

Appendix

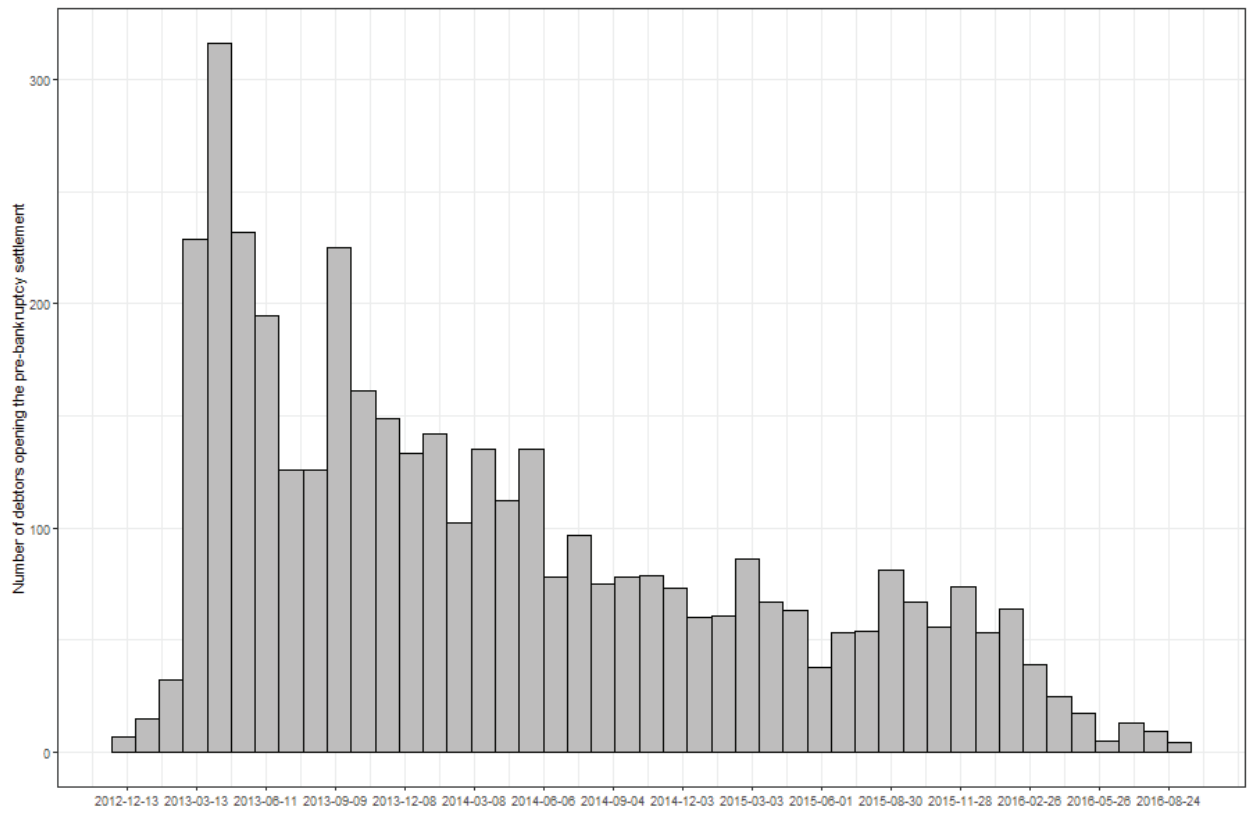


Figure A1: Time distribution of the starts of the PBS procedure 2012 - 2016

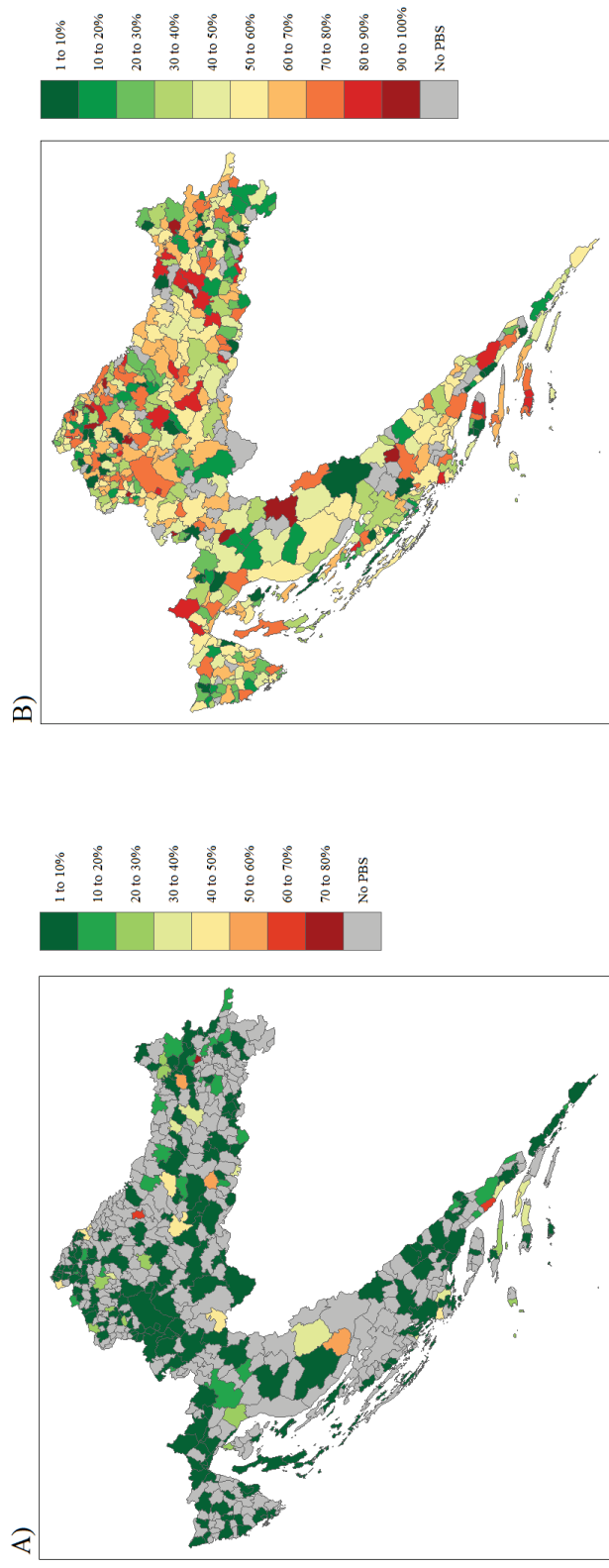


Figure A2: Share of debtor (A) and supplier (B) firms employment in total municipality/city private sector employment (first cohort of 2013)

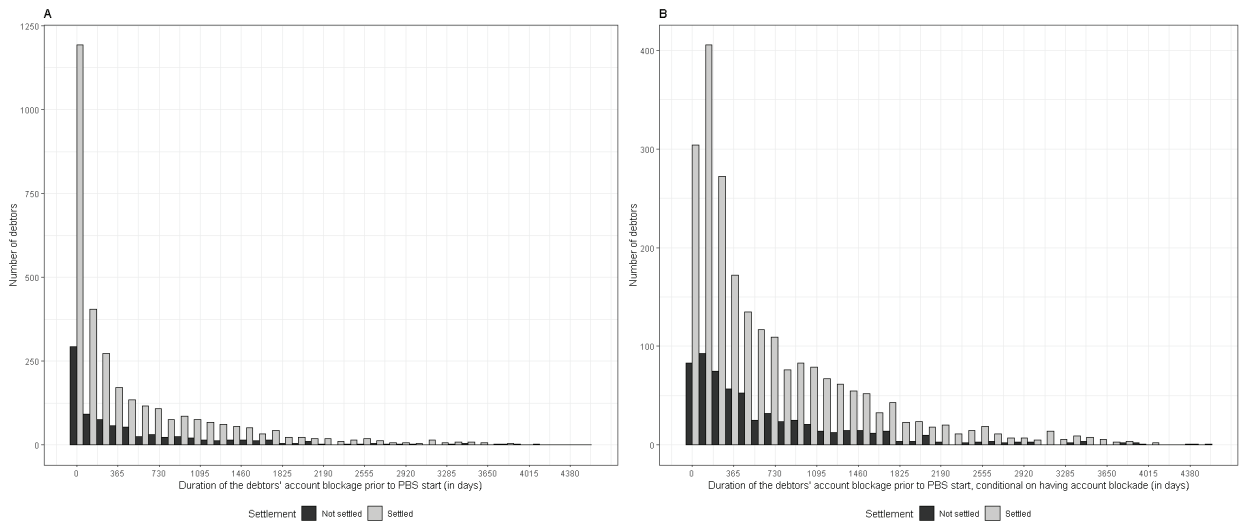


Figure A3: Duration of the debtors' account blockage prior to starting the PBS process (in days), all debtors (A) and conditional on having account blockage (B)

Note: The B graph, value zero shows debtors that had account blocked one day or longer.

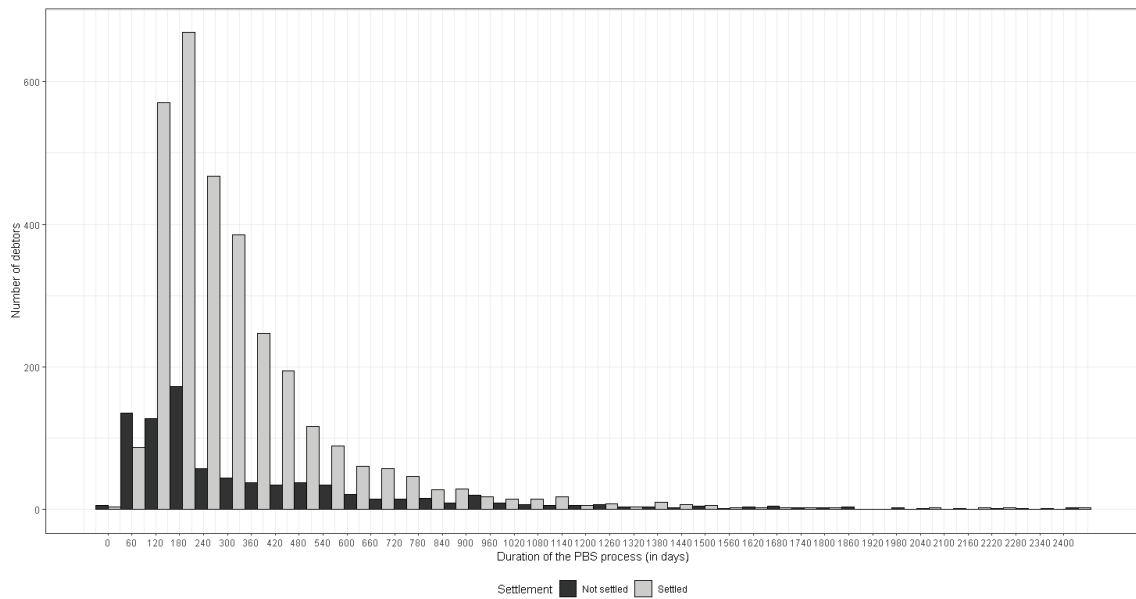


Figure A4: PBS process duration distribution by settled and non-settled debtor cases

Note: Bargaining success cases last on average 329 days, and 252 days at the median.

Bargaining failure cases last on average 391 days, and 215 days at the median.

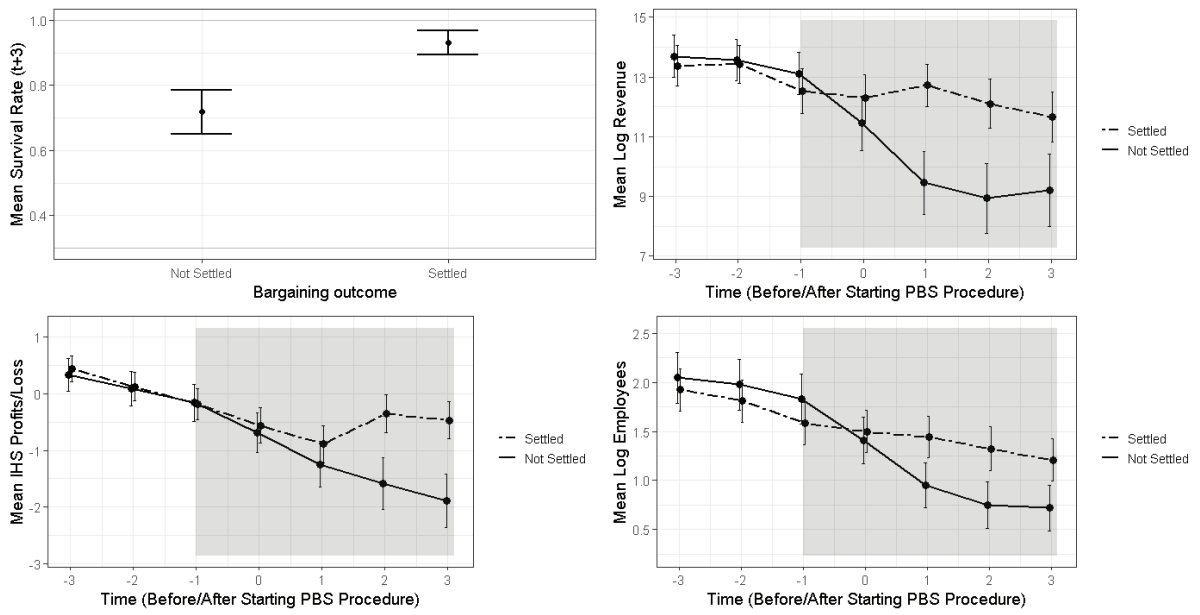


Figure A5: Dependent variable behavior of debtors with private firms/financial institutions majority vote: settled and not settled

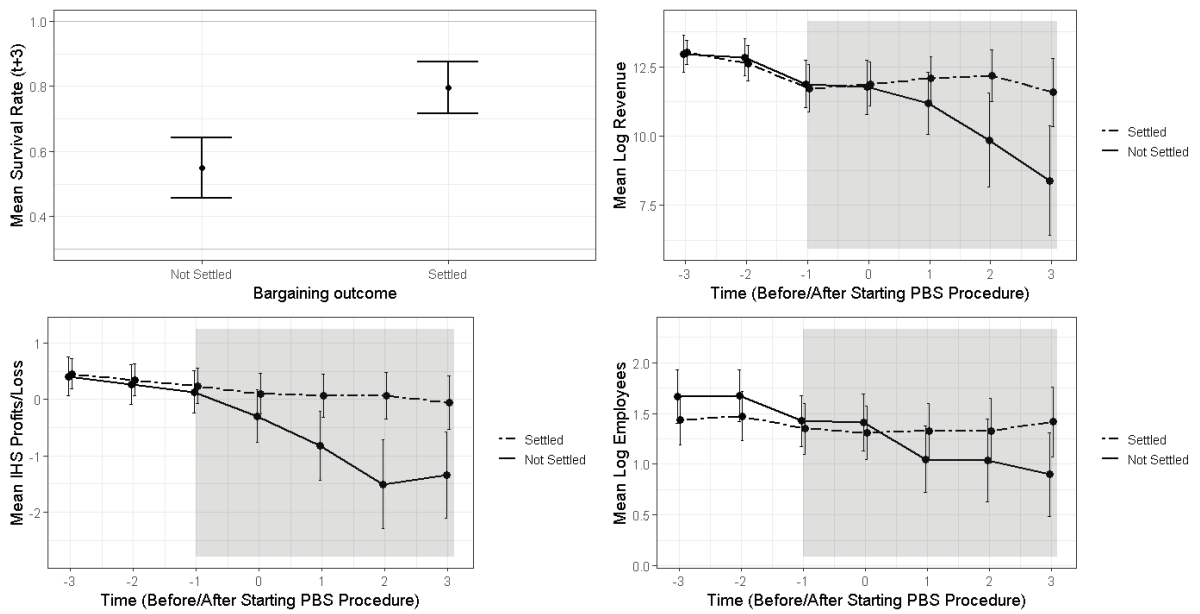


Figure A6: Dependent variable behavior of debtors with state/state owned firms majority vote: settled and not settled

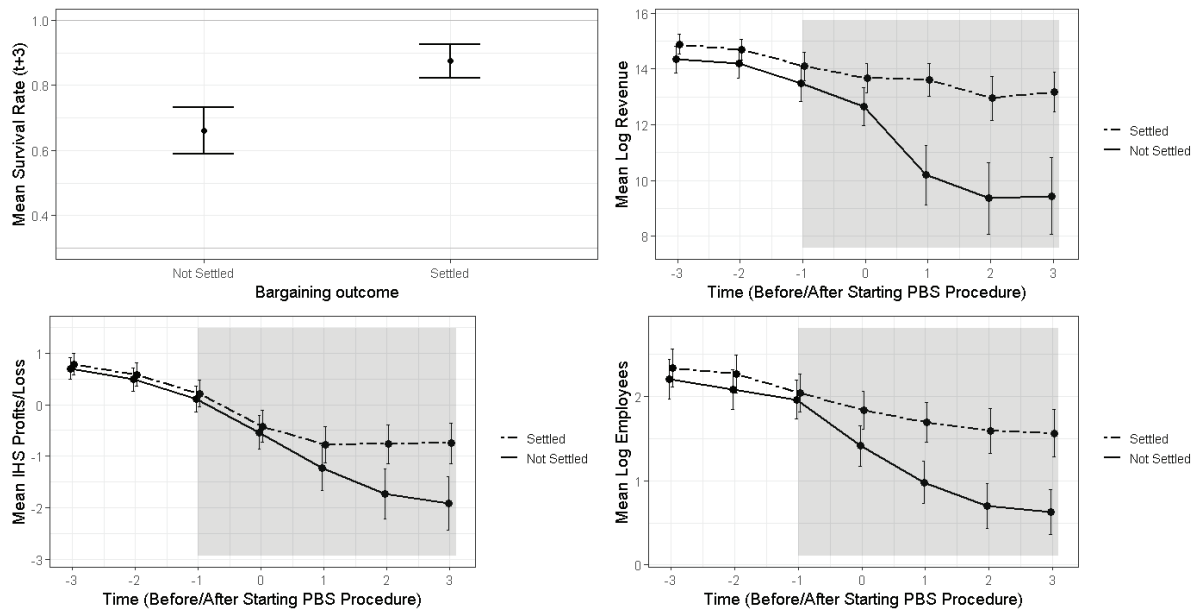


Figure A7: Dependent variable behavior of debtors with mixed majority vote: settled and not settled

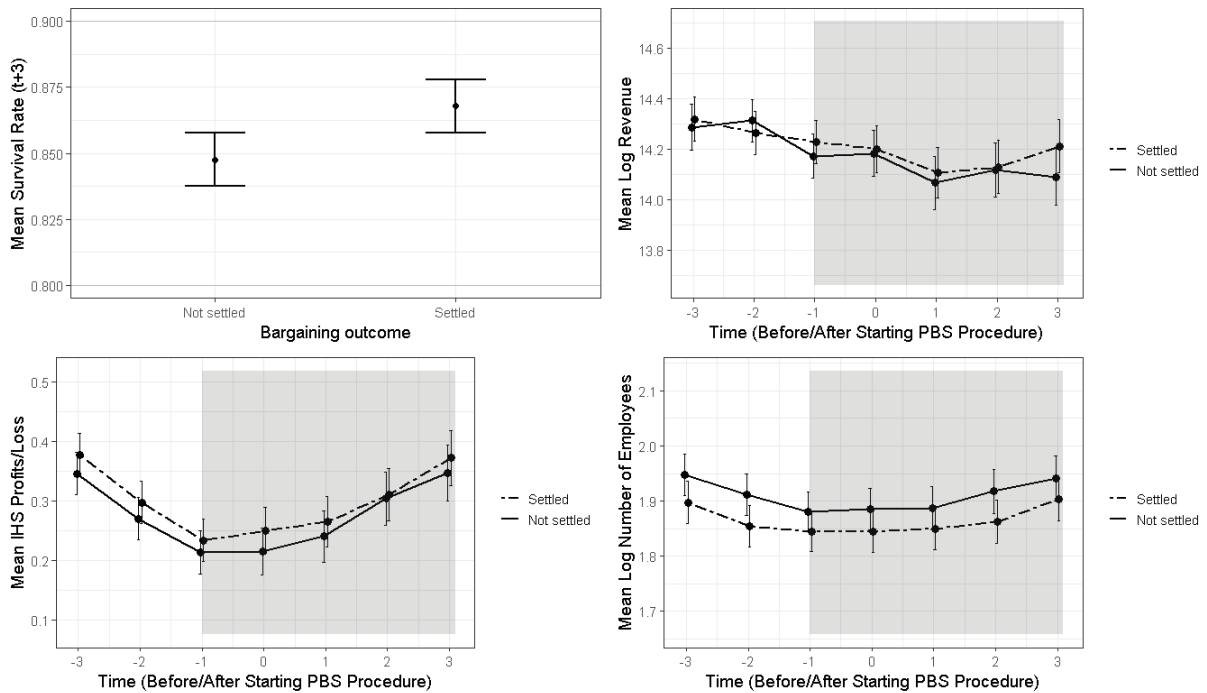


Figure A8: The dependent variables of settled and non-settled suppliers before and after entering PBS: suppliers nested in the matched debtor sample

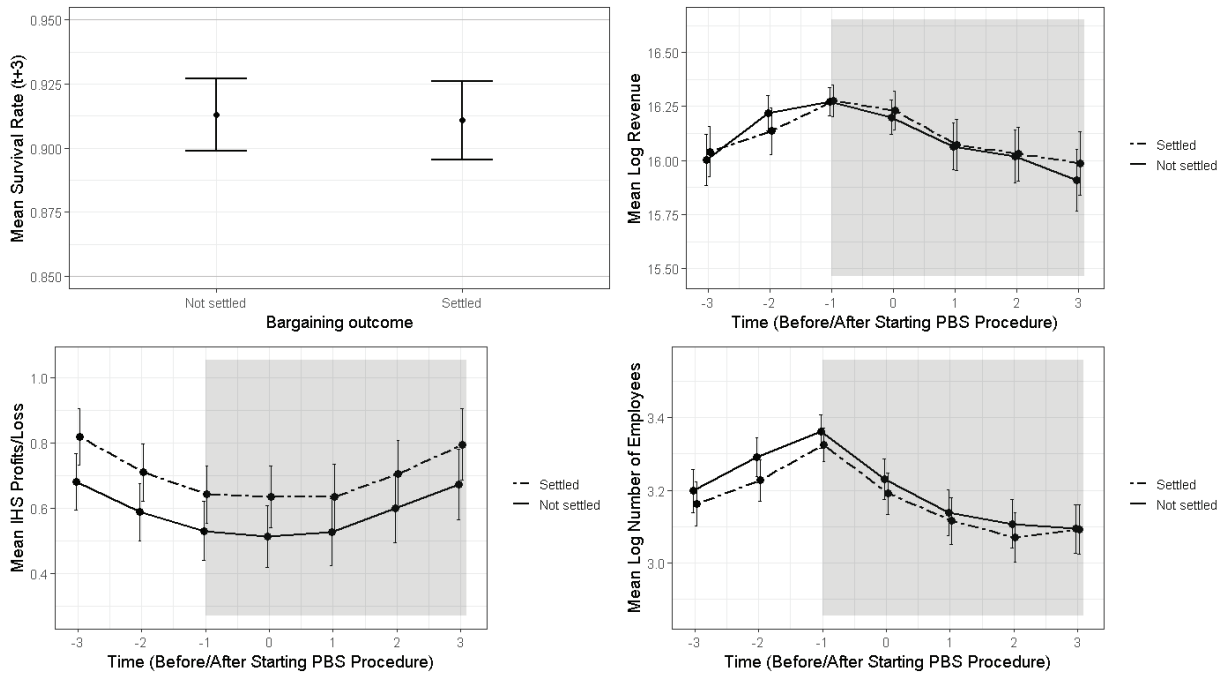


Figure A9: The dependent variables of settled and non-settled suppliers before and after entering PBS: larger suppliers nested in the matched debtor sample

Table A1: Descriptive information on debtors

	Full				Merged				
Year	Debtors count	Debt sum	Mean debt	No. of creditors	Mean no. creditors	Debtors count	Debt sum	Mean debt	Jobs
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2012	10	4910	491	3076	308	10	4910	491.0	2921
2013	1936	53574	28	91217	47	1164	51173	44.5	33037
2014	1157	18180	16	46333	40	674	13432	20.2	14693
2015	743	11915	16	36105	49	470	8306	17.7	7392
2016	195	3707	19	6618	34	123	3455	28.3	376
Total	4041	92286		183349		2441	81276		58419

Note: Monetary values (columns 2, 3, 7, and 8) are in million kuna (HRK).

Table A2: Models for selection into bargaining failure and duration of the bargaining process

	<i>Dependent variable:</i>			
	Bargaining failure		Bargaining duration (in days)	
	<i>probit</i>		<i>OLS</i>	
	(1)		(2)	
Log Herfindahl-Hirschman Index	−0.051***	(0.016)	−26.849**	(11.929)
Log Number of Creditors	0.006	(0.009)	0.040	(6.510)
Have Secured Creditor	−0.033*	(0.017)	14.488	(13.488)
Log Total Claims	0.008	(0.006)	23.659***	(4.474)
Majority Creditor: Suppliers (ref: State)	−0.071***	(0.019)	6.232	(16.009)
Majority Creditor: Financial Institutions	−0.043	(0.026)	−0.976	(22.364)
Majority Creditor: Mixed	−0.032	(0.020)	−10.475	(15.268)
Agency Center Osijek (ref: Zagreb)	−0.067***	(0.016)	−158.197***	(13.947)
Agency Center Rijeka	−0.069***	(0.018)	−33.271**	(16.034)
Agency Center Split	−0.075***	(0.018)	−22.680*	(13.556)
Agency Center Zagreb Exec.	−0.045*	(0.022)	19.150	(18.522)
Year 2012 (ref: 2013)	−0.111	(0.070)	−215.737**	(88.618)
Year 2014	0.007	(0.015)	32.146***	(10.669)
Year 2015	0.031*	(0.019)	52.758***	(12.755)
Year 2016	0.064**	(0.034)	44.310**	(22.108)
Constant			240.717**	(116.785)
Observations	3871		3871	
Mean dep. var.	0.206		343.518	
(McFadden) R ²	0.021		0.128	
(ML) Adjusted R ²	0.020		0.125	
Log Likelihood	−1800.718			
Akaike Inf. Crit.	3635.436			
Residual Std. Error			277.461	(df = 3854)
F Statistic			35.427***	(df = 16; 3854)

Notes: Significant at 1%***, 5%***, and 10%*. First column provides marginal effects for a probit regression.

Table A3: Inclusion of account blockage information in the models for selection into bargaining failure and duration of the bargaining process

	<i>Dependent variable:</i>			
	Bargaining failure		Bargaining duration (in days)	
	<i>probit</i>		<i>OLS</i>	
	(1)		(2)	
Account blocked up to 7 days	0.030	(0.042)	45.488	(28.117)
Account blocked 8 - 59 days	0.028	(0.028)	34.678*	(18.872)
Account blocked 60 - 120 days	0.007	(0.029)	12.679	(19.772)
Account blocked 121 - 365 days	0.045**	(0.024)	10.417	(13.753)
Account blocked 366 - 730 days	0.059***	(0.024)	27.699*	(15.364)
Account blocked 731 - 1095 days	0.058**	(0.028)	46.382***	(17.810)
Account blocked 1096 - 1460 days	0.028	(0.031)	23.097	(20.364)
Account blocked above 1460 days	0.052**	(0.026)	35.950**	(16.595)
Constant	0.352	(0.612)	229.249*	(117.212)
Observations	3871		3871	
Mean dep. var.	0.206		343.518	
(McFadden) R ²	0.025		0.131	
(ML) Adjusted R ²	0.023		0.126	
Log Likelihood	-1794.744			
Akaike Inf. Crit.	3639.488			
Residual Std. Error			277.302	(df = 3846)
F Statistic			24.163***	(df = 24; 3846)

Notes: Significant at 1%***, 5%** , and 10%*. Reference category is no account blockage (0 days). All models include control variables: log Herfindahl-Hirschman Index, log number of creditors, a dummy for having a secured creditor, log total claims, majority voter (state, suppliers, financial institutions and mixed majority), regional FINA in charge (Zagreb, Split, Osijek, Rijeka and Executive Agency in Zagreb), year of opening the PBS process. First column provides marginal effects for a probit regression.

Table A4: Industry distribution: PBS debtors with bargaining failure and success

Industry NACE 1-digit	Bargaining Share (%)		Bargaining Share (%)	
	success (1)	(2)	failure (3)	(4)
Agriculture, forestry and fishing	76	4.83	18	3.90
Mining and quarrying	11	0.70	0	0.00*
Manufacturing	330	20.99	81	17.53*
Electricity, gas, steam and air conditioning supply	3	0.19	0	0.00
Water supply, sewerage, waste management and remediation activities	14	0.89	5	1.08
Construction	323	20.55	94	20.35
Wholesale and retail trade; repair of motor vehicles and motorcycles	328	20.87	123	26.62***
Transportation and storage	56	3.56	13	2.81
Accommodation and food service activities	106	6.74	40	8.66
Information and communication	42	2.67	9	1.95
Financial and insurance activities	1	0.06	2	0.43*
Real estate activities	54	3.44	11	2.38
Professional, scientific and technical activities	128	8.14	35	7.58
Administrative and support service activities	44	2.80	17	3.68
Education	18	1.15	3	0.65
Human health and social work activities	8	0.51	2	0.43
Arts, entertainment and recreation	11	0.70	5	1.08
Other service activities	19	1.21	4	0.87
Total	1572	100.00	462	100.00

Notes: Stars in the fourth column represent significance levels from the t-test for difference in means. Significant at 1%***, 5%** , and 10%*.

Table A5: Balancing property: before and after matching (*continued*)

	Before			Matching			After			Matching			St.Bias Reduction
	Mean Failure (n=462)	Mean Success (n=1572)	Diff.	p-value	Mean Failure (n=458)	Mean Success (n=458)	Diff.	p-value	Mean Failure (n=458)	Mean Success (n=458)	Diff.	p-value	
No account blockage (AB)	0.262	0.324	-0.062**	0.011	0.258	0.269	-0.011	0.708	0.269	0.269	-0.011	0.708	81.832
AB 1-7 days	0.028	0.031	-0.003	0.753	0.028	0.026	0.002	0.840	0.026	0.026	0.002	0.840	20.515
AB 8-59 days	0.084	0.068	0.016	0.239	0.083	0.087	0.007	0.813	0.087	0.087	0.000	1.000	74.219
AB 60-120 days	0.054	0.063	-0.009	0.501	0.055	0.061	-0.007	0.672	0.061	0.061	-0.007	0.672	22.716
AB 121-365 days	0.210	0.195	0.015	0.473	0.212	0.212	0.000	1.000	0.212	0.212	0.000	1.000	100.000
AB 366-730 days	0.145	0.127	0.019	0.299	0.146	0.144	0.002	0.925	0.144	0.144	0.002	0.925	88.545
AB 731-1095 days	0.082	0.080	0.002	0.894	0.083	0.083	0.000	1.000	0.083	0.083	0.000	1.000	100.000
AB 1096-1460 days	0.050	0.049	0.000	0.969	0.050	0.046	0.004	0.758	0.046	0.046	0.004	0.758	-889.648
AB 1461+ days	0.084	0.063	0.021	0.112	0.085	0.072	0.013	0.462	0.072	0.072	0.013	0.462	39.906
Last blockage duration	438.788	381.750	57.038*	0.063	442.546	409.520	33.026	0.407	409.520	409.520	33.026	0.407	42.681
Log sales (t-1)	12.959	13.188	-0.229	0.303	12.943	12.913	0.030	0.921	12.913	12.913	0.030	0.921	87.644
Log sales (t-2)	13.629	13.577	0.052	0.802	13.617	13.705	-0.088	0.727	13.705	13.705	-0.088	0.727	-74.188
Log sales (t-3)	13.762	13.750	0.012	0.955	13.751	13.849	-0.098	0.695	13.849	13.849	-0.098	0.695	-773.187
IHS profits (t-1)	-0.629	-0.369	-0.260***	0.002	-0.630	-0.591	-0.039	0.730	-0.591	-0.591	-0.039	0.730	85.478
IHS profits (t-2)	-0.374	-0.140	-0.234***	0.004	-0.386	-0.334	-0.052	0.620	-0.334	-0.334	-0.052	0.620	77.970
IHS profits (t-3)	-0.174	0.038	-0.211***	0.006	-0.186	-0.125	-0.061	0.543	-0.125	-0.125	-0.061	0.543	71.373
Log employment (t-1)	1.785	1.765	0.020	0.802	1.780	1.697	0.083	0.404	1.697	1.697	0.083	0.404	-320.599
Log employment (t-2)	1.947	1.931	0.016	0.840	1.942	1.901	0.041	0.687	1.901	1.901	0.041	0.687	-153.037
Log employment (t-3)	2.020	2.045	-0.026	0.754	2.013	1.966	0.047	0.646	1.966	1.966	0.047	0.646	-86.826
Log total debt (t-1)	15.300	15.134	0.165	0.123	15.296	15.179	0.117	0.385	15.179	15.179	0.117	0.385	28.898
Log total assets (t-1)	15.162	15.092	0.069	0.555	15.161	15.045	0.117	0.443	15.045	15.045	0.117	0.443	-67.218

Table A5: Balancing property: before and after matching (*continued*)

	Before			Matching			After			Matching			
	Mean Failure (n=462)	Mean Success (n=1572)	Diff.	Mean Success (n=1572)	Mean Failure (n=458)	Diff.	Mean Success (n=458)	Mean Failure (n=458)	Diff.	p-value	Mean Success (n=458)	p-value	St.Bias Reduction
Log fixed assets (t-1)	12.546	12.903	-0.357	12.903	12.540	0.158	12.347	12.347	0.192	0.567	48.167	0.567	48.167
Debt ratio (t-1)	1.381	1.285	0.096*	1.285	1.375	0.084	1.415	1.415	-0.040	0.594	60.543	0.594	60.543
Debt ratio (t-2)	1.172	1.113	0.059	1.113	1.168	0.204	1.178	1.178	-0.010	0.866	83.058	0.866	83.058
Debt ratio (t-3)	1.046	1.029	0.017	1.029	1.043	0.681	1.049	1.049	-0.005	0.917	67.652	0.917	67.652
Liquidity ratio (t-1)	0.625	0.566	0.059*	0.566	0.624	0.002	0.642	0.642	-0.017	0.489	71.067	0.489	71.067
Public contract (t-1)	0.056	0.054	0.003	0.054	0.055	0.834	0.052	0.052	0.002	0.883	12.011	0.883	12.011
Public contract (t-2)	0.050	0.051	-0.001	0.051	0.048	0.944	0.046	0.046	0.002	0.876	-175.650	0.876	-175.650
Public contract (t-3)	0.045	0.045	0.001	0.045	0.044	0.960	0.046	0.046	-0.002	0.873	-301.339	0.873	-301.339
Share of public sales (t-1)	0.019	0.012	0.007	0.012	0.019	0.144	0.016	0.016	0.003	0.633	54.963	0.633	54.963
Exporter dummy (t-1)	0.154	0.171	-0.017	0.171	0.153	0.386	0.151	0.151	0.002	0.927	86.887	0.927	86.887
Exporting share (t-1)	0.042	0.040	0.001	0.040	0.042	0.863	0.042	0.042	0.000	0.983	84.883	0.983	84.883
Z-Score (t-1)	-0.775	-0.439	-0.336*	-0.439	-0.780	0.058	-0.729	-0.729	-0.051	0.838	85.866	0.838	85.866
Distress Zone dummy	0.892	0.898	-0.006	0.898	0.891	0.721	0.889	0.889	0.002	0.916	62.851	0.916	62.851
Grey Zone dummy	0.076	0.066	0.010	0.066	0.076	0.454	0.079	0.079	-0.002	0.902	79.023	0.902	79.023
Safe Zone dummy	0.032	0.037	-0.004	0.037	0.033	0.668	0.033	0.033	0.000	1.000	100.000	1.000	100.000
Micro firm dummy	0.690	0.681	0.009	0.681	0.690	0.707	0.694	0.694	-0.004	0.886	52.609	0.886	52.609
Small firm dummy	0.188	0.221	-0.033	0.221	0.190	0.127	0.214	0.214	-0.024	0.366	27.043	0.366	27.043
Medium firm dummy	0.097	0.082	0.016	0.082	0.098	0.284	0.079	0.079	0.020	0.295	-24.961	0.295	-24.961
Large firm dummy	0.024	0.016	0.008	0.016	0.022	0.251	0.013	0.013	0.009	0.314	-16.153	0.314	-16.153
Firm age	12.818	13.248	-0.430	13.248	12.843	0.194	12.941	12.941	-0.098	0.814	77.229	0.814	77.229
Firm age squared	204.550	214.293	-9.743	214.293	205.092	0.281	206.915	206.915	-1.823	0.872	81.214	0.872	81.214

Table A5: Balancing property: before and after matching (*continued*)

	Before		Matching		After		Matching		Diff.	p-value	St.Bias
	Mean	Failure	Mean	Success	Mean	Failure	Mean	Success			
Agency Zagreb	0.457	(n=462)	0.373	(n=1572)	0.459	(n=458)	0.443	(n=458)	0.015	0.642	82.090
Agency Split	0.108		0.137		0.105		0.118		-0.013	0.529	52.982
Agency Rijeka	0.050		0.080		0.050		0.050		0.000	1.000	100.000
Agency Osijek	0.069		0.114		0.070		0.081		-0.011	0.532	73.666
Executive Agency Zagreb	0.316		0.296		0.317		0.308		0.009	0.776	56.603
Maj. voter Financ. Inst.	0.082		0.081		0.083		0.092		-0.009	0.640	-556.481
Maj. voter State and SOE	0.245		0.205		0.247		0.225		0.022	0.437	45.921
Maj. voter Suppliers	0.301		0.339		0.297		0.319		-0.022	0.475	42.238
Mixed majority	0.372		0.375		0.373		0.365		0.009	0.784	-214.330
Log HHI	8.072		8.140		8.077		8.115		-0.038	0.382	45.412
Log number of creditors	3.417		3.342		3.408		3.339		0.068	0.397	7.711
Secured creditor dummy	0.251		0.245		0.249		0.238		0.011	0.701	-93.817
Secured claims share	0.125		0.109		0.125		0.122		0.002	0.904	86.473

Table A6: OLS and matching results of bargaining failure on debtors' survival, revenue, profits and jobs

	Survive		Log Revenue		IHS Profits		Log Employees	
	Unmatched (1)	Matched (2)	Unmatched (3)	Matched (4)	Unmatched (5)	Matched (6)	Unmatched (7)	Matched (8)
Bargaining Failure	-0.234*** (0.018)	-0.229*** (0.026)						
Barg. Fail. x Time (t-2)			0.040 (0.154)	0.010 (0.183)	-0.017 (0.036)	0.017 (0.045)	0.042 (0.042)	-0.006 (0.049)
Barg. Fail. x Time (t-1)			-0.241 (0.214)	0.127 (0.259)	-0.046 (0.063)	0.037 (0.079)	0.046 (0.050)	0.037 (0.059)
Barg. Fail. x Time (t)			-0.996*** (0.253)	-0.733** (0.297)	-0.080 (0.088)	-0.081 (0.105)	-0.237*** (0.068)	-0.258*** (0.079)
Barg. Fail. x Time (t+1)			-3.179*** (0.318)	-3.013*** (0.361)	-0.275** (0.107)	-0.290** (0.127)	-0.641*** (0.087)	-0.648*** (0.097)
Barg. Fail. x Time (t+2)			-3.761*** (0.351)	-3.583*** (0.402)	-0.625*** (0.127)	-0.721*** (0.150)	-0.843*** (0.100)	-0.909*** (0.110)
Barg. Fail. x Time (t+3)			-3.632*** (0.391)	-3.662*** (0.445)	-0.623*** (0.137)	-0.756*** (0.159)	-0.906*** (0.111)	-0.957*** (0.123)
N	2043	916	12470	5359	12470	5359	12470	5359
Mean dep. var.	0.839	0.767	12.858	12.550	-0.011	-0.230	1.680	1.589
R ²	0.149	0.182	0.656	0.646	0.779	0.811	0.802	0.782
Adjusted R ²	0.142	0.167	0.433	0.371	0.636	0.665	0.673	0.613
Residual Std. Error	0.340	0.386	3.351	3.744	1.151	1.186	0.864	0.931

Notes: Significant at 1%***, 5%***, and 10%*. All models include control variables: year dummies, firm size (micro, small, medium and large firm), firm age and age squared, regional FINA in charge (Zagreb, Split, Osijek, Rijeka and Executive Agency in Zagreb), liquidity ratio and Z-Score in year prior to opening the PBS process, and the length of the last account blockage up to 30 days prior to opening the PBS process. Models 3-8 have clustered standard errors at debtor-level. Reference level in models 3-8 is Bargaining failure x Time (t-3). Time is defined as the year(s) since the year of opening the PBS procedure.

Table A7: OLS and matching results of bargaining failure on debtors' survival, revenue, profits and jobs: PBS procedures starting 2012-2014

	Survive		Log Revenue		IHS Profits		Log Employees	
	Unmatched (1)	Matched (2)	Unmatched (3)	Matched (4)	Unmatched (5)	Matched (6)	Unmatched (7)	Matched (8)
Bargaining Failure	-0.249*** (0.027)	-0.257*** (0.033)						
Barg. Fail. x Time (t-4)			-0.074 (0.196)	-0.045 (0.228)	-0.112** (0.044)	-0.029 (0.053)	-0.071 (0.057)	-0.024 (0.067)
Barg. Fail. x Time (t-3)			-0.009 (0.208)	0.257 (0.260)	-0.122* (0.064)	0.025 (0.077)	-0.093 (0.070)	0.002 (0.083)
Barg. Fail. x Time (t-2)			-0.002 (0.234)	0.314 (0.292)	-0.136* (0.078)	0.013 (0.100)	-0.055 (0.075)	0.045 (0.091)
Barg. Fail. x Time (t-1)			-0.185 (0.260)	0.410 (0.324)	-0.133 (0.097)	0.006 (0.122)	-0.062 (0.082)	0.077 (0.102)
Barg. Fail. x Time (t)			-1.188*** (0.316)	-0.936** (0.369)	-0.216* (0.129)	-0.095 (0.157)	-0.386*** (0.095)	-0.243** (0.114)
Barg. Fail. x Time (t+1)			-3.233*** (0.398)	-3.026*** (0.448)	-0.481*** (0.155)	-0.368** (0.183)	-0.860*** (0.110)	-0.751*** (0.126)
Barg. Fail. x Time (t+2)			-3.789*** (0.437)	-3.417*** (0.498)	-0.938*** (0.178)	-0.827*** (0.205)	-1.129*** (0.124)	-0.950*** (0.144)
Barg. Fail. x Time (t+3)			-3.949*** (0.518)	-3.539*** (0.606)	-0.934*** (0.189)	-0.806*** (0.218)	-1.170*** (0.139)	-0.998*** (0.162)
Barg. Fail. x Time (t+4)			-3.505*** (0.544)	-3.387*** (0.647)	-1.063*** (0.199)	-0.990*** (0.235)	-1.062*** (0.145)	-0.959*** (0.171)
Barg. Fail. x Time (t+5)			-3.375*** (0.575)	-3.077*** (0.676)	-1.020*** (0.217)	-0.986*** (0.252)	-1.002*** (0.157)	-0.861*** (0.183)
N	1550	680	13974	5856	13974	5856	13974	5856
R ²	0.156	0.230	0.587	0.587	0.682	0.747	0.739	0.714
Adjusted R ²	0.148	0.213	0.433	0.405	0.563	0.634	0.642	0.588
Residual Std. Error	0.434	0.424	3.276	3.656	1.309	1.271	0.946	0.995

Notes: Significant at 1%***, 5%** , and 10%*. All models include control variables: year dummies, firm size (micro, small, medium and large firm), firm age and age squared, regional FINA in charge (Zagreb, Split, Osijek, Rijeka and Executive Agency in Zagreb), liquidity ratio and Z-Score in year prior to opening the PBS process, and the length of the last account blockage up to 30 days prior to opening the PBS process. Models 3-8 have clustered standard errors at debtor-level. Reference level in models 3-8 is Bargaining failure x Time (t-5). Time is defined as the year(s) since the year of opening the PBS procedure.

Table A8: Heterogeneous effects of bargaining failure: firms 1-9 and 10 and more employees

Number of employees:	Survive		Log Revenue		IHS Profits		Log Employees	
	1-9 (1)	10+ (2)	1-9 (3)	10+ (4)	1-9 (5)	10+ (6)	1-9 (7)	10+ (8)
DiD Effect	-0.249*** (0.032)	-0.183*** (0.039)						
Barg. Fail. x Time (t-2)			-0.007 (0.269)	0.065 (0.166)	0.028 (0.052)	-0.023 (0.112)	0.089 (0.064)	-0.003 (0.095)
Barg. Fail. x Time (t-1)			-0.056 (0.372)	-0.046 (0.230)	0.060 (0.080)	-0.026 (0.186)	0.089 (0.075)	0.006 (0.113)
Barg. Fail. x Time (t)			-0.926** (0.435)	-0.721** (0.292)	0.047 (0.099)	-0.025 (0.278)	-0.069 (0.093)	-0.599*** (0.168)
Barg. Fail. x Time (t+1)			-3.160*** (0.517)	-2.731*** (0.425)	-0.032 (0.115)	-0.445 (0.312)	-0.253** (0.108)	-1.364*** (0.197)
Barg. Fail. x Time (t+2)			-3.856*** (0.561)	-3.359*** (0.503)	-0.376*** (0.141)	-0.766** (0.353)	-0.355*** (0.118)	-1.638*** (0.205)
Barg. Fail. x Time (t+3)			-3.643*** (0.631)	-3.388*** (0.584)	-0.410*** (0.150)	-0.763** (0.370)	-0.405*** (0.125)	-1.680*** (0.224)
<i>N</i>	636	286	3684	1749	3684	1749	3684	1749
R ²	0.178	0.194	0.573	0.620	0.837	0.777	0.560	0.759
Adjusted R ²	0.161	0.155	0.205	0.347	0.697	0.616	0.180	0.585
Residual Std. Error	0.403	0.326	4.421	2.551	0.886	1.741	0.815	1.072
F Statistic	10.394***	5.028***						

Notes: Significant at 1%***, 5%***, and 10%*. All models include control variables: year dummies, firm age and age squared, regional FINA in charge (Zagreb, Split, Osijek, Rijeka and Executive Agency in Zagreb), liquidity ratio and Z-Score in year prior to opening the PBS process, and the length of the last account blockage up to 30 days prior to opening the PBS process. Models 3-8 have clustered standard errors at debtor-level. Reference level in models 3-8 is Bargaining failure x Time (t-3). Time is defined as the year(s) since the year of opening the PBS procedure.

Table A9: Triple difference of bargaining failure with respect to vote majority on debtors' survival, performance and jobs

	Survive	Log Revenue	IHS Profits	Log Employees
	(1)	(2)	(3)	(4)
Barg. Fail.	-0.301*** (0.060)			
Barg. Fail. x Private Majority	0.144* (0.076)			
Barg. Fail. x Mixed Majority	0.030 (0.077)			
Barg. Fail. x Post		-1.877*** (0.507)	-0.493*** (0.148)	-0.554*** (0.149)
Barg. Fail. x Private Majority x Post		-1.044 (0.650)	-0.081 (0.230)	-0.125 (0.190)
Barg. Fail. x Mixed Majority x Post		-0.378 (0.611)	0.149 (0.253)	-0.096 (0.199)
<i>N</i>	916	5359	5359	5359
R ²	0.218	0.623	0.785	0.762
Adjusted R ²	0.200	0.331	0.619	0.577
Residual Std. Error	0.438	3.861	1.265	0.973
F Statistic	12.452***			

Notes: Significant at 1%***, 5%** , and 10%*. Reference category: State Majority. All models include control variables: firm size (micro, small, medium and large firm), firm age and age squared, regional FINA in charge (Zagreb, Split, Osijek, Rijeka and Executive Agency in Zagreb), liquidity ratio and Z-Score in year prior to opening the PBS process, and the length of the last account blockage up to 30 days prior to opening the PBS process. Models 2-4 have clustered standard errors at debtor-level.

Table A10: Unmatched and matched results of bargaining failure on suppliers' survival, revenue, profits and jobs

	Survive		Log Revenue		IHS Profits		Log Employees	
	Full (1)	Nested (2)	Full (3)	Nested (4)	Full (5)	Nested (6)	Full (7)	Nested (8)
Bargaining Failure	-0.023*** (0.008)	-0.012* (0.007)						
Barg. Fail. x Time (t-2)			0.161*** (0.058)	0.081 (0.051)	0.004 (0.010)	0.004 (0.012)	0.016 (0.015)	0.010 (0.015)
Barg. Fail. x Time (t-1)			0.052 (0.072)	-0.027 (0.062)	-0.006 (0.015)	0.008 (0.017)	0.001 (0.018)	-0.010 (0.017)
Barg. Fail. x Time (t)			0.051 (0.081)	-0.017 (0.069)	-0.005 (0.019)	-0.002 (0.021)	-0.013 (0.021)	-0.014 (0.020)
Barg. Fail. x Time (t+1)			-0.019 (0.089)	-0.075 (0.077)	0.001 (0.021)	-0.003 (0.024)	-0.019 (0.023)	-0.028 (0.023)
Barg. Fail. x Time (t+2)			-0.032 (0.091)	-0.088 (0.080)	-0.003 (0.023)	-0.002 (0.026)	-0.024 (0.024)	-0.028 (0.024)
Barg. Fail. x Time (t+3)			-0.100 (0.096)	-0.180** (0.083)	-0.008 (0.026)	-0.005 (0.029)	-0.023 (0.025)	-0.041* (0.025)
N	14397	9283	91485	59612	91485	59612	91485	59612
R ²	0.129	0.141	0.690	0.708	0.857	0.851	0.842	0.849
Adjusted R ²	0.122	0.130	0.631	0.653	0.830	0.823	0.812	0.821
Residual Std. Error	0.344	0.326	1.983	1.868	0.484	0.558	0.522	0.541
F Statistic	18.129***	13.184***						

Notes: Significant at 1%***, 5%***, and 10%*. All models include supplier-level control variables: NACE 2-digit sector fixed effects, county fixed effects, year fixed effects, firm age and age squared, Altman Z-Score, liquidity ratio and liquidity shock in year prior to opening the PBS process. Models 3-8 have clustered standard errors at supplier-level. Reference level in models 3-8 is Bargaining failure x Time (t-3). Time is defined as the year(s) since the year of opening the PBS procedure.

Table A11: Heterogeneous effects of bargaining failure: suppliers up to 9 employees and above 9 employees

Number of employees:	Survive		Log Revenue		IHS Profits		Log Employees	
	1-9 (1)	10+ (2)	1-9 (3)	10+ (4)	1-9 (5)	10+ (6)	1-9 (7)	10+ (8)
Bargaining Failure	-0.029*** (0.009)	0.003 (0.010)						
Barg. Fail. x Time (t-2)			0.058 (0.066)	0.105 (0.066)	0.002 (0.011)	0.007 (0.027)	-0.005 (0.017)	0.028 (0.025)
Barg. Fail. x Time (t-1)			-0.061 (0.084)	0.008 (0.067)	0.005 (0.015)	0.011 (0.038)	-0.034* (0.020)	0.016 (0.027)
Barg. Fail. x Time (t)			-0.040 (0.093)	-0.005 (0.074)	-0.014 (0.018)	0.020 (0.048)	-0.035 (0.023)	0.018 (0.036)
Barg. Fail. x Time (t+1)			-0.124 (0.104)	-0.007 (0.090)	-0.017 (0.020)	0.025 (0.055)	-0.039 (0.025)	-0.009 (0.042)
Barg. Fail. x Time (t+2)			-0.150 (0.107)	-0.004 (0.097)	-0.021 (0.022)	0.033 (0.059)	-0.040 (0.026)	-0.0003 (0.045)
Barg. Fail. x Time (t+3)			-0.257** (0.109)	-0.046 (0.111)	-0.026 (0.024)	0.029 (0.066)	-0.041 (0.027)	-0.035 (0.046)
<i>N</i>	6410	2873	40464	19148	40464	19148	40464	19148
R ²	0.136	0.138	0.659	0.605	0.876	0.830	0.679	0.741
Adjusted R ²	0.121	0.107	0.592	0.530	0.851	0.798	0.616	0.692
Residual Std. Error	0.350	0.268	2.051	1.391	0.373	0.818	0.490	0.624
F Statistic	9.352***	4.408***						

Notes: Significant at 1%***, 5%**, and 10%*. All models include supplier-level control variables: NACE 2-digit sector fixed effects, county fixed effects, year fixed effects, firm age and age squared, Altman Z-Score, liquidity ratio and liquidity shock in year prior to opening the PBS process. Models 3-8 have clustered standard errors at supplier-level. Reference level in models 3-8 is Bargaining failure x Time (t-3). Time is defined as the year(s) since the year of opening the PBS procedure.