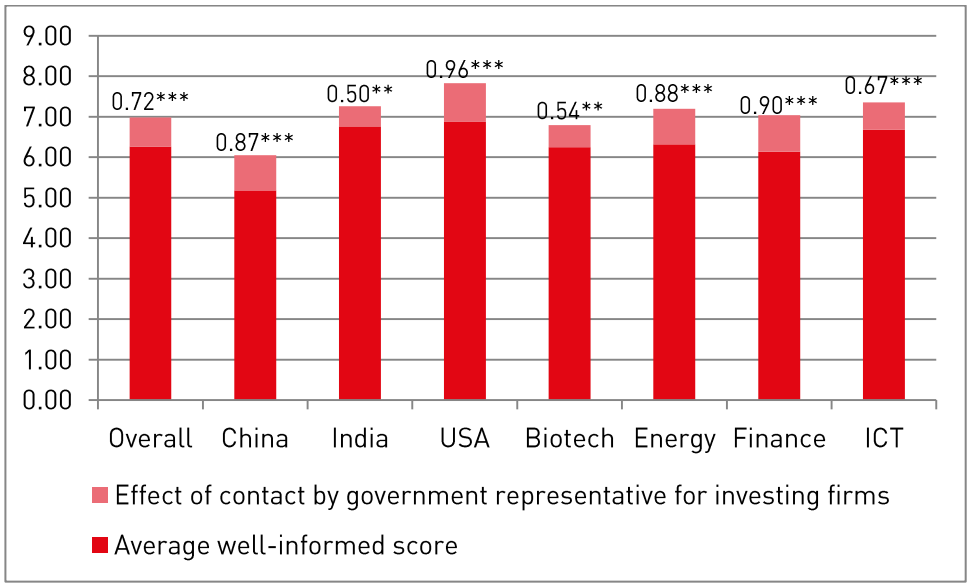
Table 10B: Impact of contact with a government representative on how well informed firms believe they are: Investing sample

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Well informed ranking for the UK							
Contacted by a government representative	0.720***	0.873***	0.497**	0.959***	0.543**	0.875***	0.901***	0.671***
	(0.128)	(0.204)	(0.224)	(0.272)	(0.253)	(0.285)	(0.269)	(0.245)
Observations	1,156	443	367	346	280	253	341	282
R-squared	0.216	0.067	0.013	0.100	0.237	0.170	0.247	0.233

Estimated as OLS regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is an investor or not.

*** p<0.01, ** p<0.05, * p<0.1

Graph 10B: Impact of contact with a government representative on how well informed investing firms believe they are



For firms in the investing sample, there is a significant and positive relationship between contact with a government representative and how well informed they feel about the UK. By country, the effect is strongest for US firms and Chinese firms. At a sectoral level, the effect is strongest for Finance firms and Energy firms.

10.4 Contact with government representative and how well informed firms feel: Procuring firms

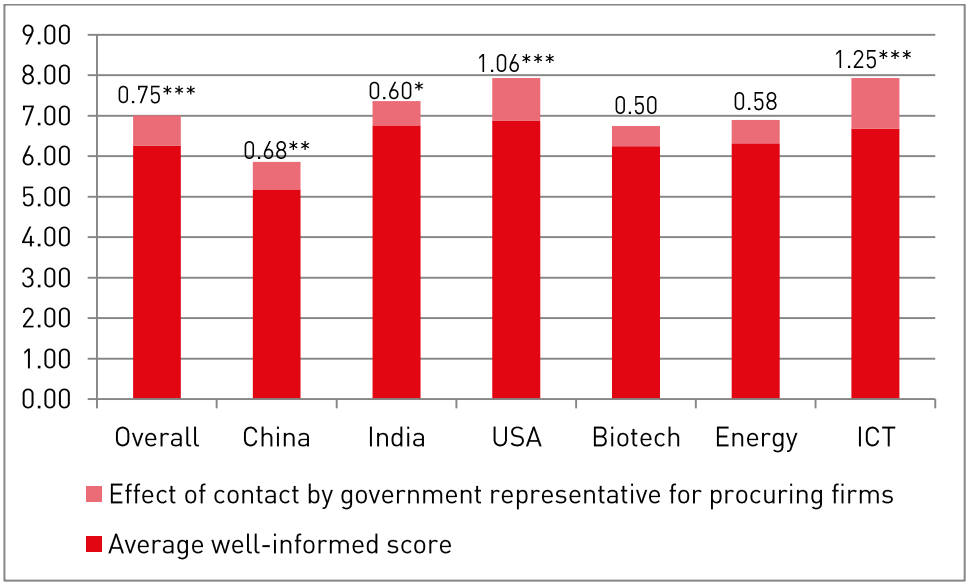
Table 10C: Impact of contact with a government representative on how well informed procuring firms believe they are

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Well informed ranking for the UK						
Contacted by a government representative	0.749***	0.681**	0.603*	1.064***	0.496	0.577	1.251***
	(0.195)	(0.338)	(0.354)	(0.347)	(0.309)	(0.357)	(0.341)
Observations	692	202	262	228	258	214	220
R-squared	0.195	0.089	0.049	0.059	0.189	0.137	0.252

Estimated as OLS regression. Sample: Firms in the procuring sample only. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is a procurer or not.

*** p<0.01, ** p<0.05, * p<0.1

Graph 10C: Impact of contact with a government representative on how well informed procuring firms believe they are



Procuring firms who have had contact from a government representative are likely to be more well informed. Controlling for sector, size, country and year, firms which have been contacted by the UK are likely to rate themselves 0.75 points better informed.

By country, the relationship is strongest for US firms, followed by Chinese and Indian firms. For US procurers, contact with a government representative is associated with a greater than 1 point increase in how well informed they feel.

By sector, the effect is strongest for ICT procurers. There is no statistically significant effect from procurers in Biotechnology / Pharmaceuticals or Energy. However, the relationship with ICT procurers is relatively strong: contact with UKTI is associated with a 1.251 increase in how well informed firms feel about the UK.

10.5 Conclusions from research question 7

Contact with a government official or organisation appears to have some influence on how well informed respondents are about the UK. This effect holds for both firms in the procuring and investing sample, although it is positive for firms in each sub-category. This suggests that there is a rationale for government services to inform firms.

11. Summary and implications for policy

This report has used the Reputation in Overseas Markets Survey to investigate the determinants of investment and procurement decisions of overseas firms in the UK.

The following section sets out the implications of the report for UKTI. These are structured according to the order of the research questions. However, there are a number of important caveats to the results which need to be considered.

- **Perceptions of the UK are hard to change.** The survey shows no significant change in perceptions of the UK over the 4 years of the survey. That there has been no significant change over a period of considerable economic change suggests that it may be difficult to alter perceptions.

- **Changes in perceptions may only have small impacts on the decision to invest or procure**. In most cases, large changes in perceptions would only lead to small changes in investment decisions. Moreover, most firms perceived the UK quite highly already.

- **Firms respond very differently to different country characteristics**. The policy recommendations below do not consider this diversity in full and any policy responses should also consider the relevant text in the full report. This suggests a need for specific, country and sector specific strategies to change perceptions in each group of firms, rather than a broader global approach.

- **We cannot make judgements about the relative costs or benefits of different policies**, or whether benefits would have happened anyway (deadweight). The research can, however, give an indication of the likely areas where a focus might be beneficial.

- **Cross-sectional surveys make it hard to determine causality.** While the results show important associations between the variables, we are not able to assess causality. For example, there is a link between investing and the favourability of firms to the UK. However, it might be that firms which invest in the UK only become favourable after doing so. This is an important caveat to our results.

11.1 Policy implications

Overall the results suggest that influencing perceptions of overseas firms is likely to have some influence on their procurement and investment decisions. Firms which are favourable to the UK are more likely to be investors or procurers. Contact with a government representative appears

to have a positive impact on whether firms are informed, and firms which are better informed are more likely to invest. However, these effects are not large, and there is considerable diversity in the extent different types of firms respond to different country characteristics or attributes.

Firms investing or procuring in the UK are more likely to be favourable to the UK. However, it is unclear whether this is due to firms who have already invested in the UK being more favourable. For some groups, the link between favourability and investment is particularly strong – but favourability with the UK is currently low. For these groups, investments may be well targeted. In the investing sample, these include Biotechnology firms, where a single unit increase in favourability may lead to an increase of 4.8% in likelihood of investing, or ICT firms (3.9%). For procuring firms increases are relatively larger although there is less variation in ranking of the UK. The larger marginal increase would be in Energy firms (6.7%).

Business Environment is the most important country characteristic, with Innovation and Creativity also important for procuring firms. Given that we find favourability is positively associated with the likelihood of investment or procurement, this suggests that improving favourability may increase investment in the UK. Overall, UKTI should focus on improving perceptions of the UK's Business Environment, but also Innovation and Creativity. The rationale for investing in improving perceptions of the UK's Connections is less clear.

Perceptions of the business environment are the most important driver of firm investment and procurement decisions, with Innovation and Creativity also important for procuring firms.

However, perceptions of the UK are already very positive, which means that further improvement may be difficult. The cost of seeking to achieve such improvement would also need to be weighed against the potential magnitude of influence which could be achieved on firm investment and procurement decisions. Differences across sectors and markets suggest that focused marketing strategies are likely to be more successful than broader global approaches.

Absolute favourability of the UK is important for foreign firms, but relative perceptions are not. While absolute favourability of the UK is important, how firms perceive the UK relative to comparator countries does not seem an important driver of procurement or investment decisions. Firms in our sample are likely to invest or procure in more than one country, and the strength of perceptions of the UK is more important than how it performs relative to others. It is also unclear how the UKTI would influence relative favourability without influencing the UK's absolute performance.

Firms invest in countries they see as Open and Accessible, Practical and Honest and Trustworthy. Firms in the investing sample tend to invest in countries they see as Open and Accessible, Practical and Honest and Trustworthy. These are areas in which the UKTI should focus investment, although the results suggest that UKTI should consider sector and country specific strategies. There is some diversity about the type of attributes which are related to procurement or investment decisions for different firms – specific characteristics are seen as

important by different groups. This again suggests a need for a specific marketing strategy.

The stated preferences of firms tend to match their investment or procurement decisions, meaning the results are reasonably reliable. Firms in the investing sample that rank Business Environment as important are more likely to invest in the UK if they rank UK favourability higher than firms in the investing sample that don't consider Business Environment to be important. If the government knows that a particular investing firm considers Business Environment as important, they should focus on these firms rather than firms that do not, as they are likelier to invest in the UK.

Procuring firms that consider Business Environment and Quality, Value and Delivery to be important are more likely to procure from the UK if they rank UK favourability higher than firms that don't consider these as important. The effect is stronger for firms that consider Quality, Value and Delivery to be important. UKTI should focus on procuring firms that consider Business Environment and Quality, Value and Delivery to be important as they are more likely to procure in the UK than firms that are not.

Better informed respondents are more favourable towards the UK. The positive association between how well- informed firms are and their perceptions of the UK suggests a rationale for improving information about the UK.

Firms which have had contact with a government representative are more likely to feel well-informed about the UK. This suggests that there is a rationale for government services to inform firms about the UK.

Appendix A: Questions used to capture evidence for the reputation measures

UK Reputation in Overseas Markets, Confidential Research Questionnaire
ITT REF: UKREPMEAS.07.01, PROJECT NUMBER: 4558

Quantitative Introduction/Screener/Questionnaire FINAL

ASK TO SPEAK TO: A1/ Person responsible for strategic decisions relating to international investment and / or international partnerships (e.g. Senior Finance/Strategy Director/MD/CEO)

OR: A2/ Person responsible for international purchasing/sourcing strategy and decisions (e.g. Purchasing Director, Strategy/Planning Director)

B INFLUENCER
Quota type

IDENTIFYING CLIENT: ALLOWED = UK Trade & Investment (www.uktradeinvest.gov.uk)

INTRODUCTION: Good morning/afternoon sir/madam. My name is..... and I am calling from RSM – an independent research company based in London. We have been commissioned by a UK government body, UK Trade & Investment, to undertake a research program to measure and track the reputation of the UK as a place to do business in three key global markets – China, India and the USA. We'd like to request your participation this year**.**

The study aims to help improve UK Trade and Investments effectiveness at helping UK companies succeed in international markets and helping overseas companies to invest in the UK. It will take fifteen minutes or so, depending on your answers.

All our research is conducted under the Code of Conduct of the UK Market Research Society, and if you would like to check on anything I can give you their Free phone number – +44 (0)500 396 999. The name of the RSM executive in charge of this survey is Sarah Goodyear +44 (0)20 7403 3322. The name of the UKTI person responsible for the survey is Heather Booth di

Giovanni +44 (0)20 7215 4989.

As a gesture of appreciation, everyone who participates in the study will receive a summary report. We believe it will be of great interest to you as a summation of the opinions of senior business leaders and analysts on this subject.

IF NECESSARY SAY: UK Trade & Investment realises that you may well be asked to participate in numerous research studies, but would greatly appreciate it if you could find the time to give your opinions in this one, as we are particularly keen to hear the views of people in your position.

CODE FROM SAMPLE

A Country

China	1
India	2
USA	3

B Sample Source

UKTI SUPPLIED SAMPLE	1
NON UKTI SAMPLE	2

C Respondent type

COMMERCIAL	A1	Investment/Partnership	1
	A2	Purchasing/Sourcing	2
INFLUENCERS	Analysts		1
	Journalists		2
	Academics		3

SCREENER A - COMMERCIAL

CATI ROTATE SCREENERS S1a/b (INVESTMENT/PARTNERSHIP) AND S2a/b (PURCHASING/SOURCING)

SCREEN OUT BRITISH OWNED COMPANIES *AND* OTHER FOREIGN OWNED – I.E. IN USA RESPONDENT SHOULD BE A US COMPANY, ETC.

S1a Please confirm if the following describes you …

- I am a senior manager of a commercial organisation with responsibility for strategic decisions relating to international investment and / or international partnerships, or I take part in these decisions at senior levels along with the CEO or MD'.
  DO NOT READ OUT. SINGLE CODE.

YES	1
NO	2 – CLOSE AND ASK FOR REFERRAL

S1b Does your business currently engage in international investment and/or partnerships in any of the following regions: the UK, Europe, North America, Japan, or is it likely to do so in the next 5 years? READ OUT. NO NEED FOR RESPONDENT TO SPECIFY MARKETS

CATI INSTRUCTION: IF COUNTRY IS USA, OMIT NORTH AMERICA

Yes currently	1
Very likely to do so in next 5 years	2
Somewhat likely to do so in next 5 years	3
Not at all likely to do so in next 5 years	4

IF CODE 4, CLOSE

S2a Please confirm if the following describes you …

I am a senior manager of a commercial organisation and have responsibility for international purchasing/sourcing strategy and decisions.

YES	1
NO	2 – CLOSE AND ASK FOR REFERRAL

S2b Does your business currently source products or services from any of the following regions: the UK, Europe, North America, Japan, or is it likely to do so over the next 5 years?
READ OUT. NO NEED FOR RESPONDENT TO SPECIFY MARKETS
CATI INSTRUCTION: IF COUNTRY IS USA, OMIT NORTH AMERICA

Yes currently	1
Very likely to do so in next 5 years	2
Somewhat likely to do so in next 5 years	3
Not at all likely to do so in next 5 years	4

IF CODE 4, CLOSE

ASK ALL COMMERCIAL:

S3a What would you estimate to be the total number of employees within your organisation globally? DO NOT READ OUT. SINGLE CODE. PROMPT IF NECESSARY

Under 50 employees	1
50 – 69	2
70 – 99	3
100 – 199	4
200 - 249	5
250 – 499	6
500 – 999	7
1,000 – 1,999	8
2,000 – 4,999	9
5,000 plus	10

(NB: SAMPLE TO FALL OUT NATURALLY FROM UNIVERSE OF 50+ EMPLOYEE COMPANIES. REVISED SCALE ALLOWS MORE GRADATION OF ANALYSIS IF REQUIRED)

S3b And which of the following best describes the industry sector that your organisation operates in?

Bio-tech/Pharmaceutical 1

IF NECESSARY SAY: Development, Manufacture, retail or wholesale of medical, orthopaedic and pharmaceutical goods

ICT (information and Communications technology) 2

IF NECESSARY SAY: Design, manufacture, retail or wholesale, of IT, electronics, communications, software and computer services.

Energy/Renewable Energy technologies or technical products or services

3

IF NECESSARY SAY: Technologies or technical products or services relating to extraction, processing, refinement, generation or distribution of oil, gas, nuclear or electrical energy, including renewable energy sources such as off shore wind farms

Financial services 4

IF NECESSARY SAY: Retail, wholesale, intermediary or investment activities in banking,

insurance, accountancy, auditing, mortgages or investment trusts

CATI ASSIGN SECTOR QUOTA FROM S3b

SCREENER B - INFLUENCER

S4a Please confirm if the following describes you … (READ OUT ACCORDING TO SAMPLE SOURCE)

I am a member of an organisation which analyses or advises on international trade and investment issues 1

I am a journalist working in TV, the press, radio, or other media with an interest in international trade and investment issues 2

I am a senior academic with an interest in international trade and investment issues 3

None of the above 4- CLOSE

S4b In which of the following UK sectors to you take an interest? MULTICODE.

Bio-tech/Pharmaceutical/Healthcare	1
ICT (information and Communications technology)	2
Energy/Renewable Energy Technologies	3
Financial services	4
None of these	5

IF CODE 5 CLOSE

IF MORE THAN ONE OF CODES 1 TO 4 THEN ASK S4c

S4c In which one of these sectors do you take a particular interest? READ OUT SECTORS CODED AT QS4b. SINGLE CODE. (Wording for the interviewer to use if necessary should replicate the sector descriptions at S3 above).

Bio-tech/Pharmaceutical/Healthcare	1

ICT (information and Communications technology)	2	
Energy/Renewable Energy Technologies		3
Financial services		4

A INTERNATIONAL COMMERCIAL ACTIVITY AND DRIVERS

ASK A1 & A2 OF INVESTMENT/PARTNERSHIP RESPONDENTS ONLY.
ASK A7 & A8 OF SOURCING/PURCHASING RESPONDENTS ONLY.

A1 Is your organisation currently either:

A …engaged in significant investment in any of the following countries or regions or…?

B …partnering with businesses in any of these international markets for example to collaborate on product development or to engage in joint ventures? READ OUT. MULTICODE.

CATI INSTRUCTION – ROTATE GEOGRAPHICAL GROUPS. EXCLUDE COUNTRY CALLED.

FOR EACH COUNTRY/MARKET WHERE NOT CURRENTLY ACTIVE (I.E. NO TO BOTH A1A AND A1B) ASK:

A2 Over the next 5 years what is the likelihood of your organisation either investing or partnering in each of these markets? For each one is it very likely, somewhat likely or not at all likely?

COUNTRY/REGION	A/ Yes Invest	B/ Yes Partner	Very likely to do so in next 5 years	Somewhat likely to do so in next 5 years	Not at all likely to do so in next 5 years	DK
Africa	1	1	4	3	2	5
India	2	2	4	3	2	5
China	3	3	4	3	2	5
Japan	4	4	4	3	2	5
Other Asia	5	5	4	3	2	5
UK	6	6	4	3	2	5
Ireland	7	7	4	3	2	5
France	8	8	4	3	2	5
Germany	9	9	4	3	2	5
Other Western Europe	10	10	4	3	2	5

COUNTRY/REGION	A/ Yes Invest	B/ Yes Partner	Very likely to do so in next 5 years	Somewhat likely to do so in next 5 years	Not at all likely to do so in next 5 years	DK
Eastern Europe or Russia	11	11	4	3	2	5
Brazil	12	12	4	3	2	5
Mexico	13	13	4	3	2	5
Other Latin America	14	14	4	3	2	5
USA	15	15	4	3	2	5

ASK A7 & A8 OF SOURCING/PURCHASING RESPONDENTS ONLY.

A7 Does your organisation currently source or purchase significant supplies or services from any company or other organisation in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector from these international markets? READ OUT. MULTICODE.
CATI INSTRUCTION – ROTATE GEOGRAPHICAL GROUPS. EXCLUDE COUNTRY CALLED.

FOR EACH COUNTRY/MARKET WHERE NOT CURRENTLY ACTIVE:

A8 And what is the likelihood of your organisation purchasing significant supplies or services from any company or other organisation in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector from these international markets over the next 5 years? For each one is it very likely, somewhat likely or not at all likely?

COUNTRY/ REGION	Source	Very likely to do so in next 5 years	Somewhat likely to do so in next 5 years	Not at all likely to do so in next 5 years	DK
Africa	1	4	3	2	5
India	2	4	3	2	5
China	3				
Japan	4	4	3	2	5
Other Asia	5	4	3	2	5
UK	6	4	3	2	5
Ireland	7	4	3	2	5
France	8	4	3	2	5
Germany	9	4	3	2	5
Other Western Europe	10	4	3	2	5
Eastern Europe or Russia	11	4	3	2	5

COUNTRY/ REGION	Source	Very likely to do so in next 5 years	Somewhat likely to do so in next 5 years	Not at all likely to do so in next 5 years	DK
Brazil	12	4	3	2	5
Mexico	13	4	3	2	5
Other Latin America	14	4	3	2	5
USA	15	4	3	2	5

B COMPONENTS OF REPUTATION

B1 I am going to read out some factors that may be taken into consideration when selecting a country to (CATI SELECT TEXT: A1 invest or partner with, A2 purchase or source from in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector, A3 invest or partner with or purchase or source from) and for each one I would like you to tell me how important you feel it is, using a scale of 1 to 10 where 1 means not at all important and where 10 means it is extremely important (or essential). READ OUT. RANDOMISE ORDER WITHIN EACH OF THE 4 CATEGORIES AND ROTATE CATEGORIES. SINGLE CODE.

BUSINESS ENVIRONMENT:

SCORE/10

1) Availability of knowledgeable and skilled workforce

_____

2) Availability of workforce with strong work ethic/hard-working

_____

3) Cultural affinity/familiarities/similarities

_____

4) Favourable bureaucratic/political and regulatory environment

_____

5) Favourable environment for legal protection of intellectual property

_____

6) Good communications infrastructure

_____

7) Potential as a gateway to other markets in the region/access to ready markets

_____

8) Important centre for businesses in my sector

_____

9) Stable economic environment

_____

10) Ethical and trustworthy approach to business

_____

11) Access to finance

_____

[**Analysis R1: Average score across all Business Environment indicators = XX**]

INNOVATION/CREATIVITY:

12) Good reputation for research and innovation

_____

13) Conducive to fostering creative thinking

_____

14) Access to leading research institutions

_____

[Analysis R2: Average score across all Innovation/Creativity indicators = XX]

CONNECTIONS:

15) Good international transportation and logistics links

_____

16) Language spoken

_____

17) Established network of business services

_____

18) A global hub of the world's largest companies and senior business leaders

_____

[Analysis R3: Average score across all Innovation/Creativity indicators = XX]

QUALITY, VALUE, AND DELIVERY INDICATORS:

19) Manufacturing/production quality standards

_____

20) Reliability

_____

21) Delivery to specification

_____

22) Quality of after sales service

_____

23) Value for money

_____

[Analysis R4: Average score across all QVD indicators = XX]

A1 (INVEST)	ASK ATTRIBUTES 1 to 18
A2 (PROCURE)	ASK ATTRIBUTES 3, 4, 6-10, 12-14, 16, 19-23
B (INFLUENCE)	ASK ALL ATTRIBUTES

C UK REPUTATION

C1 Using a scale of 1 to 10, I would now like you to tell me how favourable or unfavourable your overall impression is of the following countries or regions as a place to (CATI SELECT TEXT: A1 invest or partner with, A2 purchase or source from in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector,, A3 invest or partner with or purchase or source from) where 1 means very unfavourable, and 10 means very favourable. This does not need to be based on direct experience, but simply from your general impressions or what you may have heard.

COUNTRY/ REGION	Very favour-able									Very un-favour able
Japan	10	9	8	7	6	5	4	3	2	1
UK	10	9	8	7	6	5	4	3	2	1
France	10	9	8	7	6	5	4	3	2	1
Germany	10	9	8	7	6	5	4	3	2	1
USA *	10	9	8	7	6	5	4	3	2	1

*CATI INSTRUCTION – DO NOT ASK USA OF USA RESPONDENTS

[ANALYSIS: KEY PERFORMANCE INDICATOR 1 (KPI 1) = INCREASED SCORE *RELATIVE TO AVERAGE SCORE FOR COMPARATOR COUNTRIES*]

C4a I am going to read out again the factors that may be taken into consideration when selecting a country to (CATI SELECT TEXT: A1 invest or partner with, A2 purchase or source from in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector, , A3 invest or partner with or purchase or source from in the [***CATI substitute sector name for the sector which the respondent had identified at S4b***] sector,) and for each one I would like you to tell me how you think the UK rates and how well you think [***CATI insert highest rated country from QC1***] rates, using a scale of 1 to 10 where 1 means extremely poor and where 10 means excellent. Again, this does not need to be based on direct experience, but simply from your general impressions. READ OUT. RANDOMISE ORDER WITHIN EACH OF THE 4 CATEGORIES AND ROTATE CATEGORIES. SINGLE CODE.

BUSINESS ENVIRONMENT: **UK/10**

COMP/10

1) Availability of knowledgeable and skilled workforce

____ _____

2) Availability of workforce with strong work ethic/hard-working ____

_____

3) Cultural affinity/familiarities/similarities ____

_____

4) Favourable bureaucratic/political and regulatory environment ____

_____

5) Favourable environment for legal protection of intellectual property

____ _____

6) Good communications infrastructure

____ _____

7) Potential as a gateway to other markets in the region/access to ready markets ____

_____

8) Important centre for businesses in my sector

____ _____

9) Stable economic environment ____

_____

10) Ethical and trustworthy approach to business

____ _____

11) Access to finance

____ _____

[**Analysis RM1: Average score across all Business Environment indicators = XX**]

INNOVATION/CREATIVITY:

12) Good reputation for research and innovation

____ _____

13) Conducive to fostering creative thinking ____

_____

14) Access to leading research institutions ____

_____

[Analysis RM2: Average score across all Innovation/Creativity indicators = XX]

CONNECTIONS:

15) Good international transportation and logistics links

____ _____

16) Language spoken

____ _____

17) Established network of business services

____ _____

18) A global hub of the world's largest companies and senior business leaders ____

_____

[Analysis RM3: Average score across all Innovation/Creativity indicators = XX]

QUALITY, VALUE, AND DELIVERY INDICATORS:

19) Manufacturing/production quality standards

____ _____

20) Reliability

____ _____

21) Delivery to specification ____

_____

22) Quality of after sales service

____ _____

23) Value for money

____ _____

[Analysis RM4: Average score across all QVD indicators = XX]

KEY PERFORMANCE INDICATOR 2 (KPI2) = INCREASE IN ***ONE OR MORE*** OF THE FOUR REPUTATION MEASURES RM1-RM4 (AS COMPARED WITH 2008 BENCHMARK).

A1 (INVEST) ASK ATTRIBUTES 1 to 18

A2 (PROCURE) ASK ATTRIBUTES 3, 4, 6-10, 12-14, 16, 19-23

B (INFLUENCE) ASK ALL ATTRIBUTES

C4b So overall, I would like you to tell me how you think the UK rates (CATI SELECT TEXT: A1 invest or partner with, A2 purchase or source from, A3 invest or partner with or purchase or source from ***which the respondent had identified at S4b***]), using a scale of 1 to 10 where 1 means extremely poor and where 10 means excellent. Again, this does not need to be based on direct experience, but simply from your general impressions. READ OUT. ROTATE ORDER. SINGLE CODE.

SCORE/10

Overall reputation as a place to do business

_____

[ANALYSIS: KEY PERFORMANCE INDICATOR 3 (KPI 3) = INCREASE IN SCORE C4b]

C6 Thinking about the last twelve months, based on what you may have seen, heard and read, do you think the reputation of the UK as a place to (CATI SELECT TEXT: A1 invest or partner with, A2 purchase or source from in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector, A3 invest or partner with or purchase or source from in the [***CATI substitute sector name for the sector which the respondent has identified at S4b***] sector) has been…? READ OUT. SINGLE CODE.

Improving	1
Staying the same	2
Declining	3

C7 Why do you say that? PROBE FULLY.

PROMPT: What specific factors have influenced this?

PROMPT 2 (in separate field) Has the UK fiscal policy environment had any influence on your perceptions?

C5 I am going to read out some words or phrases, and for each one I would like you to tell me if it could be applied to the UK, USA or Germany as a place to (CATI SELECT TEXT: A1 invest or partner with, A2 purchase or source from in the [***CATI substitute sector name for the sector to which the respondent's company belongs as identified at S3b***] sector, A3 invest or partner with or purchase or source from in the [***CATI substitute sector name for the sector which the respondent had identified at S4b***] sector,) just based on your general impressions or what you may have heard? You can indicate as many or as few as you like. READ OUT. ROTATE ORDER. MULTICODE.

	UK	USA*	GERMANY
Conventional	1	1	1
Entrepreneurial	2	2	2
Honest and Trustworthy	3	3	3
Innovative	4	4	4
Open and accessible	5	5	5
Practical	6	6	6
Technologically advanced	7	7	7
DK/ Not stated	8	8	8

*CATI INSTRUCTION – IN USA REPLACE USA WITH JAPAN

[ANALYSIS: KEY PERFORMANCE INDICATOR 5 (KPI 5) = INCREASE *RELATIVE TO ONE OR BOTH COMPARATOR COUNTRIES* IN THE NUMBER OF POSITIVE ATTRIBUTES ASSOCIATED WITH UK]

C8 On a scale of 1 to 10 where 10 is very well informed and 1 is not at all well informed how well informed do you feel about the UK as a place to do business?

Not at all well informed	1
	2
	3
	4
	5
	6
	7
	8
	9
Very well informed	10
Don't know	11

C8a Have you had any communication or contact from a representative of the UK Government or one of its offices in [CATI insert country name, e.g. India, China, USA] regarding trade or investment with the UK?

YES	1
NO	2

ASK C9 OF INVESTMENT/PARTNERSHIP RESPONDENTS ONLY.

C9a How has your investment/partnership strategy been influenced by the current difficult global economic conditions? Has this environment **caused** a significant reduction in your current investment or partnering overseas (both in general and with the UK in particular)?

	GENERAL	UK
YES	1	1
NO	2	2

C9b removed

C9c Will this environment cause a significant reduction in your **future** overseas investment or partnering strategy (both in general and with the UK in particular)?

	GENERAL	UK
YES	1	1
NO	2	2

C9d removed

New C9e Have the difficult global economic conditions had the following effects on your business? Could you tell me if each effect has happened within your business to a significant effect, to a slight extent or if it has not happened at all?

	SIG		SLIGHT		NOT AT ALL
Decline in national sales	1		2		3
Decline in overseas sales		1		2	3
Decline in profit	1		2		3
Excess capacity	1		2		3
Excess inventories and/or stock	1		2		3
Excess debt		1		2	3
Increased redundancies	1		2		3
Limited investment/funding		1		2	3
Cash flow constraints		1		2	3
Cut back on staff training and development		1		2	3
Cut back on marketing budget	1		2		3

New C9f Which of the following actions has your organisation already taken as a means of dealing with the difficult global economic conditions?

New C9g And which of these actions would you expect to implement within the next year or so?

		C9f
PAST	C9g FTR	
	Cutting costs/redundancies	1
		2

Delaying capital expenditure and putting investment plans on hold	1	
	2	
Change pricing policies or strategies	1	
	2	
Rationalisation of product lines / services offered	1	
	2	
Introduction of new products	1	
	2	
Development of overseas markets	1	
	2	
Consolidation / withdrawal from overseas markets	1	
	2	
Merger with another organisation(s)	1	
	2	
Acquisition(s) of another organisation	1	
	2	
Other (WRITE IN)	1	
	2	
None	1	
	2	

ASK C10 OF SOURCING/PURCHASING RESPONDENTS ONLY.

C10a How has your purchasing/sourcing strategy been influenced by the current difficult global economic conditions? Has this environment **caused** a significant reduction in your current purchasing or sourcing from overseas (both in general and from the UK in particular)?

	GENERAL	UK
YES	1	1
NO	2	2

C10b removed

C10c **Will this environment cause** a significant reduction in your overseas purchasing or sourcing strategy (both in general and with the UK in particular)?

	GENERAL	UK
YES	1	1

NO 2 2

C10d removed

New C10 e Have the difficult global economic conditions had the following effects on your business? Could you tell me if each effect has happened within your business to a significant effect, to a slight extent or if it has not happened at all?

	SIG	SLIGHT	NOT AT ALL
Decline in national sales	1	2	3
Decline in overseas sales	1	2	3
Decline in profit	1	2	3
Excess capacity	1	2	3
Excess inventories and/or stock	1	2	3
Excess debt	1	2	3
Increased redundancies	1	2	3
Limited investment/funding	1	2	3
Cash flow constraints	1	2	3
Cut back on staff training and development	1	2	3
Cut back on marketing budget	1	2	3

New C10f Which of the following actions has your organisation already taken as a means of dealing with the difficult global economic conditions?

New C10g or so? And which of these actions would you expect to implement within the next year

	C10f PAST	C10g FTR
Cutting costs/redundancies	1	2
Delaying capital expenditure and putting investment plans on hold	1	2
Change pricing policies or strategies	1	2

Rationalisation of product lines / services offered	1	
	2	
Introduction of new products		1
		2
Development of overseas markets		1
		2
Consolidation / withdrawal from overseas markets		1
		2
Merger with another organisation(s)		1
		2
Acquisition(s) of another organisation	1	
	2	
Other (WRITE IN)		1
		2
None		1
		2

CLASSIFICATION

CL1 May I check your job title please?

Analyst		
Senior Analyst		
Consultant		
Senior Consultant		
Journalist		
Senior Journalist		
Editor		
CEO		1
Chairman		2
Chief Accountant		3
Chief Financial Officer (CFO)	4	
Chief Information Officer (CIO)	5	
Chief Operating Officer (COO)	6	
Partner	10	
Managing Director		7
Owner		9
Other C-Level Executive		8
Financial Director/Treasurer		11
General Director/Company Secretary/Other Director	12	

Procurement/Purchasing Director	13
Marketing/Sales/Strategy/Planning Director	14
IT/ICT/Technical Director/ Head of IT	15
Facilities/Operations/Office/Services Director	16
Other (WRITE IN):	17

CL2 How many years have you occupied a role where you have responsibility for (CATI SELECT strategic decisions relating to international investment AND/OR international partnerships OR international purchasing/sourcing strategy OR analysing and advising on issues related to international trade and investment)?

Less than 1 year	1
1-2 years	2
3-4 years	3
5-6 years	4
7-8 years	5
9-10 years	6
11-15 years	7
16+ years	8

Appendix B: Full regression tables

B.1 Full regression tables from Section 4

Table B.4A The impact of favourability on likelihood of investing

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Probability of investing (1 if investing; 0 if not)							
Favourability	0.0290***	0.0202*	0.0184*	0.0434**	0.0484***	0.0201*	-0.00754	0.0388**
	(0.00795)	(0.0109)	(0.00996)	(0.0189)	(0.0147)	(0.0122)	(0.0190)	(0.0179)
Size	0.0229***	0.0160***	0.0237***	0.0306***	0.0339***	0.00688	0.0212**	0.0326***
	(0.00447)	(0.00607)	(0.00606)	(0.0104)	(0.0102)	(0.00696)	(0.00944)	(0.00884)
India	0.0214				0.0865	-0.0887*	0.0145	0.0416
	(0.0356)				(0.0663)	(0.0511)	(0.0922)	(0.0647)
United States	0.304***				0.238***	0.0900	0.492***	0.298***
	(0.0393)				(0.0851)	(0.0578)	(0.0674)	(0.0949)
Energy / Renewable Energy	-0.0633*	0.0323	-0.102***	-0.0912				
	(0.0337)	(0.0509)	(0.0297)	(0.0942)				
Finance	0.0465	0.0100	-0.0468	0.223***				
	(0.0359)	(0.0457)	(0.0360)	(0.0841)				
ICT	0.00681	0.0141	-0.0317	0.0810				
	(0.0370)	(0.0478)	(0.0347)	(0.0986)				
2009	0.0239	0.0470	-0.0265	0.0955	-0.110**	0.0332	0.0854	0.0391
	(0.0397)	(0.0677)	(0.0400)	(0.0919)	(0.0547)	(0.0668)	(0.0961)	(0.0793)
2010	-0.0170	0.0942	-0.0657*	-0.0617	-0.0331	-0.0544	-0.0211	-0.00183
	(0.0397)	(0.0867)	(0.0358)	(0.0945)	(0.0629)	(0.0613)	(0.0937)	(0.0790)
2011	0.106**	0.209**	-0.0491	0.203**	0.0951	0.0103	0.149	0.120
	(0.0427)	(0.0878)	(0.0380)	(0.0907)	(0.0793)	(0.0689)	(0.0917)	(0.0875)
Observations	1,055	383	361	311	238	250	315	252
Pseudo R2	0.153	0.0794	0.0959	0.0961	0.175	0.0888	0.215	0.172

Estimated as logistic regression. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.4B The impact of favourability on likelihood of procuring

	(1)	(2)	(3)	(4)	(5)	(6)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Probability of procuring (1 if procuring; 0 if not)						
Favourability	0.0569***	0.0451**	0.0644***	0.0654***	0.0455**	0.0673***	0.0569***
	(0.0110)	(0.0203)	(0.0186)	(0.0195)	(0.0199)	(0.0180)	(0.0110)
Size	0.00983***	0.00147	0.0179***	0.0235***	0.0174***	0.0131**	0.0111*
	(0.00230)	(0.00300)	(0.00500)	(0.00658)	(0.00606)	(0.00525)	(0.00574)
India	0.0655***				0.102**	0.0538	0.0989**
	(0.0183)				(0.0424)	(0.0419)	(0.0425)
United States	0.0809***				0.150***	0.0926**	0.133***
	(0.0185)				(0.0463)	(0.0418)	(0.0480)
Energy / Renewable Energy	-0.0159	0.00103	-0.0270	-0.0456			
	(0.0137)	(0.0196)	(0.0290)	(0.0403)			
Finance	-0.179***	-0.129***	-0.142***				
	(0.0106)	(0.0150)	(0.0242)				
ICT	-0.0339**	-0.0262	-0.0311	-0.0728*			
	(0.0134)	(0.0186)	(0.0290)	(0.0419)			
2009	0.0633***	0.0894**	0.0416	0.107*	0.195***	0.0796	0.0603
	(0.0219)	(0.0391)	(0.0403)	(0.0627)	(0.0617)	(0.0527)	(0.0521)
2010	0.0435**	0.0645	0.0151	0.105	0.104*	0.0539	0.0884
	(0.0220)	(0.0418)	(0.0381)	(0.0664)	(0.0613)	(0.0519)	(0.0560)
2011	0.0252	0.0484	-0.0353	0.129**	0.0874	0.0117	0.0822
	(0.0199)	(0.0355)	(0.0343)	(0.0634)	(0.0565)	(0.0483)	(0.0516)
Observations	966	291	356	302	331	300	287
Pseudo R2	0.0879	0.0799	0.105	0.0745	0.0983	0.0811	0.079

Estimated as logistic regression. Sample: Procuring firms only. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.4C Impact of different characteristics on likelihood of investing or procuring

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Invest: All sectors / countries			Procure: All sectors / countries			
VARIABLES	Probability of investing (1 if investing; 0 if not)			Probability of procuring (1 if procuring; 0 if not)			
RM1: Business Environment	0.0206*			0.0325**			
	(0.0108)			(0.0147)			
RM2: Innovation & Creativity		0.00257			0.0226*		
		(0.00844)			(0.0121)		
RM3: Connections			0.00575			0.0326**	
			(0.00990)			(0.0144)	
RM4uk							0.0299**
							(0.0151)
Size	0.0223***	0.0220***	0.0220***	0.0309***	0.0313***	0.0309***	0.0344***
	(0.00445)	(0.00445)	(0.00445)	(0.00643)	(0.00644)	(0.00646)	(0.00713)
India	0.0245	0.0277	0.0265	0.138***	0.142***	0.137***	0.157***
	(0.0356)	(0.0362)	(0.0360)	(0.0453)	(0.0452)	(0.0454)	(0.0478)
USA	0.316***	0.330***	0.324***	0.190***	0.203***	0.184***	0.230***
	(0.0386)	(0.0387)	(0.0401)	(0.0468)	(0.0462)	(0.0484)	(0.0477)
Energy / Renewable Energy	-0.0593*	-0.0586*	-0.0587*	-0.0527	-0.0516	-0.0606	-0.0575
	(0.0347)	(0.0350)	(0.0350)	(0.0400)	(0.0400)	(0.0397)	(0.0444)
Finance	0.0640*	0.0687*	0.0674*	-0.296***	-0.298***	-0.297***	-0.274*
	(0.0364)	(0.0365)	(0.0367)	(0.0683)	(0.0679)	(0.0668)	(0.153)
ICT	0.0196	0.0184	0.0181	-0.0613	-0.0646	-0.0681*	-0.0685
	(0.0380)	(0.0384)	(0.0382)	(0.0396)	(0.0394)	(0.0392)	(0.0442)
2009	0.0234	0.0200	0.0203	0.488***	0.488***	0.471***	0.308***
	(0.0392)	(0.0389)	(0.0390)	(0.0567)	(0.0567)	(0.0584)	(0.0703)
2010	-0.0163	-0.0195	-0.0192	0.394***	0.395***	0.371***	0.194***
	(0.0394)	(0.0391)	(0.0391)	(0.0624)	(0.0624)	(0.0645)	(0.0740)
2011	0.0965**	0.0912**	0.0916**	0.335***	0.338***	0.310***	0.142*
	(0.0416)	(0.0412)	(0.0412)	(0.0621)	(0.0621)	(0.0639)	(0.0726)
Observations	1,059	1,059	1,059	879	877	878	779
Pseudo R2	0.143	0.140	0.140	0.127	0.126	0.129	0.0740

Estimated as logistic regression. Sample: Firms in investing sample (1 – 3), procuring firms (4 – 7). Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.4D Impact of different characteristics on likelihood of investing, by country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	China	China	China	India	India	India	USA	USA	USA
VARIABLES	Probability of investing (1 if investing; 0 if not)								
RM1: Business Environment	-0.0129			0.0378**			0.0225		
	(0.0142)			(0.0163)			(0.0238)		
RM2: Innovation & Creativity		-0.0117			0.000905			0.00389	
		(0.0127)			(0.0112)			(0.0198)	
RM3: Connections			-0.000439			0.00935			-0.0138
			(0.0137)			(0.0145)			(0.0253)
SIZE	0.0146**	0.0146**	0.0149**	0.0225***	0.0239***	0.0234***	0.0299***	0.0291***	0.0288***
	(0.00607)	(0.00606)	(0.00603)	(0.00604)	(0.00625)	(0.00623)	(0.0103)	(0.0101)	(0.0101)
Energy / Renewable Energy	0.0491	0.0501	0.0467	-0.0975***	-0.107***	-0.103***	-0.0807	-0.0779	-0.0769
	(0.0542)	(0.0540)	(0.0542)	(0.0276)	(0.0299)	(0.0295)	(0.0953)	(0.0954)	(0.0958)
Finance	0.0213	0.0191	0.0202	-0.0460	-0.0411	-0.0412	0.261***	0.267***	0.272***
	(0.0495)	(0.0489)	(0.0495)	(0.0346)	(0.0364)	(0.0371)	(0.0800)	(0.0799)	(0.0800)
ICT	0.0182	0.0144	0.0206	-0.0224	-0.0302	-0.0271	0.111	0.112	0.113
	(0.0500)	(0.0500)	(0.0502)	(0.0345)	(0.0360)	(0.0355)	(0.0960)	(0.0963)	(0.0967)
2009	0.0406	0.0426	0.0464	-0.0346	-0.0263	-0.0277	0.0902	0.0835	0.0864
	(0.0682)	(0.0684)	(0.0694)	(0.0368)	(0.0410)	(0.0406)	(0.0909)	(0.0912)	(0.0917)
2010	0.0885	0.0863	0.0945	-0.0646*	-0.0655*	-0.0644*	-0.0685	-0.0749	-0.0723
	(0.0851)	(0.0848)	(0.0862)	(0.0343)	(0.0363)	(0.0360)	(0.0925)	(0.0930)	(0.0933)
2011	0.197**	0.196**	0.197**	-0.0470	-0.0489	-0.0496	0.175**	0.163*	0.164*
	(0.0871)	(0.0868)	(0.0873)	(0.0369)	(0.0387)	(0.0383)	(0.0891)	(0.0889)	(0.0895)
Observations	383	383	383	362	360	362	313	313	313
Pseudo R2	0.0672	0.0674	0.0647	0.102	0.0836	0.0839	0.0858	0.0841	0.0847

Estimated as logistic regression. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Table B.4E. Impact of different characteristics on likelihood of procuring, by country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	China	China	China	China	India	India	India	India	USA	USA	USA	USA
VARIABLES	Probability of procuring (1 if procuring; 0 if not)											
RM1: Business Environment	0.0148				0.0410*				0.0431			
	(0.0265)				(0.0246)				(0.0277)			
RM2: Innovation & Creativity		0.000456				0.0426**				0.0211		
		(0.0214)				(0.0203)				(0.0228)		
RM3: Connections			0.0159				0.0680***				0.00836	
			(0.0217)				(0.0220)				(0.0287)	
RM4: Quality Value and Delivery				0.00395				0.0289				0.0557**
				(0.0263)				(0.0263)				(0.0256)
SIZE	0.0150	0.0153	0.0154	0.0183	0.0242**	0.0248**	0.0262**	0.0281**	0.0531***	0.0527***	0.0517***	0.0532***
	(0.0109)	(0.0107)	(0.0108)	(0.0124)	(0.0109)	(0.0109)	(0.0109)	(0.0117)	(0.0123)	(0.0123)	(0.0123)	(0.0127)
Energy / Renewable Energy	-0.0940	-0.0933	-0.105*	-0.104	-0.00855	-0.0110	-0.0190	-0.00110	-0.0783	-0.0693	-0.0812	-0.0881
	(0.0617)	(0.0621)	(0.0609)	(0.0708)	(0.0687)	(0.0682)	(0.0686)	(0.0729)	(0.0786)	(0.0787)	(0.0780)	(0.0800)
Finance	-0.127**	-0.131**	-0.132**	-0.147**	-0.0224	-0.0217	-0.0232	-0.0224	-0.0546	-0.0652	-0.0678	-0.0447
	(0.0597)	(0.0596)	(0.0586)	(0.0678)	(0.0689)	(0.0684)	(0.0690)	(0.0729)	(0.0826)	(0.0824)	(0.0820)	(0.0883)
ICT	0.475***	0.470***	0.464***	0.317**	0.494***	0.492***	0.473***	0.306***	0.471***	0.472***	0.467***	0.302***
	(0.114)	(0.115)	(0.115)	(0.136)	(0.0915)	(0.0922)	(0.0957)	(0.117)	(0.0817)	(0.0803)	(0.0838)	(0.108)
2009	0.383***	0.387***	0.370***	0.220	0.381***	0.382***	0.344***	0.155	0.420***	0.421***	0.416***	0.215*
	(0.132)	(0.132)	(0.136)	(0.148)	(0.102)	(0.103)	(0.106)	(0.123)	(0.0918)	(0.0904)	(0.0940)	(0.117)
2010	0.359***	0.371***	0.340***	0.211	0.232**	0.223**	0.187*	0.0108	0.438***	0.442***	0.431***	0.242**
	(0.118)	(0.118)	(0.123)	(0.134)	(0.107)	(0.108)	(0.109)	(0.120)	(0.0888)	(0.0871)	(0.0912)	(0.114)
2011	256	255	255	231	329	329	329	297	271	270	271	249
	0.0879	0.0867	0.0901	0.0493	0.111	0.114	0.125	0.0668	0.114	0.112	0.109	0.0806
	0.0148				0.0410*				0.0431			
Observations	256	255	255	231	329	329	329	297	271	270	271	249
Pseudo R2	0.0879	0.0867	0.0901	0.0493	0.111	0.114	0.125	0.0668	0.114	0.112	0.109	0.0806

Estimated as logistic regression model. Sample: Procuring firms only. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector I Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Table B.4F. Impact of different characteristics on likelihood of investing, by sector

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Biotech	Biotech	Biotech	Energy	Energy	Energy	Finance	Finance	Finance	ICT	ICT	ICT
VARIABLES	Probability of investing (1 if investing; 0 if not)											
RM1: Business Environment	0.0691***			0.00316			-0.0271			0.0374*		
	(0.0222)			(0.0177)			(0.0267)			(0.0224)		
RM2: Innovation & Creativity		0.00814			-0.000144			-0.0105			0.00567	
		(0.0185)			(0.0127)			(0.0179)			(0.0192)	
RM3: Connections			0.0484**			-0.0220			-0.0155			0.0159
			(0.0201)			(0.0171)			(0.0218)			(0.0189)
SIZE	0.0329***	0.0361***	0.0343***	0.00607	0.00615	0.00636	0.0200**	0.0210**	0.0210**	0.0327***	0.0311***	0.0316***
	(0.0103)	(0.0102)	(0.0101)	(0.00706)	(0.00708)	(0.00712)	(0.00955)	(0.00939)	(0.00938)	(0.00896)	(0.00905)	(0.00904)
India	0.0850	0.0901	0.0803	-0.0913*	-0.0913*	-0.0916*	0.0217	0.0161	0.0221	0.0500	0.0563	0.0543
	(0.0660)	(0.0679)	(0.0651)	(0.0511)	(0.0510)	(0.0507)	(0.0927)	(0.0918)	(0.0935)	(0.0649)	(0.0676)	(0.0670)
USA	0.222**	0.258***	0.205**	0.0999*	0.102*	0.123*	0.505***	0.490***	0.503***	0.322***	0.352***	0.335***
	(0.0866)	(0.0878)	(0.0877)	(0.0600)	(0.0596)	(0.0647)	(0.0645)	(0.0639)	(0.0672)	(0.0874)	(0.0885)	(0.0896)
2009	-0.0922	-0.118**	-0.110**	0.0293	0.0283	0.0232	0.0887	0.0916	0.0889	0.0384	0.0323	0.0317
	(0.0570)	(0.0534)	(0.0547)	(0.0674)	(0.0672)	(0.0660)	(0.0976)	(0.0956)	(0.0965)	(0.0799)	(0.0797)	(0.0792)
2010	-0.0170	-0.0356	-0.0248	-0.0607	-0.0612	-0.0602	-0.0205	-0.0158	-0.0192	0.00368	-0.00426	-0.00466
	(0.0645)	(0.0627)	(0.0632)	(0.0596)	(0.0591)	(0.0584)	(0.0954)	(0.0945)	(0.0947)	(0.0805)	(0.0788)	(0.0787)
2011	0.0955	0.0572	0.0650	0.00176	0.00196	0.00259	0.145	0.153*	0.149	0.132	0.125	0.124
	(0.0745)	(0.0706)	(0.0703)	(0.0664)	(0.0666)	(0.0658)	(0.0939)	(0.0913)	(0.0922)	(0.0896)	(0.0886)	(0.0883)
Observations	240	240	240	251	251	251	316	316	316	252	252	252
Pseudo R2	0.167	0.131	0.150	0.0755	0.0754	0.0819	0.217	0.215	0.216	0.159	0.148	0.150

Estimated as logistic regression model. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.4G. Impact of different characteristics on likelihood of procuring, by sector

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Biotech	Biotech	Biotech	Biotech	Energy	Energy	Energy	Energy	ICT	ICT	ICT	ICT
VARIABLE	Probability of procuring (1 if procuring; 0 if not)											
RM1: Business Environment	0.0414				0.0306				0.0264			
	(0.0261)				(0.0249)				(0.0276)			
RM2: Innovation & Creativity		0.0365*				0.0199				0.0126		
		(0.0215)				(0.0208)				(0.0237)		
RM3: Connections			0.0549**				0.00937				0.0421	
			(0.0241)				(0.0224)				(0.0278)	
RM4: Quality Value and Delivery				0.0590**				0.0385				-0.00520
				(0.0271)				(0.0279)				(0.0253)
SIZE	0.0513***	0.0527***	0.0511***	0.0542***	0.0302***	0.0301***	0.0304***	0.0337***	0.0146	0.0151	0.0135	0.0173
	(0.0122)	(0.0124)	(0.0123)	(0.0129)	(0.0111)	(0.0111)	(0.0112)	(0.0120)	(0.0122)	(0.0121)	(0.0122)	(0.0131)
India	0.0929	0.0985	0.0754	0.113	0.169**	0.169**	0.184**	0.193**	0.157**	0.166**	0.154**	0.185**
	(0.0819)	(0.0818)	(0.0823)	(0.0829)	(0.0851)	(0.0854)	(0.0853)	(0.0905)	(0.0775)	(0.0766)	(0.0754)	(0.0804)
USA	0.178**	0.190**	0.147*	0.223***	0.205**	0.225***	0.231***	0.226**	0.218**	0.228***	0.198**	0.247***
	(0.0827)	(0.0820)	(0.0865)	(0.0808)	(0.0842)	(0.0840)	(0.0845)	(0.0878)	(0.0866)	(0.0860)	(0.0878)	(0.0865)
2009	0.599***	0.599***	0.579***	0.462***	0.388***	0.385***	0.382***	0.143	0.527***	0.530***	0.510***	0.408***
	(0.0801)	(0.0796)	(0.0830)	(0.104)	(0.0975)	(0.0973)	(0.0989)	(0.128)	(0.121)	(0.120)	(0.126)	(0.143)
2010	0.472***	0.473***	0.435***	0.293**	0.252**	0.251**	0.243**	-0.0154	0.528***	0.530***	0.509***	0.407***
	(0.104)	(0.103)	(0.110)	(0.129)	(0.103)	(0.103)	(0.106)	(0.123)	(0.118)	(0.119)	(0.124)	(0.141)
2011	0.433***	0.432***	0.396***	0.239*	0.179*	0.189*	0.166	-0.0712	0.477***	0.481***	0.454***	0.363**
	(0.109)	(0.109)	(0.114)	(0.133)	(0.101)	(0.102)	(0.104)	(0.120)	(0.122)	(0.121)	(0.128)	(0.143)
Observations	304	304	304	282	267	265	266	239	269	269	269	249
Pseudo R2	0.136	0.137	0.142	0.103	0.0953	0.0934	0.0966	0.0792	0.103	0.101	0.108	0.0623

Estimated as logistic regression. Sample: procuring firms only. Marginal effects presented. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

A.2 Full regression tables from Section 5

Table B.5A Influence of perceptions of the UK with respect to specific characteristics on decision to invest or procure

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
RM1: Business Environment	0.530***	0.461***	0.564***	0.556***	0.504***	0.471***	0.542***	0.512***
	(0.0484)	(0.0788)	(0.0819)	(0.0867)	(0.0931)	(0.107)	(0.109)	(0.0853)
RM2: Innovation & Creativity	0.232***	0.232***	0.277***	0.188***	0.269***	0.252***	0.106**	0.298***
	(0.0351)	(0.0590)	(0.0584)	(0.0631)	(0.0716)	(0.0827)	(0.0521)	(0.0663)
RM3: Connections	0.0619*	0.0965*	0.0323	0.0572	0.0506	0.123*	0.0525	0.0801
	(0.0346)	(0.0495)	(0.0607)	(0.0656)	(0.0693)	(0.0648)	(0.0784)	(0.0606)
Size	0.00726		-0.00961	0.0201	0.00153	0.0145	-0.00677	0.0184
	(0.0103)		(0.0205)	(0.0176)	(0.0217)	(0.0217)	(0.0182)	(0.0199)
India	0.141**				0.0829	-0.0147	-0.0239	0.376***
	(0.0701)				(0.134)	(0.160)	(0.150)	(0.117)
USA	0.375***				0.183	0.227	0.590***	0.443***
	(0.0781)				(0.134)	(0.180)	(0.167)	(0.152)
Energy	-0.00567	0.0117	-0.0703	0.0423				
	(0.0842)	(0.126)	(0.152)	(0.158)				
Finance	0.428***	0.246**	0.299*	0.697***				
	(0.0820)	(0.124)	(0.155)	(0.153)				
ICT	0.116	-0.0705	0.199	0.218				
	(0.0749)	(0.115)	(0.130)	(0.151)				
2009	0.0389	-0.00706	0.339**	-0.241	0.0642	0.0362	-0.0228	0.107
	(0.0909)	(0.134)	(0.157)	(0.181)	(0.180)	(0.200)	(0.189)	(0.170)
2010	0.0594	-0.0120	0.356**	-0.171	0.114	-0.119	0.0933	0.202
	(0.0918)	(0.145)	(0.160)	(0.169)	(0.179)	(0.207)	(0.193)	(0.168)
2011	-0.0322	-0.0986	0.224	-0.228	-0.0818	-0.0362	-0.0965	0.116
	(0.0874)	(0.130)	(0.148)	(0.173)	(0.180)	(0.193)	(0.181)	(0.165)
Investors	-0.00501	0.210**	-0.125	-0.0891	-0.236**	-0.114	-0.212	0.441***
	(0.0692)	(0.101)	(0.112)	(0.142)	(0.118)	(0.136)	(0.265)	(0.116)
Observations	2,280	785	777	718	647	573	451	609
R-squared	0.346	0.327	0.337	0.315	0.338	0.300	0.388	0.409

Estimated using OLS. Sample: All firms. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008. Note that as this is the only sample we amalgamate the sample for, we use a dummy to test whether a firm is an investor or not.

*** p<0.01, ** p<0.05, * p<0.1

Table B.5B Influence of perceptions of the UK with respect to specific characteristics on decision to invest

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
RM1: Business Environment	0.606***	0.447***	0.587***	0.820***	0.588***	0.546***	0.577***	0.674***
	(0.0629)	(0.100)	(0.123)	(0.105)	(0.134)	(0.166)	(0.104)	(0.114)
RM2: Innovation & Creativity	0.156***	0.173***	0.249***	0.0245	0.251***	0.0700	0.109*	0.211***
	(0.0410)	(0.0635)	(0.0772)	(0.0682)	(0.0960)	(0.113)	(0.0566)	(0.0784)
RM3: Connections	0.102**	0.157**	0.108	0.0453	0.0511	0.231**	0.117	0.00709
	(0.0452)	(0.0699)	(0.0879)	(0.0813)	(0.0999)	(0.107)	(0.0776)	(0.0826)
Size	-0.0169	-0.0271	-0.0424	0.0181	-0.00313	-0.0345	-0.0154	-0.00813
	(0.0133)	(0.0195)	(0.0278)	(0.0228)	(0.0322)	(0.0327)	(0.0190)	(0.0249)
India	-0.0260				-0.109	-0.256	-0.0317	0.250*
	(0.0878)				(0.181)	(0.219)	(0.154)	(0.151)
USA	0.246***				0.211	-0.257	0.434***	0.519***
	(0.0934)				(0.186)	(0.261)	(0.145)	(0.190)
Energy	0.0188	0.137	0.0880	-0.284				
	(0.120)	(0.157)	(0.219)	(0.260)				
Finance	0.451***	0.338**	0.404**	0.510***				
	(0.0931)	(0.140)	(0.189)	(0.174)				
ICT	0.359***	0.139	0.514***	0.435**				
	(0.0984)	(0.147)	(0.175)	(0.198)				
2009	0.00808	0.0379	0.0595	-0.0754	0.0134	-0.135	0.0123	0.0920
	(0.116)	(0.169)	(0.211)	(0.231)	(0.236)	(0.322)	(0.189)	(0.199)
2010	0.0858	0.0797	0.223	0.0125	0.0427	-0.155	0.124	0.256
	(0.114)	(0.171)	(0.221)	(0.214)	(0.221)	(0.305)	(0.193)	(0.207)
2011	-0.00646	-0.0831	0.249	-0.0592	-0.218	0.0487	-0.0682	0.221
	(0.113)	(0.160)	(0.211)	(0.224)	(0.240)	(0.305)	(0.183)	(0.198)
Observations	1,409	527	451	431	344	310	412	343
R-squared	0.362	0.322	0.349	0.367	0.345	0.248	0.434	0.432

Estimated using OLS. Sample: Firms in investing sample. Marginal effects presented. Standard errors in parentheses.
Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Table B.5C Influence of perceptions of the UK with respect to specific characteristics on decision to procure

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)						
RM1: Business Environment	0.389***	0.381***	0.510***	0.256*	0.429***	0.360***	0.367***
	(0.0730)	(0.131)	(0.105)	(0.133)	(0.128)	(0.127)	(0.118)
RM2: Innovation & Creativity	0.347***	0.364***	0.319***	0.398***	0.291***	0.449***	0.410***
	(0.0597)	(0.117)	(0.0885)	(0.105)	(0.108)	(0.110)	(0.103)
RM3: Connections	0.0386	0.0995	-0.0468	0.0892	0.0112	0.0938	0.115
	(0.0522)	(0.0776)	(0.0807)	(0.0938)	(0.0950)	(0.0754)	(0.0828)
Size	0.0533***	0.0741**	0.0330	0.0199	0.00344	0.0718***	0.0633*
	(0.0160)	(0.0290)	(0.0292)	(0.0288)	(0.0293)	(0.0261)	(0.0328)
India	0.397***				0.318	0.282	0.572***
	(0.115)				(0.201)	(0.227)	(0.183)
USA	0.538***				0.241	0.706***	0.399
	(0.131)				(0.200)	(0.232)	(0.250)
Energy	-0.0564	-0.176	-0.225	0.327*			
	(0.115)	(0.207)	(0.211)	(0.187)			
Finance	0.554*	0.273	0.295	1.037*			
	(0.287)	(0.443)	(0.324)	(0.574)			
ICT	-0.214*	-0.370**	-0.146	-0.220			
	(0.113)	(0.179)	(0.185)	(0.230)			
2009	0.216	-0.0115	0.859***	-0.243	0.172	0.238	0.134
	(0.164)	(0.246)	(0.289)	(0.316)	(0.305)	(0.262)	(0.290)
2010	0.109	-0.163	0.616**	-0.194	0.248	-0.164	0.115
	(0.167)	(0.292)	(0.282)	(0.304)	(0.311)	(0.294)	(0.276)
2011	0.0381	-0.121	0.364	-0.171	0.149	-0.149	-0.0317
	(0.161)	(0.250)	(0.279)	(0.302)	(0.303)	(0.265)	(0.275)
Observations	871	258	326	287	303	263	266
R-squared	0.358	0.376	0.358	0.315	0.311	0.430	0.400

Estimated using OLS. Sample: Procuring firms only. Marginal effects presented. Standard errors in parentheses.
Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

A.3 Full regression tables from Section 6

Table B.6A. Difference in favourability between UK and best competitor and investment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in a country (1 if investing; 0 otherwise)							
Difference in favourability	0.0117	0.0220*	0.0127	-0.00198	0.0448***	0.00542	-0.0151	0.0246
	(0.00836)	(0.0129)	(0.0118)	(0.0185)	(0.0173)	(0.0138)	(0.0205)	(0.0159)
Size	0.0222***	0.0157***	0.0235***	0.0295***	0.0361***	0.00643	0.0213**	0.0313***
	(0.00446)	(0.00597)	(0.00605)	(0.0102)	(0.0102)	(0.00732)	(0.00952)	(0.00891)
India	0.0229				0.0850	-0.0928*	0.0191	0.0489
	(0.0361)				(0.0659)	(0.0517)	(0.0938)	(0.0671)
USA	0.311***				0.198**	0.0962	0.508***	0.293***
	(0.0420)				(0.0853)	(0.0652)	(0.0685)	(0.0996)
Energy / Renewable Energy	-0.0626*	0.0327	-0.107***	-0.0727				
	(0.0348)	(0.0507)	(0.0299)	(0.0977)				
Finance	0.0589	0.00926	-0.0467	0.265***				
	(0.0367)	(0.0452)	(0.0360)	(0.0825)				
ICT	0.0121	0.0143	-0.0292	0.109				
	(0.0378)	(0.0474)	(0.0353)	(0.0988)				
2009	0.0215	0.0384	-0.0261	0.0847	-0.124**	0.0289	0.0831	0.0353
	(0.0394)	(0.0668)	(0.0405)	(0.0915)	(0.0541)	(0.0663)	(0.0966)	(0.0797)
2010	-0.0188	0.0901	-0.0627*	-0.0724	-0.0293	-0.0602	-0.0215	-0.00579
	(0.0395)	(0.0853)	(0.0361)	(0.0930)	(0.0647)	(0.0598)	(0.0936)	(0.0776)
2011	0.104**	0.213**	-0.0446	0.173*	0.0994	0.00734	0.137	0.131
	(0.0430)	(0.0879)	(0.0392)	(0.0919)	(0.0804)	(0.0676)	(0.0936)	(0.0887)
Observations	1,055	383	361	311	238	250	315	252
Pseudo R2	0.143	0.0796	0.0879	0.0840	0.156	0.0785	0.216	0.157

Estimated as a logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.6B. Difference in favourability between UK and key competitor and procurement

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether procuring in a country (1 if procuring; 0 otherwise)							
Difference in favourability	0.00189	0.00305	-0.00197	0.00495	-0.00274	0.00873	0.00812	-0.00358
	(0.00233)	(0.00480)	(0.00320)	(0.00890)	(0.00399)	(0.00766)	(0.00729)	(0.00538)
Size	0.000490	-0.00333*	0.00842***	-0.00448	-0.00150	-0.00413	0.00409*	0.00799*
	(0.00154)	(0.00194)	(0.00321)	(0.00692)	(0.00244)	(0.00390)	(0.00247)	(0.00419)
India	0.00431				0.0393	-0.0596**	0.0367	0.0287
	(0.0100)				(0.0256)	(0.0237)	(0.0276)	(0.0354)
USA	0.00758				0.0458*	-0.0359		0.106*
	(0.0107)				(0.0276)	(0.0241)		(0.0552)
Energy / Renewable Energy	0.00998	0.0457*	-0.0146	-0.0108				
	(0.0108)	(0.0257)	(0.0131)	(0.0415)				
Finance	-0.0360***	-0.0262*	-0.00474					
	(0.00873)	(0.0141)	(0.0133)					
ICT	-0.00920	-0.00715	-0.0147	0.00459				
	(0.00905)	(0.0156)	(0.0141)	(0.0440)				
2009	-0.0276***	-0.00404	-0.0279**	-0.0997***	-0.0196	-0.0488**	-0.0318	-0.0504**
	(0.00717)	(0.0131)	(0.0138)	(0.0354)	(0.0124)	(0.0228)	(0.0244)	(0.0210)
2010	-0.0463***	-0.00959			-0.0558***	-0.0687***	-0.0155**	
	(0.00707)	(0.0123)			(0.0174)	(0.0224)	(0.00764)	
2011	-0.0547***	-0.0339***	-0.0897***	-0.126***	-0.0748***	-0.0833***		-0.0632***
	(0.00883)	(0.0126)	(0.0213)	(0.0343)	(0.0217)	(0.0234)		(0.0222)
Observations	1,668	651	397	266	405	400	198	313
Pseudo R2	0.116	0.123	0.252	0.0705	0.163	0.0714	0.213	0.150

Estimated as logit regression. Sample: Procuring firms only. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.6C. Difference in favourability between UK and average competitor and investment

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in a country (1 if investing; 0 otherwise)							
Difference in favourability v average	0.0155*	0.0354**	0.00907	0.00472	0.0353*	-0.00612	0.00914	0.0315*
	(0.00937)	(0.0164)	(0.0118)	(0.0202)	(0.0190)	(0.0165)	(0.0231)	(0.0182)
Size	0.0229***	0.0149**	0.0258***	0.0295***	0.0312***	0.0105	0.0227**	0.0326***
	(0.00459)	(0.00587)	(0.00597)	(0.0102)	(0.0105)	(0.00759)	(0.00967)	(0.00898)
India	0.0212				0.0729	-0.0938*	0.0289	0.0458
	(0.0391)				(0.0715)	(0.0540)	(0.100)	(0.0718)
USA	0.307***				0.202**	0.118*	0.478***	0.294***
	(0.0417)				(0.0829)	(0.0677)	(0.0693)	(0.102)
Energy / Renewable Energy	-0.0532	0.0288	-0.0995***	-0.0762				
	(0.0375)	(0.0508)	(0.0327)	(0.0972)				
Finance	0.0700*	0.00155	-0.0308	0.260***				
	(0.0389)	(0.0426)	(0.0413)	(0.0826)				
ICT	0.0256	0.0162	-0.0127	0.105				
	(0.0406)	(0.0474)	(0.0390)	(0.0978)				
2009	-0.0909***	-0.111***	0.0800	-0.170**	-0.0741	-0.00796	-0.145**	-0.109**
	(0.0289)	(0.0255)	(0.0692)	(0.0824)	(0.0553)	(0.0673)	(0.0664)	(0.0481)
2010	-0.0771***	-0.112***	0.0465	-0.0913	-0.173***	0.0262	-0.0754	-0.0940*
	(0.0288)	(0.0293)	(0.0577)	(0.0773)	(0.0502)	(0.0599)	(0.0634)	(0.0511)
2011	-0.107***	-0.0697**	-0.000662	-0.235***	-0.102*	-0.0615	-0.160**	-0.119**
	(0.0284)	(0.0288)	(0.0508)	(0.0717)	(0.0544)	(0.0565)	(0.0628)	(0.0466)
Observations	1,000	383	306	311	222	233	303	242
Pseudo R2	0.150	0.0890	0.107	0.0841	0.139	0.0893	0.213	0.168

Estimated as a logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.6D. Difference in favourability between UK and average competitor and procurement, logit regression

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in a country (1 if procuring; 0 otherwise)						
Difference in favourability v average	0.00135	0.00174	-0.0188*	0.0151	-0.00569	0.00232	0.000393
	(0.00263)	(0.00448)	(0.00966)	(0.0106)	(0.00826)	(0.00774)	(0.00739)
Size	0.000592	-0.00324*	0.0238***	-0.00398	-0.00308	-0.00403	0.00853*
	(0.00161)	(0.00191)	(0.00548)	(0.00666)	(0.00441)	(0.00434)	(0.00451)
India	0.00525				0.0607	-0.0574**	0.0323
	(0.0111)				(0.0388)	(0.0260)	(0.0416)
USA	0.00920				0.0766*	-0.0311	0.0959*
	(0.0108)				(0.0423)	(0.0269)	(0.0498)
Energy / Renewable Energy	0.0126	0.0471*	-0.0366	-0.0149			
	(0.0119)	(0.0263)	(0.0322)	(0.0402)			
Finance	-0.0368***	-0.0262*	0.00998				
	(0.00919)	(0.0140)	(0.0415)				
ICT	-0.00863	-0.00710	-0.0278	0.00381			
	(0.00964)	(0.0158)	(0.0370)	(0.0429)			
2009	0.139***	0.0747	0.0925***	0.192**	0.292**	0.164**	0.112*
	(0.0409)	(0.0508)	(0.0339)	(0.0784)	(0.119)	(0.0816)	(0.0604)
2010	0.0496**	0.0525*		0.0380	0.158**	0.0519	0.0148
	(0.0220)	(0.0302)		(0.0539)	(0.0780)	(0.0490)	(0.0324)
2011	0.00201	0.0460				0.00693	
	(0.0187)	(0.0363)				(0.0489)	
Observations	1,598	651	247	266	292	379	300
Pseudo R2	0.113	0.122	0.190	0.0780	0.114	0.0558	0.142

Estimated as a logit regression. Sample: Firms in procuring sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.6E. Impact of difference in favourability from best competitor on likelihood of investment

	(1) All sectors / countries	(2) China	(3) India	(4) USA	(5) Biotech	(6) Energy	(7) Finance	(8) ICT
VARIABLES	If firm is likely to invest in UK (somewhat likely, very likely and investing = 1; Not likely = 0)							
Difference in favourability	-0.0183	-0.00357	-0.00705	-0.0529*	-0.0340	-0.0509**	0.0268	-0.00345
	(0.0138)	(0.0261)	(0.0184)	(0.0309)	(0.0337)	(0.0250)	(0.0314)	(0.0251)
Size	-0.000162	0.0152	-0.00692	-0.0114	0.00673	-0.00514	0.00630	0.000302
	(0.00781)	(0.0128)	(0.0126)	(0.0159)	(0.0190)	(0.0142)	(0.0140)	(0.0172)
India	0.180***				0.293***	0.119	0.102	0.223**
	(0.0462)				(0.0927)	(0.0942)	(0.0962)	(0.0869)
USA	0.161***				0.210*	0.196*	0.0570	0.165
	(0.0562)				(0.111)	(0.106)	(0.122)	(0.116)
Energy	0.0666	0.146	-0.0257	0.151				
	(0.0588)	(0.100)	(0.0894)	(0.121)				
Finance	-0.0232	0.0505	-0.123	0.0569				
	(0.0602)	(0.0976)	(0.0991)	(0.126)				
ICT	0.0875	0.111	0.0498	0.157				
	(0.0593)	(0.0976)	(0.0922)	(0.132)				
2010	0.0321	-0.00836	0.0249	0.0675	-0.0796	0.146	0.0353	-0.0296
	(0.0552)	(0.0889)	(0.0881)	(0.114)	(0.117)	(0.109)	(0.105)	(0.114)
2011	-0.00401	-0.0302	-0.0415	0.0896	-0.145	0.0558	0.0772	-0.0351
	(0.0541)	(0.0844)	(0.0812)	(0.122)	(0.116)	(0.112)	(0.0995)	(0.106)
Observations	585	218	242	125	136	149	160	140
Pseudo R2	0.0284	0.0142	0.0160	0.0411	0.0556	0.0375	0.0131	0.0355

Estimated as logit regression models. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.6F. Impact of difference in favourability from best competitor on future likelihood of procurement

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	If firm is likely to procure from UK (somewhat likely, very likely and procuring = 1; Not likely = 0)							
Difference in favourability	-0.0182	-0.0409*	-0.00889	0.00397	0.0208	-0.0253	-0.0233	-0.0506*
	(0.0129)	(0.0244)	(0.0222)	(0.0222)	(0.0247)	(0.0202)	(0.101)	(0.0265)
Size	0.00308	-0.00733	0.0138	-0.0123	0.0120	-0.0138	0.0482	-0.00436
	(0.00755)	(0.0128)	(0.0136)	(0.0146)	(0.0136)	(0.0133)	(0.0463)	(0.0148)
India	0.124**				0.0639	0.199**	-	0.135
	(0.0485)				(0.0876)	(0.0799)	-	(0.0921)
USA	0.159***				0.0196	0.231***	-1.000***	0.243***
	(0.0521)				(0.0994)	(0.0816)	(1.76e-05)	(0.0942)
Energy	0.0233	-0.0998	0.0768	0.120				
	(0.0515)	(0.0892)	(0.0882)	(0.0915)				
Finance	-0.128	-0.143	-0.0804	-0.113				
	(0.118)	(0.425)	(0.167)	(0.218)				
ICT	0.00210	-0.0812	-0.00718	0.0870				
	(0.0524)	(0.0903)	(0.0828)	(0.0932)				
2009	0.119**	0.182*	0.165*	-0.0805	0.0555	0.109		0.236**
	(0.0600)	(0.102)	(0.0969)	(0.129)	(0.104)	(0.109)		(0.0992)
2010	0.000334	-0.0687	0.207**	-0.238*	-0.0253	0.0507		0.0173
	(0.0634)	(0.109)	(0.0928)	(0.130)	(0.110)	(0.113)		(0.109)
2011	0.0329	0.0582	0.152*	-0.208	-0.0556	0.0964	-0.811***	0.0885
	(0.0592)	(0.103)	(0.0901)	(0.128)	(0.104)	(0.104)	(0.0808)	(0.103)
Observations	577	202	216	159	197	185	22	172
Pseudo R2	0.0215	0.0376	0.0408	0.0325	0.0139	0.0489	0.202	0.0547

Estimated as logit regression. Sample: Firms in procuring sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

A.4 Full regression tables from Section 7

Table B.7A. Impact of country attributes on decision to invest in the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
Conventional	-0.0133	0.000980	-0.0134	-0.0313	-0.0553*	0.0344	-0.0162	-0.0236
	(0.0164)	(0.0195)	(0.0199)	(0.0463)	(0.0334)	(0.0296)	(0.0362)	(0.0277)
Entrepreneurial	-0.0233	-0.0216	-0.0333	-0.0172	-0.0463	-0.0508*	-0.000727	0.00771
	(0.0179)	(0.0195)	(0.0208)	(0.0468)	(0.0328)	(0.0273)	(0.0405)	(0.0385)
Honest & Trustworthy	0.0144	-0.00123	0.00358	0.113**	0.00600	0.0104	0.0112	0.0211
	(0.0184)	(0.0181)	(0.0224)	(0.0570)	(0.0364)	(0.0323)	(0.0407)	(0.0349)
Innovative	-0.0124	0.0251	5.95e-05	-0.0926*	-0.00252	0.0155	-0.0166	-0.0401
	(0.0184)	(0.0232)	(0.0229)	(0.0476)	(0.0398)	(0.0324)	(0.0380)	(0.0324)
Open & Accessible	0.0140	0.0147	-0.00519	-0.0369	0.0290	0.0209	0.00362	-0.00198
	(0.0189)	(0.0214)	(0.0233)	(0.0508)	(0.0379)	(0.0310)	(0.0406)	(0.0363)
Practical	0.0180	-0.0152	0.0544*	0.0382	0.0414	0.0242	-0.00546	-0.00298
	(0.0192)	(0.0186)	(0.0298)	(0.0506)	(0.0407)	(0.0319)	(0.0440)	(0.0347)
Technologically advanced	0.0193	0.0209	0.000391	0.0234	0.0325	-0.0341	0.00918	0.0667*
	(0.0179)	(0.0187)	(0.0215)	(0.0512)	(0.0383)	(0.0277)	(0.0403)	(0.0355)
SIZE	0.0181***	0.00850***	0.0209***	0.0268***	0.0324***	0.00821**	0.0108**	0.0262***
	(0.00239)	(0.00281)	(0.00311)	(0.00581)	(0.00601)	(0.00384)	(0.00485)	(0.00488)
India	0.0189				0.0710*	-0.0972***	0.00664	0.0652*
	(0.0192)				(0.0369)	(0.0255)	(0.0476)	(0.0366)
United States	0.315***				0.253***	0.0312	0.497***	0.359***
	(0.0220)				(0.0483)	(0.0274)	(0.0363)	(0.0497)
Energy / Renewable Energy	-0.0847***	0.0234	-0.101***	-0.176***				
	(0.0170)	(0.0244)	(0.0150)	(0.0477)				
Finance	0.0449**	-0.0186	-0.0406**	0.250***				
	(0.0182)	(0.0202)	(0.0182)	(0.0434)				
ICT	-0.00562	-0.0230	-0.0302*	0.0853				
	(0.0191)	(0.0201)	(0.0176)	(0.0527)				
2009	-0.0348	0.0296	-0.0196	-0.0413	-0.143***	-0.0581*	0.0493	0.0131
	(0.0226)	(0.0552)	(0.0257)	(0.0590)	(0.0343)	(0.0316)	(0.0578)	(0.0524)
2010	-0.0330	0.131	-0.0372	-0.130**	-0.0455	-0.0919***	-0.0135	0.0334
	(0.0234)	(0.0816)	(0.0252)	(0.0583)	(0.0424)	(0.0298)	(0.0567)	(0.0582)
2011	0.0530**	0.247***	-0.0476**	0.0437	0.0286	-0.0521	0.135**	0.116*
	(0.0248)	(0.0785)	(0.0241)	(0.0600)	(0.0443)	(0.0338)	(0.0565)	(0.0611)
Observations	3,520	1,248	1,264	1,008	828	792	1,080	820
Pseudo R2	0.140	0.100	0.0858	0.0945	0.118	0.0859	0.229	0.156

Estimated as logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Table B.7B. Impact of country attributes on decision to procure from the UK

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring from the UK (1 if procuring; 0 otherwise)						
Conventional	-0.0224	-0.00412	-0.0462	-0.0160	-0.0396	-0.00868	-0.0143
	(0.0218)	(0.0362)	(0.0353)	(0.0492)	(0.0401)	(0.0429)	(0.0357)
Entrepreneurial	-0.00830	-0.00979	-0.0290	0.0266	-0.00106	0.00271	-0.0219
	(0.0242)	(0.0423)	(0.0387)	(0.0478)	(0.0434)	(0.0470)	(0.0415)
Honest & Trustworthy	0.0201	-0.0517	0.0530	0.0520	0.0366	-0.00114	0.0223
	(0.0236)	(0.0330)	(0.0389)	(0.0552)	(0.0447)	(0.0449)	(0.0386)
Innovative	-0.00805	-0.0379	-0.0203	0.0401	-0.0496	0.0192	-0.00172
	(0.0241)	(0.0418)	(0.0385)	(0.0482)	(0.0446)	(0.0446)	(0.0426)
Open & Accessible	0.00728	0.0116	0.0553	-0.0347	0.0725*	-0.00200	-0.0345
	(0.0245)	(0.0397)	(0.0432)	(0.0522)	(0.0436)	(0.0485)	(0.0412)
Practical	0.0190	0.0856**	-0.0740*	0.0190	-0.0381	0.0388	0.0660
	(0.0244)	(0.0388)	(0.0416)	(0.0507)	(0.0430)	(0.0460)	(0.0442)
Technologically advanced	0.0100	0.0366	0.0583	-0.0577	0.0402	-0.0118	0.00196
	(0.0230)	(0.0383)	(0.0405)	(0.0447)	(0.0420)	(0.0442)	(0.0388)
SIZE	0.0321***	0.0164***	0.0245***	0.0524***	0.0561***	0.0279***	0.0161**
	(0.00331)	(0.00554)	(0.00555)	(0.00628)	(0.00643)	(0.00567)	(0.00631)
India	0.158***				0.101**	0.221***	0.162***
	(0.0233)				(0.0418)	(0.0444)	(0.0391)
United States	0.215***				0.202***	0.260***	0.226***
	(0.0239)				(0.0418)	(0.0434)	(0.0447)
Energy / Renewable Energy	-0.0654***	-0.120***	-0.00720	-0.0832**			
	(0.0202)	(0.0304)	(0.0353)	(0.0396)			
Finance	-0.300***		-0.186**				
	(0.0334)		(0.0890)				
ICT	-0.0611***	-0.121***	-0.0223	-0.0599			
	(0.0200)	(0.0301)	(0.0348)	(0.0414)			
2009	0.479***	0.456***	0.494***	0.464***	0.590***	0.377***	0.523***
	(0.0303)	(0.0611)	(0.0472)	(0.0438)	(0.0430)	(0.0531)	(0.0628)
2010	0.398***	0.360***	0.394***	0.417***	0.474***	0.213***	0.558***
	(0.0337)	(0.0748)	(0.0544)	(0.0483)	(0.0542)	(0.0586)	(0.0591)
2011	0.330***	0.351***	0.227***	0.426***	0.429***	0.162***	0.477***
	(0.0331)	(0.0617)	(0.0564)	(0.0481)	(0.0580)	(0.0545)	(0.0632)
Observations	3,408	972	1,280	1,064	1,184	1,028	1,040
Pseudo R2	0.129	0.0992	0.114	0.113	0.143	0.0991	0.109

Estimated as logit regression. Sample: Firms in procuring sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Table B.7C. Impact of country attributes on decision to invest in any country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in a country (1 if investing; 0 otherwise)							
Conventional	0.00323	0.000363	0.0200	-0.0308	-0.000730	0.0368*	0.00572	-0.0313*
	(0.0108)	(0.0145)	(0.0157)	(0.0299)	(0.0218)	(0.0196)	(0.0220)	(0.0184)
Entrepreneurial	0.00469	-0.0274**	0.00111	0.0532*	-0.00461	-0.0376**	0.0265	0.0341
	(0.0115)	(0.0135)	(0.0154)	(0.0301)	(0.0206)	(0.0168)	(0.0245)	(0.0252)
Honest & Trustworthy	0.0245**	0.0263*	0.00231	0.0344	0.0297	0.00775	0.0241	0.0306
	(0.0121)	(0.0149)	(0.0165)	(0.0397)	(0.0230)	(0.0209)	(0.0253)	(0.0237)
Innovative	0.00263	0.0311*	0.0196	-0.0365	0.0214	0.0325	0.00508	-0.0386*
	(0.0120)	(0.0187)	(0.0182)	(0.0319)	(0.0239)	(0.0238)	(0.0235)	(0.0212)
Open & Accessible	0.0440***	0.0218	0.0194	0.0970***	0.0612**	0.0240	0.0147	0.0672**
	(0.0128)	(0.0173)	(0.0181)	(0.0326)	(0.0266)	(0.0213)	(0.0237)	(0.0279)
Practical	0.0390***	-0.00141	0.0749***	0.0790**	0.00209	0.0406*	0.0509*	0.0485*
	(0.0127)	(0.0141)	(0.0265)	(0.0339)	(0.0232)	(0.0227)	(0.0262)	(0.0253)
Technologically advanced	-0.00152	0.00784	-0.0145	-0.00595	0.0240	-0.0222	-0.00575	-0.00734
	(0.0115)	(0.0137)	(0.0149)	(0.0369)	(0.0224)	(0.0189)	(0.0236)	(0.0234)
SIZE	0.0120***	0.0118***	0.0121***	0.0116***	0.0210***	0.00881***	0.00664**	0.0138***
	(0.00159)	(0.00211)	(0.00237)	(0.00419)	(0.00343)	(0.00261)	(0.00296)	(0.00339)
India	-0.00987				0.00426	-0.0535***	0.00512	-0.00699
	(0.0109)				(0.0192)	(0.0157)	(0.0282)	(0.0202)
United States	0.0955***				0.0603**	-0.00392	0.204***	0.0842***
	(0.0148)				(0.0287)	(0.0190)	(0.0317)	(0.0308)
Energy / Renewable Energy	-0.0445***	-0.00497	-0.0539***	-0.0966***				
	(0.0107)	(0.0149)	(0.0107)	(0.0333)				
Finance	0.00850	-0.0269**	-0.0135	0.110***				
	(0.0113)	(0.0136)	(0.0138)	(0.0339)				
ICT	-0.00424	-0.00230	-0.00931	0.00979				
	(0.0118)	(0.0151)	(0.0131)	(0.0381)				
2009	-0.0615***	0.0116	-0.0743***	-0.114***	-0.138***	0.0110	-0.0557**	-0.0426*
	(0.0123)	(0.0235)	(0.0120)	(0.0438)	(0.0194)	(0.0273)	(0.0275)	(0.0251)
2010	-0.0496***	-3.34e-05	-0.0528***	-0.115***	-0.0659***	-0.0166	-0.0509*	-0.0509**
	(0.0127)	(0.0248)	(0.0125)	(0.0432)	(0.0200)	(0.0281)	(0.0281)	(0.0239)
2011	0.00601	0.128***	-0.0599***	-0.0463	-0.00197	0.0286	-0.00561	0.0212
	(0.0150)	(0.0322)	(0.0141)	(0.0513)	(0.0260)	(0.0305)	(0.0315)	(0.0306)
Observations	5,063	2,132	1,694	1,237	1,195	1,145	1,491	1,232
Pseudo R2	0.0904	0.0929	0.0999	0.0743	0.135	0.0698	0.127	0.0957

Estimated as logit regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.
*** p<0.01, ** p<0.05, * p<0.1

Table B.7D. Impact of country attributes on decision to procure in any country

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether firm procures in a country (1 if yes, 0 if no)						
Conventional	0.0250	0.0401	-0.0354	0.00866	0.0464	0.0414	0.00490
	(0.0296)	(0.0659)	(0.0462)	(0.0416)	(0.0510)	(0.0569)	(0.0531)
Entrepreneurial	0.0403	0.0331	0.0870*	-0.00891	-0.00200	0.106*	0.0322
	(0.0312)	(0.0647)	(0.0497)	(0.0426)	(0.0542)	(0.0586)	(0.0567)
Honest & Trustworthy	0.0500*	0.0224	0.0142	0.0626	0.183***	0.0171	-0.0445
	(0.0301)	(0.0549)	(0.0497)	(0.0500)	(0.0509)	(0.0567)	(0.0527)
Innovative	0.0364	0.0488	0.0277	0.0759	0.0433	0.0506	0.0123
	(0.0314)	(0.0662)	(0.0488)	(0.0499)	(0.0552)	(0.0558)	(0.0594)
Open & Accessible	0.152***	0.0881	0.218***	0.110**	0.158***	0.148***	0.163***
	(0.0317)	(0.0607)	(0.0536)	(0.0491)	(0.0539)	(0.0569)	(0.0582)
Practical	0.0608**	0.00967	-0.0323	0.156***	0.0198	0.0286	0.152***
	(0.0305)	(0.0536)	(0.0513)	(0.0521)	(0.0511)	(0.0561)	(0.0565)
Technologically advanced	0.0829***	0.0306	0.0972*	0.169***	0.00357	0.0859	0.157***
	(0.0304)	(0.0554)	(0.0522)	(0.0498)	(0.0517)	(0.0566)	(0.0562)
Size	0.0310***	0.0237***	0.0350***	0.0336***	0.0488***	0.0282***	0.0223***
	(0.00398)	(0.00751)	(0.00689)	(0.00586)	(0.00734)	(0.00672)	(0.00799)
India	-0.0774***				0.0101	-0.109**	-0.161***
	(0.0251)				(0.0477)	(0.0451)	(0.0428)
United States	-0.239***				-0.152***	-0.277***	-0.305***
	(0.0228)				(0.0443)	(0.0414)	(0.0372)
Energy / Renewable Energy	-0.0306	0.0446	-0.0336	-0.0720**			
	(0.0250)	(0.0513)	(0.0424)	(0.0318)			
Finance	-0.0901		0.117	-0.173***			
	(0.0729)		(0.126)	(0.0383)			
ICT	-0.0450*	0.0585	-0.0731*	-0.102***			
	(0.0247)	(0.0483)	(0.0406)	(0.0312)			
2009	0.264***	0.329***	0.426***	-0.0785	0.352***	0.204***	0.245***
	(0.0423)	(0.0597)	(0.0677)	(0.0487)	(0.0698)	(0.0734)	(0.0800)
2010	0.209***	0.348***	0.296***	-0.101**	0.218***	0.208***	0.238***
	(0.0441)	(0.0589)	(0.0757)	(0.0475)	(0.0786)	(0.0748)	(0.0808)
2011	0.254***	0.405***	0.259***	0.00585	0.289***	0.206***	0.297***
	(0.0392)	(0.0552)	(0.0724)	(0.0521)	(0.0699)	(0.0652)	(0.0729)
Observations	2,556	729	960	849	888	771	780
Pseudo R2	0.165	0.109	0.155	0.263	0.161	0.151	0.191

Sample: All country / perceptions relationships for procuring firms (i.e. each firm is included four times). All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

A.5 Full regression tables from Section 8

Table B.8A. Impact of RM1 on the probability of investing for firms that rank RM1 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
RM1:Business Environment	0.0301*	-0.0334*	0.0714***	0.0427	0.0944***	0.00527	-0.00213	0.0574
	(0.0174)	(0.0182)	(0.0215)	(0.0402)	(0.0334)	(0.0316)	(0.0242)	(0.0396)
SIZE	0.0153**	0.0177***	0.00746	0.0112	0.0160	0.00653	0.0107	0.0271*
	(0.00639)	(0.00641)	(0.00850)	(0.0160)	(0.0154)	(0.0120)	(0.0101)	(0.0156)
India	0.0621				0.196	-0.0872	-0.00262	0.122
	(0.0527)				(0.127)	(0.0796)	(0.103)	(0.115)
USA	0.353***				0.350*	0.136	0.458***	0.355**
	(0.0623)				(0.212)	(0.0969)	(0.103)	(0.160)
Energy	-0.0212	0.112	-0.0803**	-0.0373				
	(0.0523)	(0.0964)	(0.0320)	(0.161)				
Finance	-0.00521	0.0351	-0.107***	0.125				
	(0.0484)	(0.0615)	(0.0380)	(0.141)				
ICT	-0.00926	0.0535	-0.0389	0.00551				
	(0.0542)	(0.0925)	(0.0392)	(0.161)				
2009	0.0456	0.0230	-0.0424	0.170	-0.0789	-0.00167	0.225	-0.0576
	(0.0556)	(0.0681)	(0.0436)	(0.129)	(0.0828)	(0.0942)	(0.139)	(0.0932)
2010	-0.0620	0.0953	-0.0747*	-0.193	0.00559	-0.141*	-0.0370	-0.0870
	(0.0490)	(0.124)	(0.0425)	(0.120)	(0.0818)	(0.0840)	(0.0952)	(0.0850)
2011	0.0799	0.0850	-0.0600	0.252*	0.118	-0.0568	0.211	0.00582
	(0.0598)	(0.0902)	(0.0444)	(0.131)	(0.129)	(0.0897)	(0.130)	(0.105)
Observations	454	146	171	137	91	107	150	106
Pseudo R2	0.147	0.223	0.140	0.0993	0.233	0.115	0.270	0.178

Estimated as logit regression. Sample: Firms in investing sample who rank RM1 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.8B. Impact of RM2 on the probability of investing for firms that rank RM2 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
RM2:Innovation & Creativity	0.0128	-0.00719	0.0159	0.0257	0.00401	0.00443	-0.00427	0.00854
	(0.0106)	(0.0118)	(0.0203)	(0.0423)	(0.0253)	(0.00420)	(0.0223)	(0.0189)
SIZE	0.0200***	0.0171**	0.0187	0.0219	0.0265*	0.000458	0.00925	0.0257**
	(0.00612)	(0.00689)	(0.0134)	(0.0250)	(0.0137)	(0.00237)	(0.0133)	(0.0123)
India	0.0722*				0.257**	-0.0152		0.208**
	(0.0430)				(0.104)	(0.0114)		(0.105)
USA	0.324***				0.344	-0.00617	0.478***	0.431*
	(0.0768)				(0.217)	(0.0154)	(0.103)	(0.229)
Energy	-0.0347	0.0996	-0.195***	-0.0917				
	(0.0416)	(0.0675)	(0.0565)	(0.286)				
Finance	-0.0472	0.0280		0.248				
	(0.0362)	(0.0502)		(0.183)				
ICT	-0.0330	-0.0257	-0.0908	0.194				
	(0.0397)	(0.0480)	(0.0679)	(0.214)				
2009	0.0159	0.0657	-0.0610	0.0599	-0.142**	0.999***	0.363	-0.0289
	(0.0515)	(0.0850)	(0.0844)	(0.184)	(0.0563)	(0.000538)	(0.225)	(0.0529)
2010	-0.0306	0.0979	-0.107	-0.236	-0.0858	0.999***	-0.0628	-0.0401
	(0.0474)	(0.117)	(0.0725)	(0.163)	(0.0527)	(0.000376)	(0.137)	(0.0458)
2011	0.0710	0.0714	-0.0182	0.253	0.0203	0.999***	0.329*	-0.0482
	(0.0550)	(0.0920)	(0.0817)	(0.204)	(0.0753)	(0.000653)	(0.174)	(0.0556)
Observations	396	183	107	67	95	86	79	97
Pseudo R2	0.127	0.156	0.124	0.171	0.251	0.120	0.302	0.285

Estimated as logit regression. Sample: Firms in investing sample who rank RM2 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.8C. Impact of RM3 on the probability of investing for firms that rank RM3 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Whether investing in the UK (1 if investing; 0 otherwise)							
RM3: Connections	0.0146	-0.0202	0.00594	0.0968	-0.0522	0.00275	0.0161	0.0152
	(0.0152)	(0.0296)	(0.0168)	(0.0798)	(0.0692)	(0.00246)	(0.0206)	(0.0334)
SIZE	0.0232***	0.0336***	0.0215***	0.0216	0.0590***	-0.000292	0.0208*	0.0431***
	(0.00770)	(0.0114)	(0.00825)	(0.0261)	(0.0222)	(0.00151)	(0.0108)	(0.0167)
India	0.0246				0.235*	-0.0140*	0.00139	0.0326
	(0.0509)				(0.138)	(0.00743)	(0.0943)	(0.120)
USA	0.306***				0.616***	0.00476	0.372***	0.313*
	(0.0849)				(0.203)	(0.0127)	(0.143)	(0.175)
Energy	-0.150***	-0.0140	-0.139***	-0.238				
	(0.0409)	(0.0594)	(0.0380)	(0.237)				
Finance	-0.0802*	-0.0378	-0.103**	0.0842				
	(0.0484)	(0.0603)	(0.0467)	(0.252)				
ICT	-0.0450	0.0662	-0.0623	0.108				
	(0.0524)	(0.101)	(0.0489)	(0.248)				
2009	0.0703	0.102	-0.0378	0.391*	-0.261**	0.995***	0.232	0.0510
	(0.0734)	(0.137)	(0.0504)	(0.201)	(0.116)	(0.00435)	(0.162)	(0.131)
2010	-0.0422	0.0555	-0.0706*	-0.0718	-0.0672		-0.0446	-0.0846
	(0.0655)	(0.166)	(0.0419)	(0.238)	(0.159)		(0.123)	(0.113)
2011	0.169**	0.246	-0.0416	0.655***	0.193	0.955***	0.280	0.0952
	(0.0782)	(0.156)	(0.0467)	(0.150)	(0.190)	(0.0302)	(0.177)	(0.142)
Observations	315	99	150	66	52	55	100	93
Pseudo R2	0.160	0.180	0.148	0.251	0.271	0.169	0.223	0.169

Estimated as logit regression. Sample: Firms in investing sample who rank RM3 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.8D. Impact of RM1 on the probability of procuring for firms that rank RM1 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in the UK (1 if procuring; 0 otherwise)						
RM1:Business Environment	0.0523*	0.0363	0.0939*	0.0185	0.0902*	0.00766	0.0444
	(0.0308)	(0.0561)	(0.0496)	(0.0636)	(0.0528)	(0.0617)	(0.0484)
SIZE	0.0265**	0.0176	0.0299*	0.0400*	0.0443**	0.0300	0.0145
	(0.0104)	(0.0196)	(0.0180)	(0.0219)	(0.0216)	(0.0189)	(0.0178)
India	0.141*				0.0193	0.157	0.235*
	(0.0750)				(0.134)	(0.154)	(0.128)
USA	0.192**				0.202	0.192	0.230
	(0.0760)				(0.130)	(0.158)	(0.157)
Energy	-0.0907	-0.109	-0.0218	-0.181			
	(0.0641)	(0.105)	(0.116)	(0.133)			
Finance	-0.207		-0.0372				
	(0.141)		(0.276)				
ICT	-0.122**	-0.192*	0.0113	-0.198			
	(0.0601)	(0.100)	(0.108)	(0.123)			
2009	0.409***	0.418*	0.298*	0.535***	0.491***	0.260	0.391*
	(0.110)	(0.243)	(0.170)	(0.171)	(0.133)	(0.241)	(0.235)
2010	0.450***	0.452**	0.279	0.636***	0.408***	0.511***	0.487**
	(0.103)	(0.225)	(0.170)	(0.155)	(0.155)	(0.172)	(0.225)
2011	0.451***	0.412**	0.309**	0.658***	0.472***	0.406**	0.478**
	(0.0977)	(0.196)	(0.157)	(0.148)	(0.142)	(0.175)	(0.201)
Observations	329	92	122	103	126	83	101
Pseudo R2	0.138	0.121	0.0865	0.154	0.121	0.133	0.110

Estimated as logit regression. Sample: Procuring firms only who rank RM1 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.8E. Impact of RM2 on the probability of procuring for firms that rank RM2 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in the UK (1 if procuring; 0 otherwise)						
RM2:Innovation & Creativity	0.0254	0.0157	0.00894	0.0744	0.0121	0.0528	0.0241
	(0.0217)	(0.0326)	(0.0337)	(0.0455)	(0.0360)	(0.0387)	(0.0377)
SIZE	0.0263***	0.0214	0.00148	0.0615***	0.0402**	0.0374**	-0.00287
	(0.00974)	(0.0143)	(0.0162)	(0.0211)	(0.0169)	(0.0171)	(0.0160)
India	0.181***				0.168	0.200	0.128
	(0.0639)				(0.111)	(0.125)	(0.101)
USA	0.221***				0.230**	0.291**	0.101
	(0.0722)				(0.110)	(0.133)	(0.136)
Energy	-0.0953	-0.119	-0.105	-0.0314			
	(0.0608)	(0.0843)	(0.0990)	(0.141)			
ICT	-0.106*	-0.101	-0.107	-0.123			
	(0.0581)	(0.0823)	(0.0953)	(0.140)			
2009	0.355***	0.283	0.448***	0.322*	0.539***	-0.0460	0.528***
	(0.0955)	(0.174)	(0.126)	(0.171)	(0.110)	(0.153)	(0.203)
2010	0.342***	0.228	0.383***	0.466***	0.476***	0.0360	0.536***
	(0.0931)	(0.164)	(0.142)	(0.144)	(0.133)	(0.152)	(0.202)
2011	0.266***	0.219	0.221	0.461***	0.448***	-0.0590	0.438**
	(0.0925)	(0.142)	(0.150)	(0.137)	(0.140)	(0.137)	(0.207)
Observations	379	128	155	96	155	103	121
Pseudo R2	0.0862	0.0648	0.0697	0.134	0.112	0.106	0.0836

Estimated as logit regression. Sample: Firms in procuring sample who rank RM2 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.8F. Impact of RM3 on the probability of procuring for firms that rank RM3 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in the UK (1 if procuring; 0 otherwise)						
RM3: Connections	0.0229	-0.00323	0.0296	0.0374	0.0369	-0.0431	0.148***
	(0.0242)	(0.00421)	(0.0338)	(0.0413)	(0.0348)	(0.0555)	(0.0542)
SIZE	0.0343***	0.00296*	0.0387**	0.0330*	0.0560***	0.0309*	0.0122
	(0.0106)	(0.00177)	(0.0168)	(0.0192)	(0.0195)	(0.0181)	(0.0191)
India	0.182***				0.0660	0.275**	0.235**
	(0.0675)				(0.115)	(0.126)	(0.108)
USA	0.225***				0.154	0.332**	0.242
	(0.0739)				(0.124)	(0.131)	(0.148)
Energy	-0.0988	-0.0155*	-0.0277	-0.0725			
	(0.0635)	(0.00876)	(0.103)	(0.128)			
ICT	-0.153***	-0.024***	-0.0755	-0.148			
	(0.0588)	(0.00885)	(0.0901)	(0.118)			
2009	0.354***	0.999***	0.301**	0.268*	0.461***	0.291*	0.281
	(0.0861)	(0.000224)	(0.130)	(0.144)	(0.113)	(0.159)	(0.212)
2010	0.354***	1.000***	0.192	0.318**	0.432***	0.226	0.435**
	(0.0842)	(7.50e-05)	(0.136)	(0.133)	(0.123)	(0.155)	(0.171)
2011	0.236***	0.999***	0.0527	0.247*	0.312**	0.0632	0.342**
	(0.0867)	(0.000545)	(0.129)	(0.140)	(0.144)	(0.145)	(0.162)
Observations	387	103	172	112	143	114	130
Pseudo R2	0.0934	0.225	0.0702	0.0634	0.111	0.104	0.128

Estimated as logit regression. Sample: Procuring firms only who rank RM3 8 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.8G. Impact of RM4 on the probability of procuring for firms that rank RM4 as an important indicator

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Whether procuring in the UK (1 if procuring; 0 otherwise)						
RM4: Quality, Value &Delivery	0.0405**	0.0474	0.00139	0.0721**	0.0543*	0.0529*	-0.00386
	(0.0189)	(0.0343)	(0.0336)	(0.0334)	(0.0318)	(0.0320)	(0.0402)
SIZE	0.0423***	0.0207	0.0530***	0.0492***	0.0663***	0.0415***	0.0204
	(0.00900)	(0.0156)	(0.0155)	(0.0163)	(0.0167)	(0.0158)	(0.0179)
India	0.210***				0.177*	0.195*	0.246**
	(0.0608)				(0.103)	(0.109)	(0.117)
USA	0.273***				0.313***	0.244**	0.235**
	(0.0595)				(0.0995)	(0.103)	(0.119)
Energy	-0.00948	0.000253	0.0191	-0.0395			
	(0.0542)	(0.0992)	(0.0892)	(0.0990)			
Finance	-0.337***		-0.249				
	(0.0910)		(0.179)				
ICT	-0.0375	-0.0904	0.0713	-0.0732			
	(0.0567)	(0.0930)	(0.0952)	(0.104)			
2009	0.196***	0.0897	0.215*	0.231**	0.340***	0.110	0.192
	(0.0756)	(0.135)	(0.125)	(0.115)	(0.110)	(0.137)	(0.165)
2010	0.169**	0.121	0.171	0.165	0.219*	0.0722	0.280*
	(0.0739)	(0.133)	(0.118)	(0.119)	(0.118)	(0.130)	(0.155)
2011	0.112	-0.0163	0.0580	0.236**	0.162	-0.0198	0.268*
	(0.0694)	(0.126)	(0.109)	(0.110)	(0.113)	(0.122)	(0.150)
Observations	521	136	204	176	205	165	137
Pseudo R2	0.0897	0.0426	0.0883	0.0861	0.120	0.0876	0.0651

Estimated as logit regression. Sample: Procuring firms only who rank RM4 9 or above. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

A.6 Full regression tables from chapter 9

Table B.9A. Influence of being well informed about the UK on perceptions of favourability

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
Well-informed rank	0.203***	0.212***	0.258***	0.131***	0.129***	0.253***	0.247***	0.194***
	(0.0195)	(0.0301)	(0.0339)	(0.0367)	(0.0388)	(0.0373)	(0.0401)	(0.0367)
SIZE	9.28e-05	0.0218	-0.00480	-0.0225	-0.0235	0.0154	-0.00381	-0.00301
	(0.0134)	(0.0210)	(0.0260)	(0.0225)	(0.0300)	(0.0242)	(0.0248)	(0.0262)
India	-0.0182				-0.115	-0.251	-0.0554	0.296*
	(0.0928)				(0.185)	(0.185)	(0.204)	(0.168)
United States	0.356***				0.0745	0.476***	0.668***	0.409*
	(0.0990)				(0.188)	(0.183)	(0.192)	(0.212)
Energy / Renewable Energy	-0.0166	-0.202	-0.128	0.304*				
	(0.101)	(0.155)	(0.181)	(0.178)				
Finance	0.270**	0.00704	0.366*	0.520***				
	(0.105)	(0.153)	(0.207)	(0.187)				
ICT	-0.0454	-0.352**	0.187	0.0213				
	(0.0982)	(0.156)	(0.157)	(0.204)				
2009	-0.0492	-0.171	0.368*	-0.324	-0.268	0.0353	-0.144	0.222
	(0.114)	(0.168)	(0.207)	(0.221)	(0.230)	(0.248)	(0.205)	(0.222)
2010	-0.0239	-0.0194	0.192	-0.248	-0.0116	-0.110	-0.141	0.195
	(0.115)	(0.184)	(0.203)	(0.215)	(0.227)	(0.253)	(0.205)	(0.221)
2011	-0.151	-0.0297	0.195	-0.613***	-0.395*	0.0624	-0.470**	0.237
	(0.111)	(0.171)	(0.190)	(0.217)	(0.231)	(0.234)	(0.198)	(0.220)
Invest/procure dummy	0.429***	0.231*	0.616***	0.456***	0.683***	0.468***	-0.294*	0.477***
	(0.0799)	(0.137)	(0.138)	(0.136)	(0.150)	(0.153)	(0.178)	(0.158)
Constant	6.207***	6.246***	5.475***	7.295***	6.981***	5.755***	6.456***	5.825***
	(0.175)	(0.249)	(0.344)	(0.369)	(0.331)	(0.357)	(0.333)	(0.288)
Observations	1,861	624	662	575	527	501	331	502
R-squared	0.138	0.113	0.141	0.087	0.83	0.169	0.250	0.148

Estimated using OLS. Sample: All firms. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.9B. Influence of being well informed about the UK on perceptions of favourability of investors

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)							
Well-informed rank	0.220***	0.199***	0.317***	0.119**	0.0651	0.235***	0.254***	0.244***
	(0.0292)	(0.0415)	(0.0551)	(0.0497)	(0.0684)	(0.0582)	(0.0467)	(0.0465)
SIZE	-0.0181	-0.00488	-0.0478	-0.00927	-0.000435	-0.00982	-0.00990	-0.0158
	(0.0195)	(0.0303)	(0.0380)	(0.0336)	(0.0551)	(0.0407)	(0.0281)	(0.0306)
India	-0.161				-0.270	-0.350	0.0282	0.0100
	(0.129)				(0.303)	(0.280)	(0.227)	(0.190)
United States	0.226				-0.177	0.186	0.694***	0.554**
	(0.145)				(0.315)	(0.330)	(0.207)	(0.244)
Energy / Renewable Energy	0.161	-0.0505	0.192	0.372				
	(0.167)	(0.240)	(0.295)	(0.334)				
Finance	0.504***	0.0639	0.605**	0.995***				
	(0.147)	(0.213)	(0.282)	(0.268)				
ICT	0.292*	-0.128	0.472*	0.566*				
	(0.156)	(0.236)	(0.256)	(0.333)				
2009	-0.394**	-0.370	-0.121	-0.617**	-0.261	-0.514	-0.379	-0.159
	(0.165)	(0.267)	(0.314)	(0.285)	(0.383)	(0.450)	(0.256)	(0.243)
2010	-0.236	-0.184	0.0908	-0.513*	0.0103	-0.515	-0.336	-0.0515
	(0.165)	(0.274)	(0.301)	(0.289)	(0.365)	(0.430)	(0.251)	(0.253)
2011	-0.517***	-0.404	0.0187	-1.105***	-0.908**	-0.171	-0.673***	-0.0836
	(0.165)	(0.278)	(0.291)	(0.286)	(0.381)	(0.418)	(0.249)	(0.244)
Invest dummy	0.244*	0.0491	0.493*	0.322	0.959***	0.0775	-0.277	
	(0.130)	(0.204)	(0.257)	(0.211)	(0.261)	(0.291)	(0.199)	
Constant	6.362***	6.632***	5.267***	7.248***	7.228***	6.492***	6.595***	6.249***
	(0.262)	(0.372)	(0.529)	(0.490)	(0.572)	(0.592)	(0.389)	(0.307)
Observations	910	324	327	259	211	208	274	343
R-squared	0.149	0.086	0.162	0.144	0.108	0.118	0.258	0.159

Estimated using OLS. Sample: Firms in investing sample. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

Table B.9C. Influence of being well informed about the UK on perceptions of favourability of procurers

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Favourability with the UK (10 = highest, 0 = lowest)						
Well-informed rank	0.190***	0.223***	0.204***	0.146**	0.142***	0.280***	0.160***
	(0.0279)	(0.0512)	(0.0405)	(0.0570)	(0.0486)	(0.0524)	(0.0499)
India	0.0367*	0.0661*	0.0447	-0.0123	-0.0177	0.0377	0.0699*
	(0.0199)	(0.0342)	(0.0344)	(0.0350)	(0.0361)	(0.0323)	(0.0405)
United States	0.127				0.105	-0.250	0.542**
	(0.142)				(0.242)	(0.266)	(0.256)
Energy	0.448***				0.278	0.521**	0.459
	(0.145)				(0.236)	(0.247)	(0.308)
Finance	-0.132	-0.216	-0.334	0.202			
	(0.131)	(0.224)	(0.242)	(0.220)			
ICT	0.437*	0.214	0.473	0.704			
	(0.259)	(0.342)	(0.388)	(0.507)			
2009	-0.261**	-0.424*	-0.0550	-0.342			
	(0.130)	(0.223)	(0.201)	(0.265)			
2010	0.124	-0.177	0.810**	-0.300	-0.237	0.225	0.360
	(0.187)	(0.288)	(0.324)	(0.373)	(0.322)	(0.310)	(0.337)
2011	0.0574	0.0173	0.209	-0.0986	0.0256	-0.0716	0.160
	(0.188)	(0.319)	(0.330)	(0.354)	(0.321)	(0.347)	(0.312)
Procure dummy	0.112	0.254	0.352	-0.271	-0.00208	0.00842	0.296
	(0.173)	(0.261)	(0.303)	(0.355)	(0.302)	(0.302)	(0.310)
Constant	0.571***	0.354*	0.660***	0.669***	0.570***	0.610***	0.574***
	(0.112)	(0.201)	(0.182)	(0.195)	(0.185)	(0.192)	(0.213)
	5.927***	5.769***	5.618***	7.079***	6.768***	5.375***	5.347***
	(0.263)	(0.438)	(0.471)	(0.573)	(0.446)	(0.493)	(0.442)
Observations	874	260	326	288	303	266	266
R-squared	0.150	0.155	0.160	0.095	0.086	0.211	0.157

Estimated using OLS. Sample: Firms in procuring sample. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

*** p<0.01, ** p<0.05, * p<0.1

A.7 Full regression tables from chapter 10

Table B.10A. Impact of being contacted by a government representative on how well informed all firms believe they are

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Well informed ranking for the UK							
Contacted by govt. rep.	0.787***	0.604***	0.497**	0.912***	0.318	0.796***	0.396	1.037***
	(0.0948)	(0.203)	(0.209)	(0.232)	(0.219)	(0.231)	(0.309)	(0.224)
SIZE	0.0180	0.0114	-0.0246	0.0123	-0.0210	0.0553*	0.0135	-0.0630*
	(0.0156)	(0.0309)	(0.0354)	(0.0329)	(0.0350)	(0.0321)	(0.0446)	(0.0368)
India	1.559***				1.816***	1.392***	0.838**	1.725***
	(0.107)				(0.225)	(0.233)	(0.355)	(0.226)
USA	2.011***				1.789***	1.290***	1.895***	2.090***
	(0.105)				(0.224)	(0.245)	(0.344)	(0.260)
Energy	-0.151	0.0801	-0.272	-0.320				
	(0.119)	(0.225)	(0.230)	(0.244)				
Finance	0.391***	0.588**	-0.385	0.686***				
	(0.130)	(0.271)	(0.314)	(0.263)				
ICT	-0.202*	-0.398*	-0.411*	0.00120				
	(0.116)	(0.219)	(0.229)	(0.250)				
2009	0.0142			-0.144	-0.0394		-0.0608	
	(0.114)			(0.234)	(0.247)		(0.378)	
2010	0.385***	0.505**	0.140	0.358	0.0666	0.533**	0.263	0.577**
	(0.104)	(0.211)	(0.208)	(0.228)	(0.220)	(0.238)	(0.306)	(0.229)
2011		-0.0772	-0.267			-0.132		-0.142
		(0.225)	(0.249)			(0.253)		(0.249)
Invest/Procure dummy		0.254	0.537***	0.856***	0.354*	0.758***	0.560*	0.663***
		(0.184)	(0.202)	(0.192)	(0.183)	(0.223)	(0.334)	(0.215)
Constant	4.707***	4.617***	6.739***	6.145***	4.996***	4.283***	5.258***	4.456***
	(0.157)	(0.297)	(0.305)	(0.301)	(0.306)	(0.328)	(0.437)	(0.307)
Observations	2,021	514	558	479	453	424	249	425
R-squared	0.197	0.065	0.039	0.125	0.182	0.167	0.195	0.254

Estimated as OLS regression. Sample: All firms. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Table B.10B. Impact of being contacted by a government representative on how well informed firms believe they are: Investing sample

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	All sectors / countries	China	India	USA	Biotech	Energy	Finance	ICT
VARIABLES	Well informed ranking for the UK							
Contacted by govt. rep.	0.720***	0.873***	0.497**	0.959***	0.543**	0.875***	0.901***	0.671***
	(0.128)	(0.204)	(0.224)	(0.272)	(0.253)	(0.285)	(0.269)	(0.245)
SIZE	0.0350*	-0.00853	0.0145	0.110***	0.0731*	0.107**	0.0127	-0.0442
	(0.0212)	(0.0342)	(0.0420)	(0.0390)	(0.0413)	(0.0455)	(0.0386)	(0.0434)
India	1.284***				1.246***	1.302***	1.058***	1.451***
	(0.137)				(0.261)	(0.291)	(0.297)	(0.251)
USA	2.182***				2.343***	1.512***	2.395***	2.203***
	(0.139)				(0.274)	(0.352)	(0.246)	(0.265)
Energy	-0.152	0.00535	0.0806	-0.808**				
	(0.171)	(0.261)	(0.284)	(0.361)				
Finance	0.390**	0.334	0.196	0.492*				
	(0.155)	(0.246)	(0.306)	(0.274)				
ICT	-0.0916	-0.216	0.104	-0.259				
	(0.154)	(0.236)	(0.277)	(0.296)				
2011	0.0615	0.0717	0.0637	0.0850	-0.425	0.540		0.277
	(0.148)	(0.234)	(0.269)	(0.277)	(0.290)	(0.332)		(0.271)
2010	0.359***	0.602***	0.0778	0.395	-0.166	0.807***	0.490*	0.477*
	(0.135)	(0.204)	(0.247)	(0.256)	(0.251)	(0.303)	(0.255)	(0.257)
2009							0.0652	
							(0.299)	
Constant	4.636***	4.799***	6.128***	6.452***	4.760***	3.861***	5.032***	4.823***
	(0.208)	(0.305)	(0.345)	(0.371)	(0.351)	(0.433)	(0.363)	(0.339)
Observations	1,156	443	367	346	280	253	341	282
R-squared	0.216	0.067	0.013	0.100	0.237	0.170	0.247	0.233

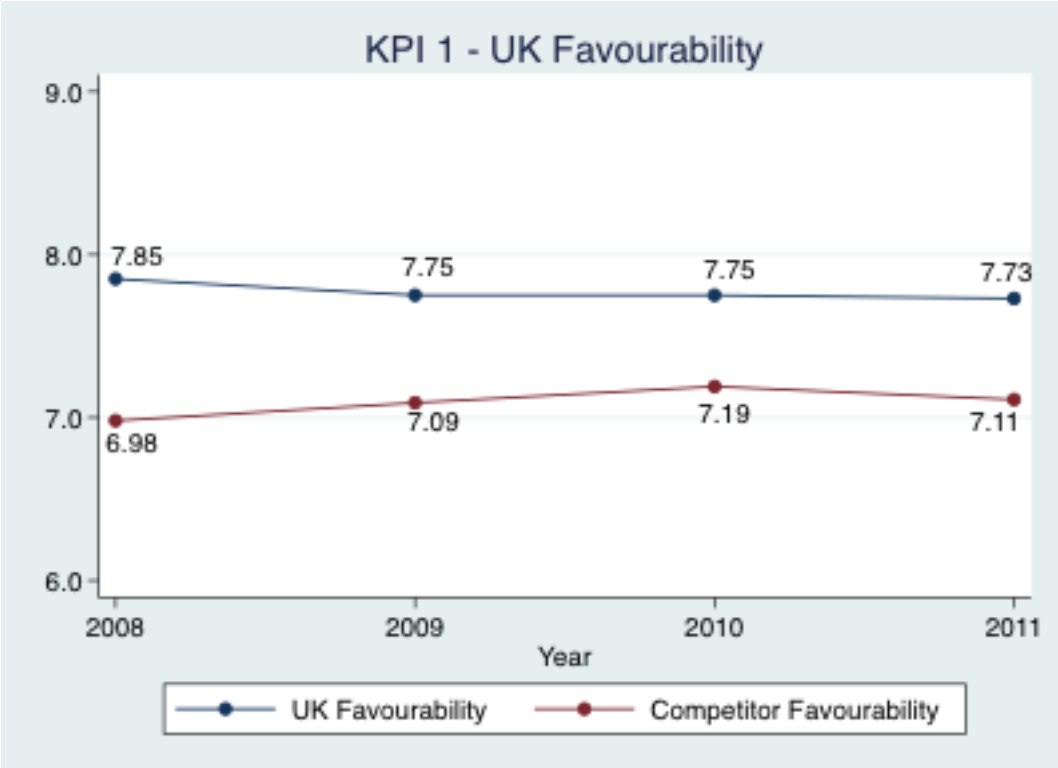
Estimated as OLS regression. Sample: Firms in investing sample. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

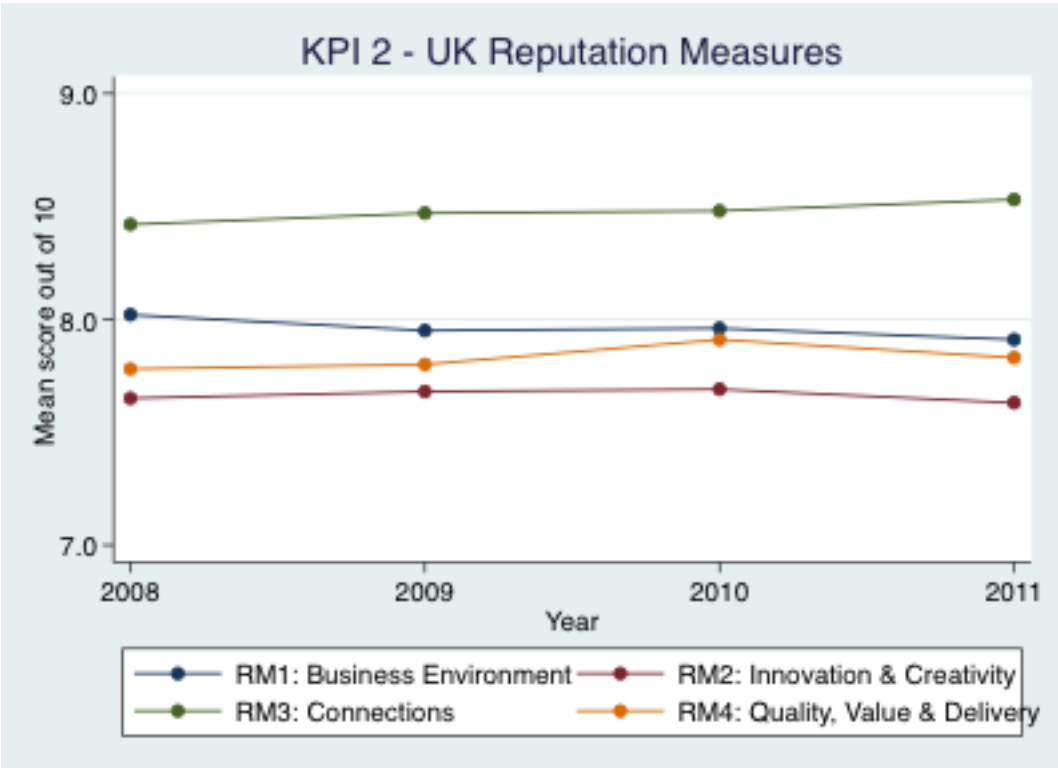
Table B.10C. Impact of being contacted by a government representative on how well informed procuring firms believe they are

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	All sectors / countries	China	India	USA	Biotech	Energy	ICT
VARIABLES	Well informed ranking for the UK						
Contacted by govt. rep.	0.749***	0.681**	0.603*	1.064***	0.496	0.577	1.251***
	(0.195)	(0.338)	(0.354)	(0.347)	(0.309)	(0.357)	(0.341)
SIZE	-0.00511	0.0117	-0.0452	0.0300	-0.0585	0.0465	0.00351
	(0.0272)	(0.0505)	(0.0502)	(0.0457)	(0.0448)	(0.0454)	(0.0517)
India	2.032***				2.104***	1.661***	2.313***
	(0.189)				(0.308)	(0.344)	(0.342)
USA	1.845***				1.627***	1.365***	2.564***
	(0.192)				(0.298)	(0.328)	(0.389)
Energy	-0.290	0.0320	-0.484	-0.313			
	(0.184)	(0.322)	(0.322)	(0.306)			
ICT	-0.500***	-0.702**	-0.752**	0.102			
	(0.191)	(0.322)	(0.325)	(0.363)			
2009			-0.219	0.452			
			(0.395)	(0.348)			
2010	0.0364	0.360			-0.0235	0.0108	0.0618
	(0.211)	(0.363)			(0.337)	(0.375)	(0.396)
2011	0.544***	0.850***	0.277	0.686**	0.293	0.603*	0.740**
	(0.195)	(0.303)	(0.304)	(0.313)	(0.301)	(0.354)	(0.370)
Constant	4.726***	4.410***	7.326***	5.997***	5.260***	4.435***	3.694***
	(0.276)	(0.454)	(0.446)	(0.396)	(0.440)	(0.444)	(0.443)
Observations	692	202	262	228	258	214	220
R-squared	0.195	0.089	0.049	0.059	0.189	0.137	0.252

Estimated as OLS regression. Sample: Procuring firms only. All variables presented as marginal effects. Standard errors in parentheses. Reference categories for countries is China, for sector is Biotech / Pharma, for year is 2008.

Replication of Key Performance Indicators from Survey





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