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Firm-Driven Backlash against International Organizations

When Does Corporate Preference Divide?

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이 논문을 외교학석사 학위논문으로 제출함

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Abstract

When do International Organizations (IOs) face significant opposition, and when do they not? Previous studies have identified various factors that may influence backlash against IOs, including institutional designs, state motivation and recently rising populism. While companies are one of the primary economic actors significantly affected by IOs, little is known about firms' reactions and positions toward IOs. With a special focus on the distributional consequences of IOs to firms, including enhanced levels of domestic regulation and rising production costs, I aim to uncover the foundations of compliance and backlash toward IOs. This research will examine how the distributional consequences of IOs are linked to firms' varying capacity to deal with changes, divided preferences, and political choices. By employing macro and micro-analysis using quantitative cases from World Bank compliance data, originally collected debarment dataset, firm-targeted survey experiment and interviews, I argue that highly productive firms are more likely to support IOs, while non-productive firms may be the main source of pushback against IOs.

Keywords : Backlash to International Organization, New-New Trade Theory, Compliance, Regulatory Capture

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1 Introduction

1.1 Puzzles for the Backlash to International Organizations

In April 2023, the incoming president of the World Bank, Ajay Banga, faced a protest by 100 individuals riding bikes, demanding that the Bank cease financing fossil fuel-related projects.[1] In 2022, the Democratic Republic of Congo experienced severe anti-United Nations (UN) protests, resulting in the deaths of 36 people, including four peacekeepers.[2] During the same year, thousands of Argentinians gathered in the center of Buenos Aires to protest against paying the International Monetary Fund (IMF).[3] The recently heightened global skepticism toward International Organizations (IOs) has prompted political scientists to initiate a reexamination of the sources behind the backlash against IOs. The resurgence of trade protectionism and global failures in dealing with Covid-19 has also invited discussion on when the IOs encounter cooperation and when they face a strong backlash from the member states. Effectively promoting collective actions on the international stage and understanding the motivation for complying with the international order have been heavily discussed throughout the field of International Relations (IR). While both traditional and recent concerns regarding the backlash to the global order have posited important

[1] Kenny Stancil (2023.4.11) "'Time for a Fresh Start': Bike Protest Urges World Bank to Stop Funding Fossil Fuels" *Common Dreams.* Available at https://www.commondreams.org/news/bike-protest-world-bank-fossil-fuel-financing (Accessed: 2023.5.31)

[2] Nimi Princewill (2022.8.8) "UN soldiers have come under attack in the DRC from locals who want them out. Here's why" *CNN.* Available at https://edition.cnn.com/2022/08/04/africa/drc-anti-un-protest-explainer-intl/index.html (Accessed: 2023.5.31)

[3] Miguel Lo Bianco and Horacio Soria (2022.2.9) "'No to the IMF': thousands protest in Argentina against debt deal" *Reuters.* Available at https://www.reuters.com/business/no-imf-thousands-protest-argentina-against-debt-deal-2022-02-09/ (Accessed: 2023.5.31)

sources and actors for compliance toward IOs, there are certain limitations to elucidating IOs' impacts on and reactions from the businesses, as well as the patterns found in the trend of backlash against IOs.

Scholars with state-centric perspectives have argued that assuming a state as the rational actor, non-compliance with IOs arises from the limitations of institutional designs to prevent free-riding behaviors. Under the compliant-friendly state assumption, they focus on the IOs' management capacity or the presence of corruption among IOs, which can contribute to backlash from the member states (Heinzel and Liese 2021; Honig 2020; Vreeland 2019). On the other hand, the assumption that states are inherently non-cooperative suggests that non-compliance is driven by the absence of sufficient punishment mechanisms. According to this explanation, the lack of punishment can occur not only due to the rules of IOs but can also be influenced by political and relative factors among the member states (Stone 2011; Watkins 2022; Wright 2008). However, these state-centric views, which assume (non)complying actors as having homogeneous interests, underestimate the influence of divisive domestic cleavages that IOs can create. With the emergence of winning and losing groups resulting from IO activities, the power dynamics and competitions between these groups within member states can be an important source of backlash to IOs (Chaudoin 2014, 2016).

While the recent discourse on the backlash to the liberal international order focuses on the impacts of globalization on the domestic actors, it often selectively looks at the impact of trade and fails to address the relations between the broader distributional consequences brought about by general international institutions and the subsequent responses that lead to signifi-

cant decreases in support for IOs (Tingley and Tomz 2022). The discussion, which centers on the emerging populists as a reflection of the continuously accumulated losers of globalization and attributes IOs' backlash to their rise, contradicts the patterns found from this paper's event data analysis (Broz, Frieden and Weymouth 2021; Lake, Martin and Risse 2021). The most severe backlash against IOs does not necessarily coincide with the rise of populist leaders and the anti-globalization sentiment, which is puzzling. Furthermore, existing explanations for the decreasing support for IOs focus on affected groups and individuals from an aggregated perspective but surprisingly overlook the role of business actors, who can be heavily affected by the rules of IOs, in shaping cooperation and backlash toward IOs.

1.2 Divided Preferences toward IOs due to Productivity Gaps

IPE scholars have provided useful insights to investigate states' motivations for participating in global economic policies through the concept of "Distributional politics. (Milner 1997)" By focusing on the strategic competition between domestic preferences, scholars have elucidated various decisions of states regarding trade, Foreign Direct Investment (FDI), or participation in IOs. In this article, I draw attention to the unfocused consideration of distributional consequences and politics of IOs, specifically the preferences of domestic firms toward the outcomes general IOs might bring about during their interactions with member states. Particularly, IOs can trigger two major changes in member states: regulation enhancement and raising labor demands. Strengthening global standards for better communication between member states, the rule-setting process often functions as an

external regulatory shock (Bach and Newman 2014; Drezner 2008; Mosley 2010). Even trade-related institutions designed to deter protectionism and discriminatory regulations have led to multiple standards that states might not have adopted if they were not part of the IOs. Moreover, a sudden surge in labor demands can be observed throughout the activities of IOs. Relying on collective funding and budgets from member states, IOs are sometimes designed for massive projects and political goals aimed at achieving common objectives such as poverty reduction, environmental solutions, and infrastructure development, which require a substantial workforce. Along with the increased labor demand generated by IOs, average production costs are expected to rise (Pandya 2014).

However, due to varying capacities in addressing these escalated production costs, I posit that firms encounter distinct relative costs related to the distributive consequences arising from IOs. In this paper, I focus on firm productivity as a representative capacity to manage sudden changes and increased fixed costs. Leveraging these advantageous positions, highly productive firms are noted for strategically enhancing regulatory barriers and fixed costs (Gulotty 2020; Kennard 2020; Perlman 2020*b*).

While production factors and industry have traditionally been the main drivers of dividing positions on global economic policies, in this theory, I argue that differences in firms' productivity can be the main force influencing states' decisions to comply with IOs. Thus, the backlash to IOs, defined as significant decreases in support for IOs (Walter 2021), can be forged from the business sectors and may vary among member states. In the theory, I expect that highly productive firms, which can easily adjust to regulatory enhancements and raised labor costs, are likely to support

IOs due to their advantageous status compared to non-competitive firms. Conversely, for firms with low productivity, I expect that IOs' actions might pose external threats to their business activities, making them more likely to oppose IOs.

Additionally, I have utilized various strategies to capture firms' preferences toward IOs, considering their nature to prefer quiet politics and the various sources available for mobilizing and communicating with politicians and even IOs directly. Throughout the research, I have incorporated multiple channels through which firms could exert influence on IOs. These include assessing the compliance of government politicians with the World Bank, analyzing debarment reporting data, and conducting direct preference inquiries through a firm-level experimental survey.

By investigating the non-compliance level of local politicians during World Bank projects, I discovered that a higher number of highly productive firms is associated with a decreased level of backlash toward the Bank. Conversely, a higher number of less productive firms is associated with an increased level of non-cooperation toward the Bank. This effect is more pronounced in non-Development Policy Finance (DPF) projects, where the Bank's influence on local business standards is more intense compared to DPF projects. In the debarment case dataset, where corruption during the Bank's projects is reported, states with a greater number of less productive firms led to fewer reports and cooperation in detecting corruption, resulting in a smaller number of debarment cases. During the firm-level survey, firms' preferences were divided based on productivity. When firms were informed about the distributional effects of IOs, including production cost increases and possible competition, the support for IOs was shown to be

higher among highly productive firms. However, the treatment effect (information on the distributional consequences of IOs) was negative among non-productive firms, indicating different preferences toward IOs.

1.3 Research Outline

This paper is divided into 6 chapters. Chapter 2 reviews the traditional and current theoretical discourse on backlash to IOs and globalization. Chapter 3 introduces the theory of heterogeneous preferences and reactions of firms toward IOs. Chapter 4 examines the macro evidence of firm backlash and cooperation with IOs. It focuses on the World Bank project compliance level and debarment case analysis using the newly collected dataset and supplements the research with interviews. Chapter 5 investigates the micro-foundations of firm backlash, focusing on different preferences after exposing text-book-like explanations on the distributional consequences of IOs. Through a high-level manager-targeted experimental survey, this chapter attempts to show the causal relations between the information that firms receive and their related reactions toward IOs. Chapter 6 briefly summarizes the contributions and raises further potential research questions regarding the findings.

2 Literature Review

2.1 State-based Approach on Compliance with IOs

Traditional explanations for cooperation with IOs maintain the state-centered perspective. This section will introduce the discourse on the motivations of states for joining and complying with IOs, and review the literature that focuses on the states' compliance and institutional design, assuming states as the primary unit of analysis. In this section, I will first concentrate on the research of the state-centered view, which also emphasizes the designs of IOs to draw, manage, or enforce states' cooperative participation in IOs and its limits of explanation.

Assuming states as the main actors in IOs, the dominant view in the literature on joining and complying with IOs describes states' choices as rational. IR scholars, including institutionalists, argue that IOs serve as instruments to encourage countries that might otherwise be reluctant to cooperate in achieving common public goods. According to this viewpoint, IOs originated as agreements between sovereign nations, in which entities voluntarily relinquished some of their sovereignty in pursuit of specific purposes, such as addressing issues related to information asymmetry or reducing costs (Keohane 2005).[4] Especially, in a 'tragedy of the commons' environment, where individual states' actions are insignificant and there are many incentives to free-ride, IOs can play a vital role in providing essential information and coordination to facilitate collective action. Thus, cooperation toward IOs can be primarily influenced by how IOs reflect the benefits of member states, establish a payoff structure, and develop pre-

[4]The concept of sovereignty and the level of engagement of IOs have changed over time and in different contexts (Barkin and Cronin 1994; Krasner 2004)

vention mechanisms to deter member states from free-riding. One notable example of state efforts can be observed in the functioning of the IMF. During periods when the debt of less developed countries surged, the IMF played a vital role in monitoring and offering credible information, thus preventing defaults by these countries that may have resulted from the absence of comprehensive sovereignty (Lipson 1981).[5]

Assuming homogeneous interests among states, traditional IR scholars have introduced key mechanisms by which states endeavor to ensure the sustainability of IOs. These mechanisms include concepts such as *repeat play* and *issue linkage* (Mikulaschek 2018; Tomz 2012). Firstly, states can evaluate the actions of other states through the establishment of rules that address member states' concerns for the future, often referred to as the 'shadow of the future' (Axelrod and Keohane 1985). IOs also frequently facilitate the linking of unrelated issues to promote cooperation among states. Davis (2004) highlighted that countries facing strong domestic agricultural opposition to liberalization could succeed in opening up for trade by leveraging issue linkages with other industries within international institutions. Sometimes, they even employ the institutional tactic of issue linkage to pursue specific state interests in the absence of a clear common goal. Martin (1992) asserts that during the Falkland Islands conflict, Britain utilized the institutional framework of the European Economic Community (EEC) to exert pressure on other member states, coercing them into imposing sanctions on Argentina, despite the potential domestic repercussions that

[5]However, states are also using international institutions to form coalitions with geopolitically like-minded states and to raise the entry bar. This aspect, which involves creating coalitions, is an overlooked feature in the cooperation-focused explanation (Davis 2023; Davis and Wilf 2017)

would harm their own interests. With this understanding, the literature often focuses on the designs of IOs that can create challenges in establishing a cooperative environment among states. Yet, this perspective varies depending on the different focus and assumptions of the states.

IO's Limited Design for Managing Cooperative States

When it comes to explaining non-compliance, scholars with a state-centered perspective often concentrate on the institutional designs or the institutional context that fails to guarantee secure commitments from rational states. The following sections will compare different explanations of non-compliance with IOs based on various assumptions.

Firstly, for those who assume that states are inclined to comply, this managerial perspective views instances of non-compliance as 'outliers' (Johns 2022). It explains noncompliance by highlighting states' lack of capacity to abide by the rules and the limitations of IOs in providing adequate assistance or the absence of initial agreement during IO formation. States cannot cooperate with IOs because states lack the capacity to comply or due to unfair decision-making procedures within IOs.

In this line of research, scholars have focused on developing improved procedures and circumstances to facilitate compliance with IOs. With an emphasis on the competence and experience of agents, Honig (2020) and Heinzel (2022) argue that IO staff members assist member states in aligning their policies with sector-specific and country-specific knowledge and experiences. According to Heinzel and Liese (2021), rigorous supervision and expertise from the staff can foster a cooperative approach from member states. The staff's provision of information enhances the states' capacity

to cooperate or raises the costs of non-compliance, thereby strengthening what is known as the 'adversarial model' (Heinzel and Liese 2021).

States generally have the intention to comply with IOs, but under relaxed assumptions, they may choose to disobey international institutions and advocate for more flexible rules when faced with emergent situations.[6] Some argue that non-compliance with IOs or resistance to joining them can occur when there is a lack of escape clause systems within the IOs. Rosendorff and Milner (2001) argue that in issue areas characterized by a high degree of domestic uncertainty, states are more likely to join more flexible institutions. One prominent example of an escape clause is the dispute settlement procedure of the World Trade Organization (WTO), which enhances flexibility and prevents non-compliance in the long term (Rosendorff 2005).

The corrupt behavior of IOs can create a managerial crisis that invites non-compliance with IOs. The failure to address corruption among member states is a commonly identified issue in various literature across multiple institutions and can ultimately lead to a legitimacy crisis (Vreeland 2019). These cases involve the discriminatory distribution of loan disbursement and conditions within the IMF (Dreher et al. 2014; Dreher and Jensen 2007; Stone 2008), World Bank (Clark and Dolan 2021; Kersting and Kilby 2016; Lipscy 2017), and instances of vote buying within the UN (Dreher, Nunnenkamp and Thiele 2008; Vreeland and Dreher 2014).

[6]Referred to as the *flexibility perspective* in Johns (2022)' categorization.

Lack of Strong Punishment and Escaping States

To enhance the credibility and effectiveness of commitments, IOs should increase the costs associated with noncompliance as a means of punishment. This perspective aligns with *the enforcement* viewpoint, which emphasizes the inadequate capacity to properly punish states. Based on *the enforcement perspective*, states do not comply with IOs in the absence of adequate punishment for noncompliance. According to this view, IOs member states may consider two types of punishment for violation – direct retaliation and reputation crisis in indirect ways – when deciding whether to cooperate or not with IOs. IOs can retaliate against non-compliance member states by stopping support. However, the degree of punishment might vary by recipient characteristics. For example, according to power politics theory, strategically important member states may face softer punishment upon violation. This suggests that compliance can occur more frequently among strategically unimportant states, which may be more vulnerable to the punishment of non-compliance. On the other hand, strategically important states may be freer to express their complaints and dissents given that they are more immune to future punishment, such as the termination of aid disbursement or the application of stricter aid conditions (Stone 2011).[7]

Sometimes, the severity of punishment is not solely determined by the nature of the punishment, but is also influenced by the level of dependency on IOs. These alternative options provide states with a wider range of choices, consequently diminishing the effectiveness of punishments and their willingness to comply with existing rules. Many states strategically

[7] A similar mechanism is shown in Börzel et al. (2010)'s research, which indicates that strong member states more frequently violate European Law than other small member states.

choose to seek better treatment from IOs, a concept that can be elucidated through the literature on *forum shopping* (Busch 2007). To obtain more favorable or advantageous treatment, states compare the advantages and disadvantages of complying with specific IOs. For example, the advent of Chinese-led international institutions may explain the rising global backlash against IOs. Watkins (2022) finds that having Chinese development assistance triggers non-compliance with the World Bank project.[8] Likewise, states with more natural resources are less likely to comply with IOs' rules (Girod and Tobin 2016). Member states are less likely to fear IOs' retaliation and the cessation of foreign aid when they have access to these alternative options.

In addition, the cost of non-compliance may differ based on member states' regime stability as this may affect how the states perceive the trade-off between short-term defection and long-term cooperation with IOs. For example, authoritarian regimes with weak regime stability may violate IOs rules and use the fund to engage in repression and increase regime stability since short-term gains from defection are high (Wright 2008).[9] On the other hand, a leader in a stable regime can afford to engage in compliance as their short-term gains will be valued less.

In addition to material-based retaliation from IOs, member states may also suffer indirect costs of reputation damage from non-compliance. The naming and shaming literature predicts that states are more likely to abide

[8]With the quantitative project-level analysis, his illustrative case of Uganda shows that Uganda's cooperation with international financial aid rapidly declines after the engagement of loans with China.

[9]This "domestic position and compliance" mechanism is also found in bilateral relations. Boutton (2014) found that states facing interstate rivalry used up US foreign aid to arm against their foe than spent for counter-terrorism. It indicates that compliance is shaped by more urgent domestic issues.

by the rule of IOs when they need to build a good reputation (Hafner-Burton 2008; Lebovic and Voeten 2009). This is because non-compliance can impair state images as the global norm supporters (Tomz 2012). Girod and Tobin (2016) argue that countries that rely on FDI care about compliance with World Bank rules because it can serve as a positive signal that helps attract investors.

However, in the context of IOs, state-centric explanations have given limited attention to the issue of domestic accountability. This oversight is puzzling considering the significant role domestic audience costs can play in punishing politicians who prioritize regime stability (Mansfield, Milner and Rosendorff 2002; Tomz 2007). Politicians strive to maximize their electoral gains by carefully balancing the opinions of domestic constituents who may either support or oppose compliance. Furthermore, IOs themselves sometimes deliberately mobilize pro- and anti-compliance groups to facilitate states' adherence to their mandates (Chaudoin 2014, 2016, forthcoming; Morse and Pratt 2022).[10] IOs, like many global economic policies, can bring about significant shifts within recipient countries, leading to substantial distributional consequences. Therefore, in order to explain the compliance or non-compliance of IO member states, it is crucial to consider the distributional effects that IOs may introduce to recipient countries. Politicians in recipient countries will seek to avoid domestic punishment by incorporating the opinions of both pro- and anti-compliance groups.

[10]Rickard (2010) and Tomz (2002) also examine the distributive consequences of IOs, which can create winners and losers among voters. For example, an agreement with the WTO may benefit consumers and thus make them a pro-compliance group, while domestic producers may oppose such agreements due to anti-subsidy policies.

2.2 Backlash to IOs and Elite-Individual Gaps

The emergence of Trumpism and its attempts to withdraw from IOs, as well as Britain's exit from the EU, along with strong public opposition to globalization, including free movement and free trade, has refocused attention on compliance with IOs in the field of International Relations. This renewed focus is evident in the special issue of the *International Organization* journal (Lake, Martin and Risse 2021). Given that these efforts are predominantly observed in Western industrialized countries, accompanied by substantial support for right-wing populist politicians among citizens, the current discourse aims to identify the sources of anti-globalization and anti-IO sentiments, from the general public to political entrepreneurs. Moreover, this discourse seeks to examine the role of structural victims of globalization in shaping such sentiments. I will provide a concise overview of the current explanations focusing on the backlash against IOs and highlight the gaps that need to be addressed in order to better understand compliance with IOs.

Top-down Delivered IO Backlash

According to one viewpoint, opposition to IOs can stem from political entrepreneurs who have attempted to use popular aversion to their political purpose even though the role of IOs is important to their country's interests (Carnegie, Clark and Kaya 2022). Thus, politicians and populists can intentionally fabricate images of IOs for use in their political rhetoric (Brutger and Clark 2022; Copelovitch and Pevehouse 2019; De Vries, Hobolt and Walter 2021; Voeten 2020).

These studies have focused on the role of political entrepreneurs who spearhead the discourse on anti-globalization sentiments. Former President Trump, for example, actively employed this strategy, and many leaders are now hesitant to commit to IOs. Consequently, many scholars attribute the current backlash to politicians who, based on nationalism and populism, criticize the IOs as being elitist-controlled. However, there are two limitations to this explanation.

First, it is necessary to distinguish between rhetoric (cheap talk) and the actual actions of politicians. Politicians often publicly criticize IOs while secretly seeking benefits from them. Carnegie, Clark and Kaya (2022) have revealed that politicians, despite criticizing IOs to obtain foreign aid, covertly participate and cooperate with them. This casts doubt on the actual alignment between politicians' rhetoric and their states' behaviors.

Furthermore, it is challenging to characterize the backlash against IOs as an unprecedented phenomenon or solely driven by the rise of populist politicians. When examining event data from ICEWS (Integrated Crisis Early Warning System) in Figure 1, major IOs such as the UN, World Bank, and IMF show a decrease in criticism or public denouncement compared to previous periods. While the World Health Organization faced severe criticism from the international community for its handling of the Covid-19 pandemic, other IOs have experienced relatively mild criticism or backlash from international actors in recent times.[11] The literature that links the backlash against IOs to the newly emerging far-right populist or nationalist sentiment fails to explain the observed pattern in the event data.

[11]These backlashes include appeals for change in leadership (-0.3), investigations (-2.0), criticism or denouncement (-2.0), violent protests or riots (-7.5), and the use of conventional military force (-10.0).

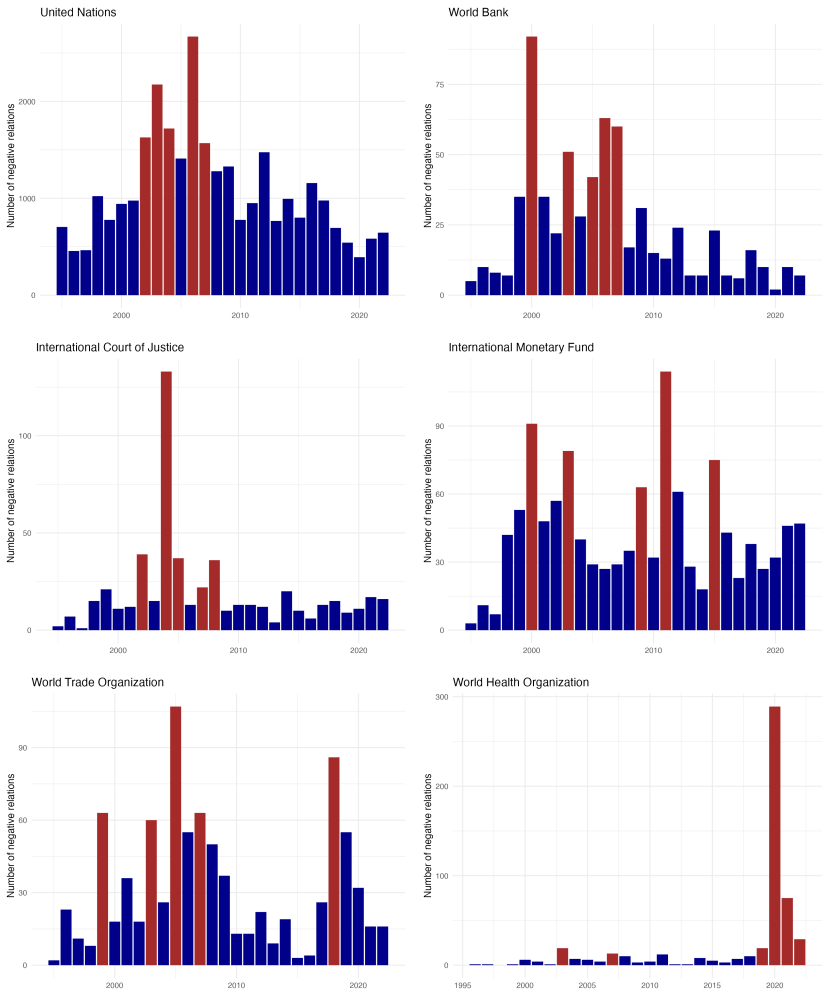
Therefore, instead of solely focusing on the current situation and the perceived shift in the atmosphere, it would be wise to analyze the actors directly affected by IOs, as they play a crucial role in generating both positive and negative consequences for states.

Backlash Arises from Bottom-Up Anti-IO sentiment

Another emphasizes the bottom-up approach, highlighting the significance of individual perspectives in fostering cooperative attitudes toward IOs and global collaboration. According to this point of view, public opinion reflects people's interests and values, and their choices can be portrayed as opposition to or involvement in IOs. Tingley and Tomz (2022), for example, contends that public opinion cares about being shamed by other countries, and, as a result, attempts to circumvent criticism by adhering to international regime rules. Among various preferences of the public, one of the key preferences examined is their economic preferences, which are considered a major driving force behind their decision to comply or not with the IOs' rules and instructions. According to this explanation, certain groups that those negatively impacted by IOs are more likely to oppose them. Broz, Frieden and Weymouth (2021) demonstrates that towns with a serious fall in manufacturing sectors have strong support for populist leaders who have vocally opposed global cooperation. Individuals also may choose their level of compliance with the transnational initiative — global climate agreement — based on the sector they are employed in (Bechtel, Genovese and Scheve 2019).

In the context of the recent backlash against IOs, scholars in International Political Economy (IPE) and IO studies particularly examine the cu-

Figure 1. Trend of Backlash to IOs



Note: The red bars indicate the top 5 years with the highest incidence of backlash events. I utilized the ICEWS dataset to capture worldwide backlash toward representative IOs. ICEWS is a dataset coded using automatic algorithms that collect political events news. It has been widely used in research to measure the number and intensity of political events (Peterson and Zeng 2021; Tucker 2023; Zeng 2021). Event intensity is measured on a scale of -10 to 10 points based on the CAMEO event Goldstein scores. In this graph, I captured events indicating states' negative reactions toward IOs and calculated the total number of negative events toward IOs by year (-0 to -10 points of events). From 1995 to 2022, the UN, IMF, WTO, World Bank, WHO, and ICJ experienced 27,913, 1,080, 884, 623, 531, and 517 backlash cases, respectively.

mulative impact of globalization and the role of representatives of citizens. The focus of attention has been on the backlash mainly coming from industrialized Western countries. This recent emphasis on the backlash against globalization is often interpreted as a signal of dissatisfaction with the current liberal international order (LIO). However, it remains unclear whether people's attitudes are actually changing. Recent reviews of public opinion suggest that it is difficult to conclude that public support has dramatically declined (Brutger and Clark 2022; Walter 2021). There are diverse opinions regarding the interpretation of public surveys and attitudes, and no definitive interpretation exists.

Nevertheless, the discussion of economic cleavages that can affect support for IOs fails to address the observation that economic cleavages can be discerned at the firm level through company characteristics. Based on trade economics, the new-new trade theory revealed that the heterogeneous productivity of firms might result in different preferences for global economic policy (Melitz 2003). Adopting this literature in political science, scholars have discovered that highly productive firms have distinct policy preferences when compared to relatively low-productive firms. This phenomenon can even be observed within industries that were assumed to have homogeneous preferences (Çınar and Gulotty 2022; Gulotty 2020; Kim and Osgood 2019; Osgood et al. 2017).

From the various regulations generated by IOs to massive projects that can affect domestic labor demands and production costs, IOs have significantly influenced their member states, leading to a division between winning and losing firms in the adoption of new business environments. Given the substantial effects on corporations, firm-level reactions cannot

be overlooked alongside states' participation in IOs. This research seeks to bridge the gap between the distributional outcomes of international institutions and the distinct political preferences of both highly productive and low-productive firms.

3 Heterogenous Preferences toward IOs Driven by Firm Productivity

Many IPE scholars have used the perspective of "Distributional politics" originating from Rogowski (1990) and Gourevitch (1986) to explain the support for and opposition to global economic policies. In particular, Milner (1997), using three driving forces of global politics: *interests, institutions,* and *information*, argues that the structure of domestic preferences holds a key to understanding the level of cooperation with global economic policies. Contrary to interests that remain constant, such as the desire for financial gain and winning reelection, it is crucial to distinguish between the policy preferences of each political actor, as these preferences can be modified based on adjusted policies (Milner 1997). These preferences can fluctuate based on their personal and professional circumstances. Various factors, including social class (in accordance with the Stolper Samuelson theorem), industry (as outlined in the Ricardo Viner model), occupation, and even specific features of employers (Hiscox 2002; Lee and Liou 2022; Owen and Johnston 2017; Rogowski 1987; Scheve and Slaughter 2001), can all be utilized to analyze individual choices regarding cooperation with global economic policies.

With this perspective, it becomes important to pay attention to the distributional consequences of IOs and understand how different actors in recipient countries react to these external shocks. Surprisingly, despite the strong impact of IOs on firms and business actors, particularly in terms of business regulations and their distributional consequences, few studies explore the role of corporate actors as drivers of backlash or cooperation

toward IOs, with only a few exceptions. Bunte (2019)'s research acknowledges the lack of studies on the outcomes and reactions of recipient countries toward international finance, highlighting how the distributional consequences of loans and aid can influence the companies in developing countries in choosing their preferred counterparts.

In this section, I will introduce the theory that the major distributional consequences of IOs can trigger corporate-driven backlash or support for IOs. I will discuss the modified business environments introduced by IOs, the heterogeneity of preferences arising from the distributional consequences of IOs, and how IOs communicate their messages through various routes.

3.1 Enhanced Regulation Generated by IOs

As actors dealing with global problems, IOs function as rule-makers for various issues, often proposing solutions in the form of regulations. Although the official decisions of IOs have limited legal binding for individual states, these decisions frequently provoke and pressure member states to comply with the generated regulations, often leading to their adoption as domestic regulations. I argue that this shift in the regulatory environment can influence firm-level preferences toward IOs.

The extent of engagement with the private sector varies depending on the characteristics of IOs. Some IOs make direct efforts to exert control over corporate actors, as exemplified by the Commission and the Centre on Transnational Corporations, which were established by the decision of the Economic and Social Council (ECOSOC), as well as the UN Commission on Transnational Corporations. Furthermore, there are institutions

that are moderately linked to business actions, such as the International Labour Organization (ILO), which have proposed solutions with direct implications for business transactions and cost calculations (Weiss and Daws 2018). Numerous studies have examined the impact of IOs on the regulatory environment.

States have reported their adoption of new global regulations or regulatory agendas in the form of domestic policies, official ratification, and regulatory measures. For example, when the International Maritime Organization (IMO) amended the International Convention for the Prevention of Pollution from Ships (MARPOL) to extend greenhouse gas emission regulations, the Korean Ministry of Oceans and Fisheries responded by announcing the amendment of the Marine Environmental Management Act.[12] In 2022, the United States Secretary of Transportation emphasized that strengthening domestic environmental laws could position the US as a leader in addressing climate issues at the International Civil Aviation Organization (ICAO) meeting, where states established the goal of achieving net-zero aviation by 2050.[13] Additionally, the ILO Fundamental Conventions are exerting significant pressure on member states to ratify and implement domestic regulations. For instance, in 2022, China ratified both the Forced Labour Convention and the Abolition of Forced Labour Convention.[14]

[12]Sang Mi Oh (2022.10.31) "International Maritime Organization to Enforce Greenhouse Gas Regulations on Currently Operating Vessels Starting Next Year" *MT News.* Available at http://www.mtnews.net/m/view.php?idx=14756 (Accessed: 2023.5.30)

[13]Joo Young Lee (2022.10.1) "Biden Administration Pushes for Strengthened Regulation on Aircraft Carbon Emissions at ICAO Assembly" *Yonhap News.* Available at https://www.yna.co.kr/view/AKR20221001045400009 (Accessed: 2023.5.30)

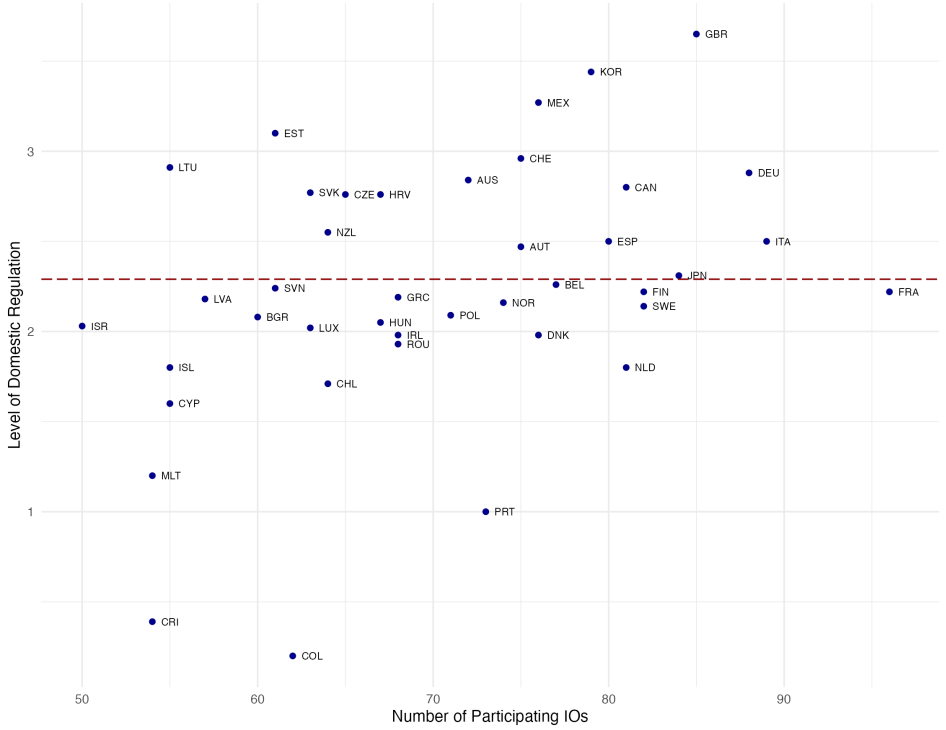
[14]ILO Newsroom (2022.8.12) "China ratifies the two ILO Fundamental Conventions on forced labour" *International Labour Organization.* Available at https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_853575/lang--en/index.htm (Accessed: 2023.5.30)

Contrary to conventional wisdom, known as the "race to the bottom" theory, domestic regulations respond to globalized interactions by tightening regulatory standards (Schneiberg and Bartley 2008). This contrasts with traditional expectations that the liberalization and expansion of international institutions could be a major force leading to a decline in regulation and regulatory laxity. Simmons (2001) emphasizes how IOs assist *dominant centers* – states holding a hegemonic position in a particular sector – in expanding their regulatory reforms. IOs can exert political pressure, provide technical assistance, and offer information to encourage the adoption of regulations and mitigate the negative externality of globalized regulation. In the global financial sector, global standard-setting bodies such as the Basel Committee on Banking Supervision (BCBS) or Financial Stability Forum (FSF) have mirrored the regulatory environment of major states where regulation is well-established and these bodies have enhanced the requirements for participating in global transactions (Drezner 2008; Helleiner and Pagliari 2011).

Sometimes, domestic regulators seek to minimize interference from domestic resistance and, as a result, turn to IOs to strengthen their domestic regulations. For instance, Bach and Newman (2014) provides an example where bureaucrats from member states participated in the IO of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS) to develop enhanced regulations that circumvent domestic barriers in the securities markets and insurance industry, respectively.

Even IOs that are well-known for pursuing deregulation, particularly trade-related institutions, can also have a significant influence in enhancing new regulations within their member states. The WTO has shifted the

Figure 2. Number of IO Memberships and Domestic Regulation Level



Note: The states listed include OECD member countries and selected non-OECD states for which the OECD has provided information. In order to assess the level of domestic regulation, the Indicators of Regulatory Policy and Governance (iREG)'s Regulatory Impact Assessment of Primary Laws was utilized. The count of IO membership was obtained from the international organization participation list in the CIA's World Factbook (Available at https://www.cia.gov/the-world-factbook/field/international-organization-participation/). The red dotted line in the graph represents the average level of domestic regulation in OECD countries.

boundaries between states and markets, and while opening markets might appear to eliminate regulations, it frequently results in the development of new forms of regulation (Shaffer 2015). In addition, it has established various agencies to advance its agenda and establish global standards. Examples of these initiatives include the Trade-Related Aspects of Intellectual Property Rights (TRIPS), Sanitary and Phytosanitary Measures (SPS Agree-

ment), and Technical Barriers to Trade (TBT) agreements. In cases where these standard-setting policies are not yet established, the involvement of IOs can result in an increase in regulations within the domestic legal systems of member states. The establishment of a domestic Intellectual Property (IP) Court in Russia serves as a representative case highlighting this phenomenon. Furthermore, the liberalization of service markets has also led to the enhancement of regulations, necessitating the implementation or modification of regulations to ensure a certain level of quality, including the enforcement of licensing, information transparency, and standard-setting regulations (Lim and De Meester 2014).

Not only formal and tangible regulations, but also customary practices can be adjusted to international standards through interactions with IOs. These interactions, involving IO staff and institutional processes, can provoke the diffusion of norms, particularly in IOs that directly engage with private actors from member states. For instance, in multilateral development organizations like the World Bank or the Asian Development Bank, businesses with contracts from these organizations must adhere to the institutions' own protocols. Their actions are closely monitored and controlled throughout the project, in accordance with internal regulations. For example, the World Bank enforces contracted firms to comply with the Environment and Social Standards (ESS2), which include the prohibition of child labor or forced labor, the guarantee of regular-paid income, and the implementation of pre-notice policies prior to contract termination for workers.[15] Such strict control and management through interactions with international

[15]For the World Bank's Safeguard Policies: Available at http://consultations.worldbank.org/consultation/review-and-update-world-bank-safeguard-policies (Accessed: 2023.5.31)

actors can enhance human rights standards and labor environments.

According to Mosley (2010), when foreign firms engaged in FDI have limited involvement or arm's length relationships with their headquarters, there is a tendency for labor rights to be undermined. However, when multinational corporations directly own and monitor production through their headquarters in the home countries, it is more likely to result in improved labor rights standards in the host countries, following the expectation of the 'climb to the top' argument. Additionally, these heightened standards are likely to spread to the supply chain partners and supplier firms in the member states (Malesky and Mosley 2018; Perlman 2020*a*). It is expected that the transactional relationships between member state firms and IOs will strengthen global labor standards not only for direct contractors but also for other actors within the states. Participating in international transactions with foreign actors is also recognized for its potential to enhance gender equality across business sectors (Kim and Trumbore 2010; Mosley and Uno 2007; Tang and Zhang 2021).

3.2 The Surge of Labor Demand by IOs

Multiple IOs can embark on large-scale projects to achieve their goals, often involving substantial budgets and opportunities for job creation. At times, these projects can generate external labor shocks, resulting in labor shortages and an increase in local labor wages. Due to the size of these projects, which are funded by multiple states and often exceed the capacity of member states to undertake them individually, they can require higher-than-usual levels of local labor. Information regarding IOs' massive budgets and labor demands can be easily obtained from their official reports and

agendas.

For example, the UNEP has announced ambitious flagship projects covering restoration sites worldwide, surpassing the land area of France. These projects are expected to generate over 15 million jobs in recipient regions, including the Sahel region in Africa, the Ganges River region, Kyrgyzstan, and Uganda.[16] The ILO has recently focused on addressing the unprecedented job losses caused by Covid-19 and has launched Global Accelerator projects with the aim of creating at least 400 million jobs.[17] IOs primarily designed to operate development projects and investments play a significant role in creating and influencing labor demands. According to Ianchovichina et al. (2013), the provision of high-quality basic infrastructure services, such as water supply and construction projects, has the potential to generate more than 2 million direct jobs annually in the Middle East and North Africa.

If IOs are closely involved in these types of projects, the demand for labor will be significantly higher, necessitating a substantial workforce. The World Bank, for instance, has provided diverse job opportunities for local workers through large-scale projects in transportation, energy, and infrastructure development.[18] The World Bank has anticipated a significant surge in labor demand for its projects and has prepared for the potential

[16]UNEP (2022.12.13) "UN recognizes 10 pioneering initiatives that are restoring the natural world" *United Nation Environment Programme*. Available at https://www.unep.org/news-and-stories/press-release/un-recognizes-10-pioneering-initiatives-are-restoring-natural-world (Accessed: 2023.5.31)

[17]ILO "The ILO and the Global Accelerator on Jobs and Social Protection for Just Transitions" *International Labour Organization*. Available at https://www.ilo.org/global/topics/sdg-2030/WCMS_846674/lang--en/index.htm (Accessed: 2023.5.31)

[18]Mumba Ngulube (2022.4.18) "How does infrastructure contribute to job creation?" *World Bank Blogs*. Available at https://blogs.worldbank.org/transport/how-does-infrastructure-contribute-job-creation (Accessed: 2023.5.31)

adverse impact resulting from an influx of induced labor.[19] They recognize that the required labor force for the project cannot be adequately supplied within the project province and acknowledge the necessity of hiring additional labor from other provinces. This not only alters the labor demands within the project province but also has the potential to impact labor demands in neighboring provinces. Some local actors, including local firms, may be severely affected by this externally generated labor demand and its outcomes, as observed in Malaysia where plantation operators faced a shortage of workers due to increased labor demand from Indonesia.[20] Considering the vulnerability of certain member states' industries and local firms to drastic labor changes, it is crucial to recognize that sudden shifts in labor equilibrium brought about by IOs can affect to firms related to labor demands.

When we apply the discourse of IPE to the consideration of sudden external labor demand, the impact of massive projects led by IOs on labor demand becomes more evident. One global economic policy that generates significant labor demand is the influx of foreign corporate actors through FDI decisions. Strong evidence demonstrates that FDI increases labor demand in host states, and this understanding can be applied to analyze the distributional effects of IOs-led projects. Economic and IPE literature has extensively discussed the spillover effect of FDI on local wage levels,

[19]Environmental and Social Safeguards Advisory Team (2016.12.1) "Managing the risks of adverse impacts on communities from temporary project induced labor influx" *World Bank*. Available at https://thedocs.worldbank.org/en/doc/497851495202591233-0290022017/original/ManagingRiskofAdverseimpactfromprojectlaborinflux.pdf (Accessed: 2023.5.31)

[20]Emily Chow (2017.4.7) "Malaysia palm planters face labor shortage as Indonesia workers stay away" *Reuters*. Available at https://www.reuters.com/article/us-malaysia-palmoil-labour-idUSKBN1790VO (Accessed: 2023.5.31)

which leads to higher wages for workers in industries and provinces, surpassing the effects of domestic investment in both developed and developing countries (Figlio and Blonigen 2000; Lipsey and Sjöholm 2004; Setzler and Tintelnot 2021). Multiple studies estimate a wage premium of 10 percent to 30 percent for unskilled workers, with an even higher demand for skilled workers (Pandya 2014). Predictions by Pinto (2013) build upon these explanations, suggesting that labor-based left parties and aligned coalitions are more likely to welcome FDI due to its impact on labor demand. Furthermore, micro-level surveys indicate that the group of workers who are expected to receive the highest compensation from FDI displays the highest preference for FDI (Pandya 2010). If massive projects led by IOs are implemented, typically involving large-scale infrastructure construction and multiple agendas, they would necessitate a significant number of job opportunities. As a result, there would be a substantial increase in labor demand, potentially leading to wage increases in the recipient states. IOs' activities can further augment labor demand, making it challenging for local firms to find suitable labor forces. Consequently, firms are expected to pay more for labor compared to the period before IOs initiated their projects and activities.

3.3 Heterogeneous Preferences by Firm Productivity

Studies in IPE have focused on examining the distributional effects of international economic policies and how they operate within a framework of winners and losers among various actors. These analyses often serve as the basic explanation for the establishment of free trade agreements, determinations of FDI, and regulations pertaining to exchange rates. The

divisions identified by scholars encompass a wide range, including disparities among social classes in terms of their access to means of production and differences among industries in terms of their trade advantages.

Contrary to common understanding, the application of the new-new trade theory to IPE has challenged the notion that preferences toward global economic policies are uniform within industries, particularly between exporting and non-exporting sectors.[21] This shift in perspective has revealed that preferences can be divided even within the same industry based on the level of firm productivity. Consequently, political scientists now acknowledge that highly productive firms hold distinct policy preferences compared to relatively low-productive companies operating within the same industry (Çınar and Gulotty 2022; Gulotty 2020; Kim and Osgood 2019; Osgood et al. 2017).

I argue that disparities in business productivity play a crucial role in determining the domestic attitudes toward changes introduced by IOs. Business actors are the primary stakeholders affected by the altered economic landscape. However, not all firms impacted by the distributional consequences of IOs will experience the same outcomes in terms of their business operations. Varying capabilities exist in dealing with increased regulatory requirements and labor costs. Firms with high productivity levels are better positioned to adapt flexibly to the evolving environment. Conversely, firms with low productivity, barely generating profits, are less likely to survive and will seek protection from external disruptions. The recent findings on preferential trade agreements suggest that the negotiation and introduction

[21] Traditional, Ricardo-Viner theory-driven model posits that exporting industries are expected to strongly support the free trade movement, while import-competing industries are likely to favor protectionism, as they would be adversely affected by globalization.

of regulatory changes between member countries primarily benefit a limited number of highly productive auto manufacturers who can effectively adapt to the regulatory uncertainty brought about by these agreements (Çınar and Gulotty 2022).

Not only can highly productive firms benefit from enhanced regulations, they also deliberately aim to enhance regulations and increase adjustment costs that allow them to capture a larger market share when their competitors fail to embrace higher costs (Gulotty 2020). These decisions are made within the context of global economic policy choices. Unlike tariffs, which increase proportionally with sales, domestic regulation represents a fixed cost for businesses. Consequently, although the adjustment costs for regulation and labor demands are the same for each firm, the impact may be more burdensome for firms with lower productivity. Thus, highly productive firms can exploit regulatory constraints as an opportunity to gain a competitive advantage in the global marketplace.

This divided preference is well illustrated in Gulotty (2020)'s case study on the European Union's (EU) regulatory decisions. When the EU enforced regulations requiring chemical companies to report, conduct checks, and label their products for supplier traceability, along with higher fixed costs that are not size-dependent, large firms in the United States supported stricter regulations to gain a competitive edge in the European markets, despite the potential harm to other smaller firms. According to his argument, interests stemming from international institution-made regulations can be perceived and influenced differently, even within the same chemical industry, thereby deviating from traditional explanations based on industry- or state-centered cleavages (Gulotty 2020). These explanations suggest that

divided preferences concerning the distributional consequences of IOs can generate distinct reactions to the behaviors of IOs.

Highly productive firms' reverse regulatory capture can be observed in various contexts. In order to increase their profits, pesticide producers with informational advantages manipulate regulations that ban their own outdated products, thereby making their new products more attractive (Perlman 2020*b*). This demonstrates that highly productive firms, particularly pioneers with innovative products, have a preference for intentionally raising standards to promote the sale of newly developed products and create obstacles for followers who may struggle to meet the enhanced regulations.

The recent increase in voluntary regulations or requests for stringent policies, initiated by private actors, can also be viewed as a reflection of their strategic preference for leveraging enhanced market requirements to gain a competitive edge (Vormedal and Skjærseth 2020). Using firm lobbying data for the American Clean Energy and Security Act, Kennard (2020) discovered that American firms with a comparative advantage over their domestic and foreign competitors in adjusting to stringent green regulations engaged in more lobbying activities. These firms, characterized by higher *green capital*, are anticipated to face lower marginal adjustment costs. Additionally, their support for policies aimed at mitigating climate change is influenced by their concerns for the distribution of green capital within the markets (Kennard 2020).

This recent discovery regarding the specific preference for stringent regulations among highly productive firms suggests that an increase in adjustment costs by IOs can create divided cleavages among member states and even within the same industry. For instance, if the IMO decides to enhance

its regulations on greenhouse gas emission standards, differing opinions toward the IOs may arise within the shipping and affected industries, leading to both hostile and cooperative attitudes. Companies with low productivity will face challenges due to the relatively higher marginal adjustment costs associated with the enhanced standards. Conversely, highly productive shipping firms may adopt a cooperative stance toward the IMO, as the organization acts as an external regulator, increasing adjustment costs but potentially placing them in advantageous positions. These expectations align with the current official opposition to global regulations in countries such as Indonesia and Malaysia, which have a smaller number of highly productive firms.[22]

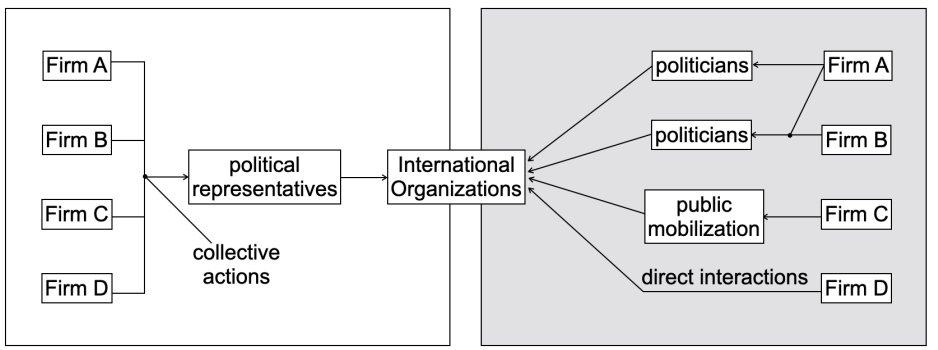
In the subsequent chapter, employing both macro and micro analyses, I contend that attitudes toward IOs and administrative backlashes or cooperation can be influenced by the productivity of firms in member countries. Firstly, using macro analysis, I assess the level of support or uncooperative attitudes among public officers of member states toward the World Bank. This can vary based on the number of highly productive and unproductive firms. Secondly, by employing experimental designs and conducting a targeted survey with high-level managers in firms, I argue that information on the distributional consequences of IO-generated regulations and increased costs may elicit different reactions from respondents depending on their employers' productivity.

[22]Hans Nicholas Jong (2023.5.29) "Indonesia, Malaysia cry 'discrimination' in lobbying against EU palm oil restrictions" *Eco-Business*. Available at https://www.eco-business.com/news/indonesia-malaysia-cry-discrimination-in-lobbying-against-eu-palm-oil-restrictions/ (Accessed: 2023.5.31)

3.4 Capturing Firms' Preference toward IOs

I argue that firms' preferences, resulting from their productivity gaps, can be observed through various forms of backlash. In this article, I will adopt the definition of "backlash" as provided by Walter (2021), where backlash to IOs refers to the "significant decrease in public, partisan, or policy support" for IOs. This decrease in support can first be observed in the policy area, forged through the collective actions of firms. However, the declining support for IOs among individual firms also plays a crucial role in eliciting significant reactions to IOs. Figure 3 illustrates the various routes through which firms' backlash can be conveyed. Besides collective actions, which are transparently observed mainly at the legislative level and formal processes (depicted in the white box in Figure 3), firms can utilize multiple ways to express their concerns toward IOs without forming associations or relying on politicians to represent their positions (depicted in the gray box in Figure 3). This general identification of backlash allows researchers to encompass a wider range of reactions to IOs and globalized political interactions. In this section, I will discuss how firms can react to IOs' interventions and exploit various means to express their concerns.

Figure 3. Potential Routes of Firm-Driven Backlash against IOs



In political science, the relations with firms and political representatives have been well elaborated. To effectively deal with global economic policies such as tariff rates, trade agreements, or newly developed regulations, firms intentionally forge groups or associations to condense their capacity to persuade politicians. Mainly, these kinds of firms' attempts have been captured by the industry-level approach of international relations studies (Cory, Lerner and Osgood 2021; Osgood and Ro 2022).[23] Through collective actions via these interest groups, coalitions, and associations, they can effectively deliver their preferences, particularly in countries with weak institutional frameworks (Fuller 2016; Post 2014; Puente and Schneider 2020; Yadav and Mukherjee 2016).

However, with the discovery of interests convergence within the industry, it is also known that firms can directly interact with politicians without evident collective actions. There are multiple examples of individual firms' attempts to communicate with politicians based on their divided preferences. Firms can selectively lobby for tariffs on their own products (Kim 2017) or express complaints about certain policies according to their cost-benefit calculations (Kim, Urpelainen and Yang 2016)(e.g., Firm A and B in the gray box of Figure 3), and this does not necessarily require an industry- or association-level response. Whether through collective actions or individual grievances toward IOs, politicians can feel pressure to address business concerns.

Should politicians and government officials acquire information regard-

[23]Milner and Yoffie (1989) emphasized that industry-led responses to trade policies often rely on industry structures and interventions by foreign governments. Davis and Shirato (2007) concentrated on analyzing the time horizons of industries and the relationships with foreign countries to provide an explanation for the observed pattern of states' participation in WTO adjudication, which reflects the viewpoints of industries.

ing firms' preferences for IOs at either the industry or firm level, they might endeavor to integrate business interests into their policies as a means to secure domestic support in upcoming elections. Political representatives particularly signal their concerns for business interests, which is pivotal for electoral outcomes (Milner 1997). Thus, it is expected that both highly productive firms and low-productive firms can influence IOs through the actions of politicians. To capture this interaction, I aim to understand the cooperation and backlash levels of member states' politicians toward IOs by examining the World Bank project compliance data in the following chapter.

Some might find it puzzling that states exhibit differing positions, even though the decisions to participate in or accept the agendas of the IOs have already been finalized. However, I stress that this occurs because each stage and process has a different audience to cater to. States may strive to satisfy both the international and domestic audiences, resulting in seemingly divided attitudes toward IOs (Carnegie, Clark and Kaya 2022). Furthermore, forecasting the distributive outcomes of IOs in advance can be challenging until the actual activities of the IOs are implemented. This could be due to a lack of administrative capacity to calculate the consequences or the nature of IOs where multiple states hold diverse opinions, making it impossible to have accurate expectations regarding the outcomes.

Firms are known to prefer a *quiet politics*. Rather than expressing their ideas in transparent and open discussions at the congressional and legislative levels, they prefer engaging at the administrative level, where political actions can be taken to convey their preferences to IOs without unnecessary attention (Culpepper 2010). Thus, even without laws directly interfer-

ing with or supporting IOs, firms can demonstrate their preferences toward IOs through government actors. According to Brutger (forthcoming), certain firms informally participate in the WTO dispute settlement process by providing useful information to their home government, which may face budgetary constraints and lack sufficient information to deal with trade barriers. Through diverse forms of interaction with their home countries, firms can seek potential positive benefits from IOs or safeguard themselves from potential negative impacts of IOs by discreetly intervening in the activities of these organizations (Lee and You 2023).

Furthermore, after joining IOs, member states have more *room to move* than in the decision stage of acceptance (Mosley 2000; Wellhausen 2014). Once they become members of IOs, numerous activities and agendas are carried out, allowing firms to selectively interfere with or support certain IOs' agendas that align with their interests through government actors, without jeopardizing their external image within the IOs.

Secondly, firms can express their opinions directly to IOs. Findley, Nielson and Sharman (2014) highlights that firms' preferences in the political arena can be manifested in various ways. Contrary to the traditional notion that economic actors' preferences should only be aggregated through political representatives, current research acknowledges that the attempts and influence of firms' political actions should be observed in multiple areas. Direct relations between IOs and firms including lobbying activities toward IOs have become prominent topics in the current discourse on firms in international relations (Cory, Lerner and Osgood 2021; Malik and Stone 2018).

To address the unique communication patterns of firms, multiple strate-

gies should be employed. Firstly, it is important to examine various stages of interactions between firms and political actors that may affect the level of compliance. These actors include member state politicians, different political entities within member states, and the firms themselves, considering their multiple communication channels and selective compliance or backlash, which can be challenging to detect. Additionally, it is crucial to directly measure the motivations of firms, given their inherent inclination toward *quiet politics* and behind-the-scenes communication. With these factors in mind, the following analysis will explore various political phenomena that may indicate compliance or backlash toward IOs. Moreover, a firm-targeted survey experiment will be conducted to gain more direct insights into firms' hidden interests and motivations for supporting IOs.

4 Macro Evidence: Compliance with World Bank

In order to evaluate the influence of firms' productivity levels on compliance and backlash towards IOs, the World Bank was selected due to its extensive interactions with numerous countries and the publicly available information on the compliance levels of member states. The World Bank stands out as an influential IO that actively engages with diverse member states. In the fiscal year 2022, the International Bank for Reconstruction and Development (IBRD) committed $33.1 billion, providing assistance to 45 countries and the International Development Association (IDA) committed $37.7 billion for grants and loans, benefiting over 70 countries.[24] These budget allocations span across various economic sectors and involve multiple recipient countries. It is widely recognized that aid distributors receive significant support from recipients due to the nature of their activities, which prioritize meeting the basic needs of the people (Blair and Roessler 2021; Dolan 2020). However, despite being a popular aid distributor, World Bank is not exempt from experiencing backlash from member states.

Instances of backlash can encompass uncooperative behavior by government agents, situations where corrupt practices within the bank's projects were disregarded, and even legal actions pursued against the bank. In 2019, the U.S. Supreme Court delivered a significant ruling in Jam v. International Finance Corporation (of the World Bank), highlighting that international financial institutions could be subject to lawsuits. This decision came as a surprise because the World Bank and other IOs had previously been

[24]IBRD and IDA are among the main institutions in the World Bank Group. World Bank (2022) "World Bank Annual Report 2022" Available at https://www.worldbank.org/en/about/annual-report (Accessed: 2023.8.6)

considered immune from suits filed by their member states.[25] Amidst these mounting concerns about backlash against the World Bank, this chapter explores how both productive and unproductive firms can influence the degree of compliance toward the World Bank in response to its distributional consequences.

4.1 Research Design

The research design incorporates quantitative analyses supplemented with interviews. Firstly, I examine the correlation between the occurrence of World Bank backlash and the number of productive firms within the recipient state. I anticipate that a higher number of highly productive firms will decrease the frequency of IOs backlash, while a greater number of low-productive firms will increase it. To support this theoretical framework, interviews were conducted with World Bank officers. The World Bank backlash incidence is assessed by the level of non-cooperation among member states during the processing of the bank's development projects. Subsequently, various models will be employed to ensure the robustness of the results, encompassing differentiation in dependent variable forms and utilization of multiple statistical models.

In addition to using the variable that assesses compliance by IOs, I introduce a newly collected political incidence dataset called the debarment dataset. This dataset indicates a high level of cooperation among member states in detecting and rectifying corrupt behavior related to the actions of IOs. Both the incidence of noncooperation and the failure to actively

[25]Tim McDonnell (2019.3.7) "U.S. Supreme Court Rules That World Bank Can Be Sued." *NPR* Available at:https://www.npr.org/sections/goatsandsoda/2019/03/07/699437482/supreme-court-rules-that-world-bank-can-be-sued (Accessed: 2023.5.31)

report corrupted projects (resulting in fewer cases for debarment decisions) can align with the previously defined definition of backlash to IOs. These represent various ways in which IOs can face challenges from member states, as they involve decreased support for IOs and their ongoing projects.

Table 1. List of Interviewees (World Bank Officers)

	Position	Working Location
Interview A	Operation Officer	United States, Republic of Korea
Interview B	Project Manager	Tajikistan, Russia, Türkiye
Interview C	External Affair Officer	Laos

First, as discussed in the theoretical framework, I argue that the World Bank generates distributional consequences, which elicit different attitudes and preferences from heterogeneous business actors. This lead to divided reactions and political behavior expressed through local governments or firms themselves. The World Bank, as an IO, can exert two distinct influences that may affect the cost calculations of firms in member states.

The first influence is related to changes in the regulatory environment within member states. Alongside project disbursement, the World Bank strives to establish and strengthen local laws and regulations. Advisory Services and Analytics (ASA), local experts, economists, and field managers accompany World Bank activities and provide policy recommendations.[26] As explained in the theoretical framework, the implementation of the World Bank's large-scale projects is rigorously designed and controlled by experienced workers. During interviews with World Bank officers, the Bank's efforts to enhance regulations were observed. One interviewee acknowledged

[26]World Bank "Advice and Analytics" *World Bank*. Available at https://www.worldbank.org/en/what-we-do/products-and-services/advisory-services (Accessed: 2023.5.31)

that domestic regulations can be easily modified through consultation with the Bank. For example, Mexico implemented a regulation to classify and dispose of inorganic and organic waste separately through consultation with the Bank.[27] Some World Bank projects require the adoption of specific regulations as prerequisites for project disbursement. In Tajikistan, a law promoting transparent public procurement processes was established. An interviewee also expressed the expectation that local firms would strive to enhance their business standards and operational quality to align with the Bank's criteria, thereby becoming eligible participants in World Bank projects.[28] An officer in Laos mentioned in an interview that there had been opportunities to communicate with local firm managers, who often call for clearer regulations and improved government practices.[29] I anticipate that these increased criteria and regulations will result in higher production costs and create divisions among winning and losing firms within member states.

Moreover, significant investment projects can act as a primary catalyst for the increase in labor costs within member states, as indicated by the emphasis on labor influx in the World Bank's preparation process for accommodation.[30] This situation could potentially create challenges for low-productivity firms in their endeavors to secure suitable workers. Therefore, I anticipate that backlash may emerge from the losing groups, which encompass low-productivity firms in a member state, whereas cooperation

[27]Interview A

[28]Interview B

[29]Interview C

[30]Environmental and Social Safeguards Advisory Team (2016.12.1) "Managing the risks of adverse impacts on communities from temporary project induced labor influx" *World Bank*. Available at https://thedocs.worldbank.org/en/doc/497851495202591233-0290022017/original/ManagingRiskofAdverseimpactfromprojectlaborinflux.pdf (Accessed: 2023.5.31)

may be fostered by the winning groups, comprised of highly productive firms. Given the features of corporate political participation introduced in the theory section, both groups will convey their preferences through local officers or directly express their opinions to IOs. Thus, the first hypothesis is as follows:

> **Hypothesis 1a** *Recipients with more highly productive (less productive) firms will be less (more) likely to show a backlash against the World Bank*

I use the linear probability model (LPM) as the baseline model to assess the association between the number of highly productive and unproductive firms and the incidence of World Bank backlash, which will be discussed in the following section. The unit of analysis for each model is the year and individual state. To ensure the robustness of the models, I employ different approaches, including regression models using the average score of backlash in a given year, the proportion of projects experiencing backlash relative to the total number of projects in a given year, and multilevel analysis.

Table 2. Distinct Distributional Effects by Project Type

IOs Effects	Non-DPF Project	DPF Project
Regulation Enhancement	+	+
Labor Demands Surge	+	−

Secondly, to examine whether the preferences of highly productive and unproductive firms are influenced by the distributional consequences of World Bank projects, I divide the sample into two sub-groups: Development Policy Finance (DPF) and non-DPF projects. DPF refers to non-earmarked

general budget support that may not necessarily involve large-scale infrastructure projects or bank-led investment initiatives.[31] This rapidly disbursing budget is used to support the recipients' priorities under their own implementation systems. One criterion for receiving DPF is compliance with the Bank's policy packages, which may contribute to a certain level of increased regulation, although the Bank does not directly control or design its operation. However, it is plausible to expect that DPF projects might result in fewer labor demand surges in recipient states, as they are primarily used for urgent financial needs. The sample consists of 5,498 non-DPF projects and 1,250 DPF projects. Based on these expectations, the second hypothesis follows:

> **Hypothesis 1b** *Among non-DPF projects, the preferences of firms will be more likely to align, compared to DPF projects.*

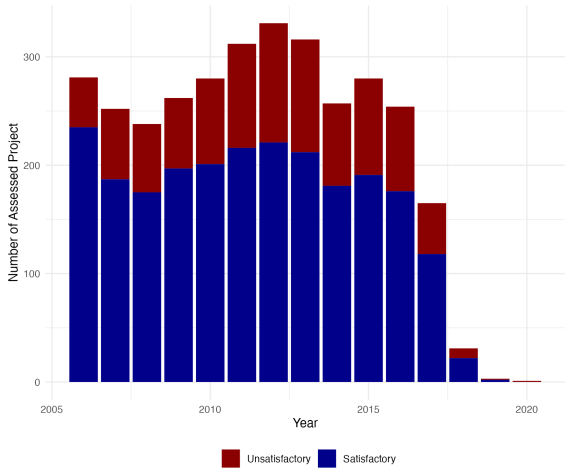
Dependent Variable

To measure the recipient backlash to aid from IOs, I attempt to quantify the INCIDENCE OF WORLD BANK BACKLASH. This is conceptualized by the occurrence of *unsatisfactory performance* among government actors in the recipient country. The Bank's Independent Evaluation Group (IEG), operating independently from the Bank, directly reports to the Executive Boards and publishes assessment results to the public, ensuring unbiased evaluation. The IEG incorporates various features in its assessment, including the Bank's overall performance, project quality, and project sustainability. Among the various variables, I utilize the level of government

[31] World Bank "Development Policy Financing (DPF)" *World Bank*. Available at https://www.worldbank.org/en/what-we-do/products-and-services/financing-instruments/development-policy-financing (Accessed: 2023.5.31)

performance as an indicator of member states' cooperation or backlash. The recipient government's performance is assessed on a 6-point scale at the project level. I assigned 1 if the government shows highly unsatisfactory, unsatisfactory, or moderately unsatisfactory performance. A code of 0 is assigned if government performance is assessed as highly satisfactory, satisfactory, or moderately satisfactory. Some previous research has conceptualized this as a proxy for the level of compliance with World Bank conditionality (Girod and Tobin 2016). However, it is important to note that IEG is not constrained to report on projects with conditionality. Additionally, there are non-Development Policy Financing (DPF) projects that typically do not entail conditionality. Therefore, this article considers the level of government cooperation as a general attitude of the recipient government toward the World Bank.

Figure 4. Distribution of Cooperation Level across Time



Note: From 2006 to 2019, approximately 28.7% of projects exhibited unsatisfactory government performance on average. In 2012, the assessed projects displayed the highest levels of non-cooperation, with approximately 33% of projects being classified as uncooperative.

Independent Variable

Firm productivity refers to the ability to generate more goods and services using fewer inputs, and there are various indicators used to measure individual firms' productivity. However, obtaining state-level datasets that record the distribution of firms based on productivity can be challenging. To address this limitation and measure the productivity level of member countries, I utilized the firm-level World Bank Enterprise Survey (WBES) census data. This survey comprises face-to-face interviews with business owners or managers, totaling 146,000 interviews, and covers various topics related to the business environment, such as access to inputs and perceptions of corruption and infrastructure, and employs a consistent methodology called the *Global Methodology* starting from the year 2006. From the WBES data, I selected the indicator SALES PER WORKER as a measure of individual firm productivity, primarily due to its lower rate of missing values compared to other processed productivity values.[32]

The WBES asked respondents, who were managers of firms in nationally representative samples, about their firm's total annual sales for all products and services, as well as the number of employees working in the firms. All sales values were deflated to 2009 using each country's GDP deflators, ensuring comparability across states. Next, I ranked the top 95th and 99th percentiles of firms globally based on productivity and recorded the number of firms from each country in these percentiles. Similarly, I estimated the 5th and 1st percentiles of firms and counted the number of listed firms in

[32] Although WBES provides processed Total Factor Productivity indicators (YKLM and VAKL), they exhibit a relatively high level of missingness (68%) compared to the SALES PER WORKER variable (14%). YKLM and VAKL are utilized in the robustness checks as they incorporate the productivity differences between industries.

each country to compare the influence of productive and unproductive firms in the same context.[33]

This research utilizes the representative number of thresholds used in some of the IPE research, focusing on the top 1% and 5% of firms to highlight the significant skewness in firm productivity in export sales. Based on Osgood et al. (2017)'s findings, the top 1% and 5% of Costa Rican firms contribute to 62.7% and 87.6% of the total export sales, respectively. I adopt the same threshold values for this study. However, instead of considering only their relative advantages in their home countries, I calculate the rank of firms at the global level to consider their absolute capacities for dealing with external changes from IOs.

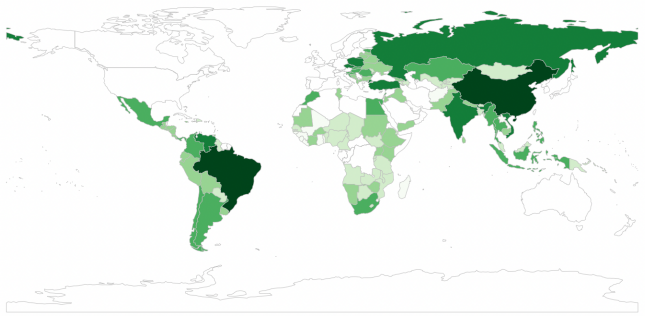
Following the methodology notes provided by the WBES, I multiplied the number of firms in each percentile by the sampling weights, as these weights contain information about the associated population and firm characteristics. Figure 5 illustrates the distribution of 95th percentile productive (top 5%) firms across countries in the WBES sample. The calculated and weighted NUMBER OF TOP/BOTTOM PRODUCTIVITY FIRMS at the state level will be utilized as the main explanatory variables. Since the WBES period is not conducted on a yearly basis, the missing value is replaced with the nearest calculated number of firms.

Control Variables

The control variables consist of three groups known as the main factors that can affect the level of cooperation among states: the necessity for global

[33]The 95th percentile firms had an annual sales per worker of $291,957. The 99th percentile, 5th percentile, and 1st percentile firms had sales per worker values of $883,931, $1,400, and $306, respectively.

Figure 5. Global Distribution of Highly Productive Firm (Top 5 % of Productivity)



Note: Visualization code adapted from Clark and Dolan (2021).

reputation, administrative capacity, and political variables.

First, backlash can occur when member states have a low level of necessity to build an international reputation. Compliance with IOs, especially international financial institutions, has been used as a global signal to demonstrate credibility to investors and economic transactors. A high proportion of FDI in the national economy may indicate a dependency on external economic actors, which can drive the intention to comply with IOs and thus decrease the incidence of World Bank backlash. Therefore, I include FDI PER GDP to address this issue. It utilizes the World Bank's data on FDI, which refers to cross-border investments where citizens of one economy exercise control or have influence over companies in another economy.

On the other hand, if the recipient country maintains a high level of independence from external support, they are more likely to express their complaints toward IOs. A high level of natural resources may indicate independence from global economic actors, as the production of natural re-

sources is less related to global transactions. Additionally, a high level of tax revenue per GDP suggests that the state is highly independent from external support. To address this issue, I include NATURAL RESOURCES PER GDP and TAX REVENUE PER GDP as control variables. Natural resources encompass the sum of oil, natural gas, coal, mineral, and forest rents. Data on natural resources and tax revenue were provided by the World Bank.

In addition, since the level of corruption can influence the assessment of member states' government performance, I also include the level of corruption as a control variable. I utilized the CORRUPTION variable from the V-Dem dataset (Coppedge et al. 2021), which encompasses various levels and types of corruption to assess the states' level of corruption in a given year. It includes corruption at the ruler level, as well as corruption in lower public sectors, including various types of corruption from bribery to embezzlement.

In terms of domestic politics, the relationships with the major principals of IOs can influence member states' attitudes toward the IOs, as friendly relations with powerful countries can mitigate the tolerance level for punishment (Clark and Dolan 2021). To capture the relations between the main IOs' stakeholders and member states, I include the variable UNGA VOTING ALLIANCE WITH THE UNITED STATES constructed by Voeten (2013). The voting alliance, indicated by the ideal point distance between the US and member states, is calculated by Bailey, Strezhnev and Voeten (2017). Following the model building in previous literature, a five-year average is used for all of the control variables to account for the average World Bank project duration of five years (Watkins 2022).

In addition, it is widely known that democratic leaders are more co-

operative with international rules due to concerns about punishment from voters. Compliance with IOs can signal to voters that they have made efforts even if the economic results are not as expected (Mansfield, Milner and Rosendorff 2002; McGillivray and Smith 2000). However, according to interviews with the World Bank officer, authoritative regimes with strong control over local actors and centralized political power are likely to exhibit a high level of cooperation among public officers.[34]

Due to the relatively stable nature of regime types over time, I have excluded REGIME TYPE from the main model. However, to address the divergence in expectations between theory and field observations, I include them in the appendix model for further examination. I use the Episodes of Regime Transformation (ERT) dataset, which categorizes states into four levels of regime type: closed autocracy (0), electoral autocracy (1), electoral democracy (2), and liberal democracy (3).

4.2 Main Results

To test the theory, I begin with parsimonious models that include only the number of highly productive firms and low productive firms as independent variables, with the dependent variable being the incidence of Bank backlash. In these basic models, a 1-logged increase in the bottom 1% firms leads to a 5 percent higher incidence of backlash. However, in Models 1 and 2 without covariates, the impact of highly productive firms is not observed. When accounting for all covariates in Table 3 (Models 3 and 4), increases in

[34]Interview A, "Rwanda is often regarded as a 'rising star' among aid distributors. The country's governance resembles a military-like structure, and the strict control exerted by the central government ensures that local officers refrain from engaging in corrupt practices and remain aligned with national objectives."

Table 3. Linear Probability Model

	Dependent variable:			
	Incidence of World Bank Backlash			
	Model 1	Model 2	Model 3	Model 4
No. of Top 1% Firms (logged)	-0.02		-0.04**	
	(0.01)		(0.02)	
No. of Bottom 1% Firms (logged)	0.05***		0.04**	
	(0.01)		(0.02)	
No. of Top 5% Firms (logged)		-0.04		-0.05**
		(0.02)		(0.03)
No. of Bottom 5% Firms (logged)		0.02		0.02
		(0.01)		(0.02)
FDI per GDP			0.01	0.01
			(0.01)	(0.01)
Natural Resources per GDP			-0.00	-0.00
			(0.01)	(0.01)
Tax Ratio			-0.01	-0.02
			(0.02)	(0.02)
Infant Mortality			-0.01	-0.01
			(0.01)	(0.01)
GDP per Capita			0.14	0.08
			(0.16)	(0.16)
Level of Corruption			-0.81*	-0.73
			(0.48)	(0.49)
No. of Population (logged)			-0.28	-0.25
			(0.61)	(0.64)
UNGA voting with US			-0.12	-0.12
			(0.18)	(0.18)
State FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Observations	1,017	1,017	705	705
R^2	0.28	0.27	0.32	0.32
Adjusted R^2	0.18	0.17	0.20	0.19

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

the top 1% and 5% companies show substantively meaningful effects, with approximately 5 percent less backlash in Bank projects. This indicates the associated relationships between heterogeneous preferences toward IOs, the affected businesses in individual states, and the recipient reactions to the Bank.

The following tables also align with expectations. In Table 4, the number of highly productive firms is associated with lower mean backlash scores in both the 1% (Model 1) and 5% (Model 2) models. As a comparison, I included the effects of the top 25% firms on each dependent variable, but they did not show statistical significance within the model. In Table 5, the proportion of backlash also decreases as the number of highly productive firms rises. In Model 4 of Table 5, the effect of low-productive firms is also shown. However, when I broaden the concept of unproductive firms from the bottom 1% to the bottom 5%, the statistical significance diminishes.

In the multilevel analysis in Table 6, the backlash-mitigating effects of the number of highly productive firms are evident in every model, including incidence (binary), average, and proportion of backlash. On the other hand, the preference of low productive firms can be observed in the Bank backlash incidence model, but the null hypothesis value of the number of low-productive firms in other models falls within the confidence level, which means the null hypothesis cannot be rejected.

While the primary focus of this article is to calculate the percentile ranking of firms' productivity in a global-level comparison, it is also crucial to comprehend the relative influence of these firms within a specific member state. To address the proportion between highly productive firms and non-productive firms, I include the influence of each ratio of the top and bottom

Table 4. DV: Average Score of Backlash

	Dependent variable:		
	Backlash Mean		
	Model 1	Model 2	Model 3
No. of Top 1% Firms (logged)	-0.08***		
	(0.03)		
No. of Bottom 1% Firms (logged)	0.03		
	(0.03)		
No. of Top 5% Firms (logged)		-0.08*	
		(0.05)	
No. of Bottom 5% Firms (logged)		0.01	
		(0.02)	
No. of Top 25% Firms (logged)			-0.11
			(0.07)
No. of Bottom 25% Firms (logged)			-0.00
			(0.05)
FDI per GDP	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)
Natural Resources per GDP	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)
Tax Ratio	0.03	0.01	0.02
	(0.03)	(0.02)	(0.03)
Infant Mortality	-0.00	-0.01	-0.01
	(0.02)	(0.02)	(0.02)
GDP per Capita	-0.02	-0.15	-0.14
	(0.26)	(0.25)	(0.25)
Level of Corruption	-0.28	-0.19	-0.19
	(0.72)	(0.73)	(0.73)
No. of Population (logged)	0.55	0.37	0.26
	(0.99)	(1.03)	(1.01)
UNGA voting with US	-0.10	-0.08	-0.02
	(0.27)	(0.27)	(0.27)
State FE	✓	✓	✓
Year FE	✓	✓	✓
Observations	705	705	705
R^2	0.35	0.34	0.34
Adjusted R^2	0.22	0.22	0.21

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Table 5. DV: Proportion of Project Backlash

	Dependent variable:		
	Proportion of Backlash		
	Model 4	Model 5	Model 6
No. of Top 1% Firms (logged)	-0.03**		
	(0.01)		
No. of Bottom 1% Firms (logged)	0.02*		
	(0.01)		
No. of Top 5% Firms (logged)		-0.05**	
		(0.02)	
No. of Bottom 5% Firms (logged)		0.01	
		(0.01)	
No. of Top 25% Firms (logged)			-0.03
			(0.04)
No. of Bottom 25% Firms (logged)			-0.02
			(0.03)
FDI per GDP	0.00	0.00	0.00
	(0.00)	(0.00)	(0.00)
Natural Resources per GDP	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
Tax Ratio	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
Infant Mortality	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
GDP per Capita	-0.07	-0.11	-0.12
	(0.11)	(0.11)	(0.11)
Level of Corruption	-0.40	-0.33	-0.37
	(0.33)	(0.33)	(0.33)
No. of Population (logged)	-0.31	-0.32	-0.45
	(0.47)	(0.48)	(0.48)
UNGA voting with US	-0.06	-0.05	-0.03
	(0.10)	(0.10)	(0.11)
State FE	✓	✓	✓
Year FE	✓	✓	✓
Observations	705	705	705
R^2	0.30	0.30	0.29
Adjusted R^2	0.17	0.17	0.16

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Table 6. Multilevel Analysis

	Incidence Model	Average Model	Proportion Model
Intercept	−1.09	−.51	−.45
	[−2.16; .01]	[−2.45; 1.47]	[−1.30; .38]
No. of Top 1% Firms (log)	−.03*	−.08*	−.03*
	[−.05; −.01]	[−.12; −.04]	[−.04; −.01]
No. of Bottom 1% Firms (log)	.03*	.03	.02
	[.01; .05]	[−.00; .07]	[−.00; .03]
FDI per GDP	.00	.00	−.00
	[−.01; .01]	[−.01; .02]	[−.01; .00]
Natural Resources per GDP	−.00	.00	−.00
	[−.01; .00]	[−.01; .01]	[−.01; .00]
Tax Ratio	.00	.01	.00
	[−.01; .01]	[−.01; .03]	[−.01; .01]
Infant Mortality	.00	.00	.00
	[−.00; .00]	[−.00; .01]	[−.00; .00]
GDP per Capita	.01	.11	.03
	[−.07; .09]	[−.02; .23]	[−.03; .09]
Level of Corruption	.17	.46*	.13
	[−.04; .39]	[.03; .84]	[−.06; .30]
No. of Population (log)	.08*	.07	.02
	[.04; .13]	[−.01; .15]	[−.01; .06]
UNGA voting with US	.01	−.00	.01
	[−.08; .09]	[−.15; .15]	[−.06; .08]
AIC	1044.31	1645.06	586.23
BIC	1103.56	1704.32	645.49
Observations	705	705	705
Number of groups: State	89	89	89

Note: * Null hypothesis value outside the confidence interval.

1% and 5% firms to the total number of firms in the member state. The results in Appendix Table 2 indicate mixed findings. While the ratios of the top 1 percent and bottom 5 percent to the total number of firms do not show statistical significance, the remaining ratios align with the theoretical expectations. Specifically, the presence of a higher proportion of highly unproductive firms increases the probability of backlash against the World Bank. Conversely, a higher proportion of highly-productive firms alleviates the level of backlash incidence and prompts more cooperation toward IOs.

In addition to the main variables, I also address concerns regarding alternative explanations. Firstly, considering the high number of missing values in the TAX RATIO, which could cause systematic bias in the results, I exclude it from the model. Appendix Table 3 Model 1 shows that eliminating this variable does not alter the results. Secondly, a high level of political administrative capacities might foster the development of highly-productive firms and mitigate backlash against IOs. To account for this, I include one of the indicators showing administrative capacities, namely the proportion of the opposite party in a congress, which represents transparency and openness. The results still hold with this inclusion. Thirdly, the advancement of technology in member countries may influence both the explanatory variables and the dependent variable. Technological advancement can make firms more productive, and it can also make IO agents feel comfortable working and implementing projects in member states with advanced technology levels. To address this, I include the use of intellectual property receipts and the percentage of high-skill exports in the model, and the results remain consistent. Lastly, a friendly business environment can impact firms' productivity and business interactions during the World Bank project implementation process. The included model also demonstrates a clear relationship between the number of highly-productive firms and a decreased level of backlash.

Calculating the ranking of productive firms based on SALES PER WORKER has the advantage of using abundant data with fewer missing values. However, it does not account for differences between industries, as productivity can vary significantly across industries due to their specific technological requirements for producing goods. To address this limitation and accom-

Table 7. Heterogeneous Effects of Firm Productivity by Project Type

	Dependent variable:			
	Incidence of World Bank Backlash			
	Non-DPF	Non-DPF	DPF	DPF
No. of Top 1% Firms (logged)	-0.03*		-0.01	
	(0.02)		(0.02)	
No. of Bottom 1% Firms (logged)	0.06***		-0.05**	
	(0.02)		(0.02)	
No. of Top 5% Firms (logged)		-0.05*		-0.03
		(0.03)		(0.04)
No. of Bottom 5% Firms (logged)		0.04**		-0.04**
		(0.02)		(0.02)
FDI per GDP	0.01*	0.01*	0.03***	0.03***
	(0.01)	(0.01)	(0.01)	(0.01)
Natural Resources per GDP	0.00	0.00	-0.02	-0.02
	(0.01)	(0.01)	(0.02)	(0.02)
Tax Ratio	-0.02	-0.03	-0.03	-0.03
	(0.02)	(0.02)	(0.02)	(0.02)
Infant Mortality	0.00	0.00	-0.02*	-0.02
	(0.01)	(0.01)	(0.01)	(0.01)
GDP per Capita	0.17	0.12	-0.22	-0.22
	(0.17)	(0.17)	(0.24)	(0.23)
Level of Corruption	-0.58	-0.51	-0.99**	-0.98*
	(0.54)	(0.56)	(0.50)	(0.53)
No. of Population (logged)	-0.68	-0.54	0.40	0.03
	(0.68)	(0.70)	(0.85)	(0.86)
UNGA voting with US	0.15	0.13	-0.38	-0.31
	(0.17)	(0.18)	(0.29)	(0.30)
State FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Observations	610	610	332	332
R^2	0.31	0.30	0.53	0.53
Adjusted R^2	0.16	0.15	0.34	0.34

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

modate heterogeneity in production costs and processes across industries, I explore alternative measurements. For this purpose, I include VAKL and YKLM calculations provided by the World Bank, which are estimated separately at the industry level. As a result, while the calculation method of YKLM does not show statistical significance, VAKL methods indicate that the presence of the bottom 1 percent of firms increases the probability of experiencing backlash from the World Bank, while the presence of the top 5 percent of firms is associated with a decreased likelihood of repercussions toward the World Bank.

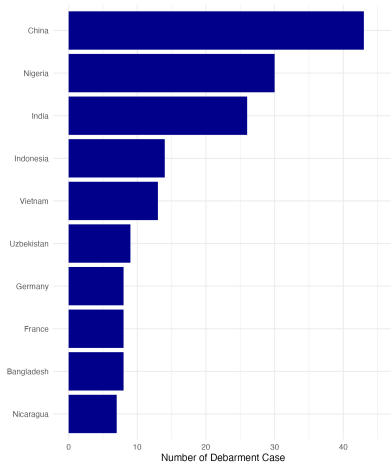
In Table 7, the effects of highly and low-productive firms within member countries differ based on project type, as predicted in Hypothesis 1b. In non-DPF projects, where interactions between the World Bank and member states are more intense during the implementation process, resulting in substantial distributional consequences, the impacts of highly productive firms and low-productive firms are more pronounced compared to DPF projects. While a higher number of globally highly productive firms decreases the probability of World Bank backlash incidence, a greater number of low-productive firms increases the likelihood of such occurrences. However, contrasting trends are observed in DPF projects.

4.3 Endeavor for Purity: Introducing World Bank Debarment Dataset

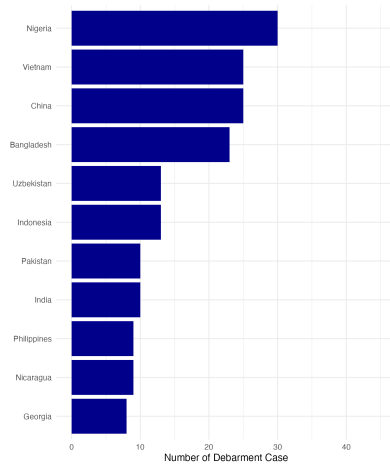
To address the impacts of explanatory variables on similar types of variables indicating the level of repercussion to IOs, I employ the World Bank Debarment Dataset, which encompasses debarment cases from 2018 to 2022. The World Bank has implemented a sanction system to address

Figure 6. Number of Debarment Case by Country (2018 - 2022)

(a) Debarred Country



(b) Project Country



internal corruption issues. As stated in the World Bank Sanction Report (FY 2022), the system "addresses allegations of fraud, corruption, collusion, coercion, and obstruction by firms and individuals involved in WBG operations." Any allegation can be reported anonymously through the integrity vice presidency (INT).[35] Once INT determines that an allegation warrants a full investigation, it proceeds to the adjudicative process, which ultimately reaches conclusions. If firms are sanctioned as a result of this process, they are barred from participating in procurement activities for a specified period, and their names are shared with other regional development banks.

As indicated in the sanction report, the increasing number of sanctions does not necessarily imply an increase in corruption but rather reflects enhanced support and more active participation through anonymous report-

[35]World Bank "Integrity Vice Presidency" *World Bank.* Available at https://www.worldbank.org/en/about/unit/integrity-vice-presidency (Accessed: 2023.5.31)

ing. According to an interview with the Chief Suspension and Debarment Officer (SDO) of the World Bank, complaints against the Bank and related projects come from whistle-blowers, competitors, and government officials. The majority of complaint submitters are likely to be domestic business actors.[36] I anticipate that business actors with a lower preference toward IOs will report fewer incidents, as they have little incentive to support efforts aimed at uncovering corrupt activities in Bank projects. Conversely, business actors who possess supportive attitudes toward the Bank are more likely to detect and report corrupt behavior to ensure the successful implementation of Bank projects. Thus, this can serve as a proxy for the level of domestic cooperation in the World Bank process.[37]

Aligning with the previous analysis, I conduct a binomial logistic regression and negative binomial model for checking whether the sanction is elevated by the number of highly productive firms or decreased by the number of uncooperative, unproductive firms. In addition to control variables used in the main model, I added LEVEL OF CORRUPTION which can influence the dependent variable. Table 8 indicates that a higher count of unproductive firms in recipient states is linked to a reduction in the occurrence of debarment and the number of debarment cases. This implies that the heightened influence of unproductive firms may hinder the detection of

[36]Mercredi (2019.10.23) "Exclusive Interview with Jamieson Smith, Chief Suspension and Debarment Officer (SDO) of the World Bank " *Leaders League.* Available at https://www.leadersleague.com/en/news/exclusive-interview-with-jamieson-smith-chief-suspension-and-debarment-officer-the-sdo-of-the-world-bank (Accessed: 2023.5.31)

[37]To address selection bias, the optimal approach for quantifying cooperation through the Debarment process would involve tallying the number of anonymous reports compiled by INT and aggregating this data for each state. I inquired about obtaining a geographical breakdown of the complaints received by INT and received a response from the INT's external affairs officer, who indicated that this information is inaccessible due to internal policy constraints.

corruption within IO projects. On the contrary, an increase in the number of highly productive firms does not result in a statistically significant increase in the debarment incidence, hence failing to reject the null hypothesis.

Table 8. Effects of Firm Productivity to World Bank Debarment

	Dependent variable:	
	Debarment (Binary)	No. of Debarment
	logistic	*negative binomial*
	Model 1	Model 2
No. of Top 1% Firms (logged)	0.06	0.09
	(0.12)	(0.09)
No. of Bottom 1% Firms (logged)	-0.18**	-0.18**
	(0.09)	(0.07)
FDI per GDP	0.07	0.09*
	(0.07)	(0.05)
Natural Resources per GDP	0.03	0.03*
	(0.02)	(0.02)
Tax Ratio	0.05	0.03
	(0.05)	(0.04)
Infant Mortality	-0.07**	-0.08***
	(0.03)	(0.02)
GDP per Capita	-1.50***	-1.50***
	(0.49)	(0.35)
Level of Corruption	-0.20	0.22
	(1.32)	(1.22)
No. of Population (logged)	1.04***	0.81***
	(0.28)	(0.23)
UNGA voting with US	0.12	0.40
	(0.41)	(0.31)
Regime type	0.45	0.37
	(0.35)	(0.28)
State FE	–	–
Year FE	✓	✓
Observations	239	239
Log Likelihood	-97.53	-189.39
θ		0.58***(0.17)
Akaike Inf. Crit.	223.05	406.77

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

5 Micro Evidence: Firm-Targeted Experimental Survey

5.1 Research Design

This micro evidence chapter aims to capture firms' preferences toward IOs by surveying employees about their support for them.[38] I conducted a survey experiment with a sample size of 210 employees, mainly high-ranking workers, from South Korea. Recruiting participants for the study can be a challenging task, especially when targeting individuals who are highly engaged in their respective firms. Using the "Remember" mobile application, which is originally designed for sharing mobile name cards, researchers can conveniently reach out to businessmen and professionals. The application allows researchers to establish a connection with potential participants via a link provided through the app.

In this survey experiment, my primary objective is to compare respondents' attitudes toward the IO before and after they are exposed to information regarding the distributional consequences of said organization. The current experimental survey literature on globalization backlash in IPE employs an *information treatment* to investigate the relationship between economic self-interest motivation and support or opposition to globalization. After providing a brief economic textbook-like explanation of the distributional consequences of various policies made by different economic models (such as the Stolper-Samuelson theorem, Ricardo-Viner model, or Melitz

[38]The survey in this chapter has been approved by the Institutional Review Board (IRB) of Seoul National University. The IRB approval number is IRB No. 2205/002-001. The survey design and hypothesis were pre-registered on the EGAP registry under the research title "The Micro-foundations of Firm Support for International Organizations" on April 18, 2023.

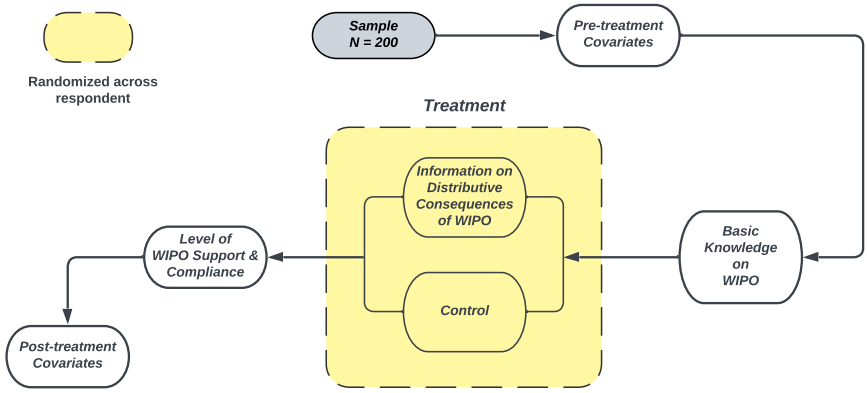


Figure 7. Survey Design

(2003)'s model of heterogeneous firms), researchers can determine whether this information treatment causes respondents to align with their positions and the predictions made by the selected model (Rho and Tomz 2017). I applied this style of treatment to this research, informing respondents about the distributional consequences of a selected IO as the main treatment, and comparing the various opinions regarding the degree of compliance and support to IOs.

According to a recent discovery in political science, employees' political opinions tend to resemble their employers' attitudes. Lee and Liou (2022) discovered that the stance of individuals' employers can shape workers' political attitudes. According to their research, employees of more productive and globally-oriented enterprises, which are considered the most benefiting groups from free trade policy, are more likely to support free trade than workers of less productive and domestically-oriented firms. This influencing of political positions by companies can sometimes occur through direct

political mobilization (Hertel-Fernandez 2018).

In this experimental research, my argument is that firms possessing knowledge of the distributional consequences of IOs will align their support toward a particular IO based on the predictions provided by the theory.

> **Hypothesis 2a**. *When exposed to distributional consequences of IOs, employees of highly (less) productive firms are more (less) likely to support complying with the rules of IOs.*

Understanding the dynamics of winners and losers is also critical for IOs in attracting successful compliance and cooperation. To ensure success, IOs often mobilize pro-compliance groups. As Chaudoin (2016) highlights, the International Criminal Court (ICC) indicted Kenyan politicians with the intention of intentionally reducing public support for anti-compliance candidates and mobilizing pro-compliance groups. However, anti-compliance groups fiercely opposed this initiative, mobilizing in the opposite direction of what IOs had planned. A similar backlash from those who are perceived as losing can also occur in other contexts, such as in the Philippines. When the ICC criticized President Duterte's "War on Drugs" policy, media coverage focused more on the human rights implications of the policy as the IO intended. However, this generated a significant backlash from anti-compliance groups, which led to a surge in populist rhetoric in the media (Chaudoin forthcoming). Because the competition between pro-compliance, highly productive firms, and anti-compliance, less productive firms are pivotal in shaping compliance levels, I anticipate that the impact of information on distributional consequences will be more likely to increase firms' motivation to oppose or support IOs when the competition is more severe.

Hypothesis 2b. *When employees believe there is intense competition, the impact of distributional information on International Organizations' support or opposition will be greater.*

Because the employee who changes their opinion as a result of the informational treatment believes that IOs' actions will change the regulatory environments, and thus their firms will benefit or suffer as a result of IOs, they are more likely to respond sensitively to the treatment when they are highly impacted by government regulations. As a result, the next hypothesis follows.

Hypothesis 2c. *When employees believe that their industry and markets are intimately related to regulatory policy, the impact of information treatment is stronger than when employees believe they are not.*

Drawing from the mechanism of aligning firms' political stance with individual workers' stance, I anticipate that in cases where this mechanism is strongly present, the effect of distributional consequence information on firms' compliance with IOs will be more pronounced. Lee and Liou (2022) found that workers who have a direct financial stake in their enterprises, such as managers and permanent workers, are more likely to support their firms' stance. Building on this research, I aim to explore the psychological links between employees and their employers. To investigate the relationship between employees' ties to their employers and their support for IOs, I explore how firms assign responsibility to their employees in terms of the outcomes of their work. I anticipate that stronger accountability will enhance the treatment effect on IO support.

Hypothesis 2d. *Employees who have stronger ties with their companies are more likely to support their firms' stance on International Organizations.*

Finally, using mediation analysis, I investigate the mechanisms by which firms either support or oppose IOs. My argument is that highly productive firms can leverage the opportunity to gain a competitive advantage by deliberately raising the regulatory threshold through their endorsement of IOs as external regulators. In addition, less productive firms may reject the idea of IOs because their emergence may put them at a disadvantage compared to highly productive firms, thus hindering their ability to compete effectively. Therefore, I expect that when managers become aware of the distributional consequences of IOs, their decisions regarding information treatment will be mediated by (dis)advantageous competitiveness, which may vary between highly productive firms and less productive firms.

Hypothesis 2e. *The effect of information treatment will be mediated by employees' expectations of gaining a competitive advantage.*

Main Treatment in Card News

Among the various IOs that potentially impact Korean firms, I purposely chose the World Intellectual Property Organization (WIPO), which is relatively unfamiliar to respondents. This is because many other well-known IOs are likely to have pre-formed images, which could interfere with the treatment effects on the level of compliance. First, I will provide both the control and treatment groups with basic information about WIPO.

Do you know the World Intellectual Property Organization? World Intellectual Property Organization(WIPO) was created to ensure that intellectual property rights are protected worldwide. As one of the 16 special agencies of the United Nations, it was founded in 1967 and has 193 member states. WIPO does the following things:

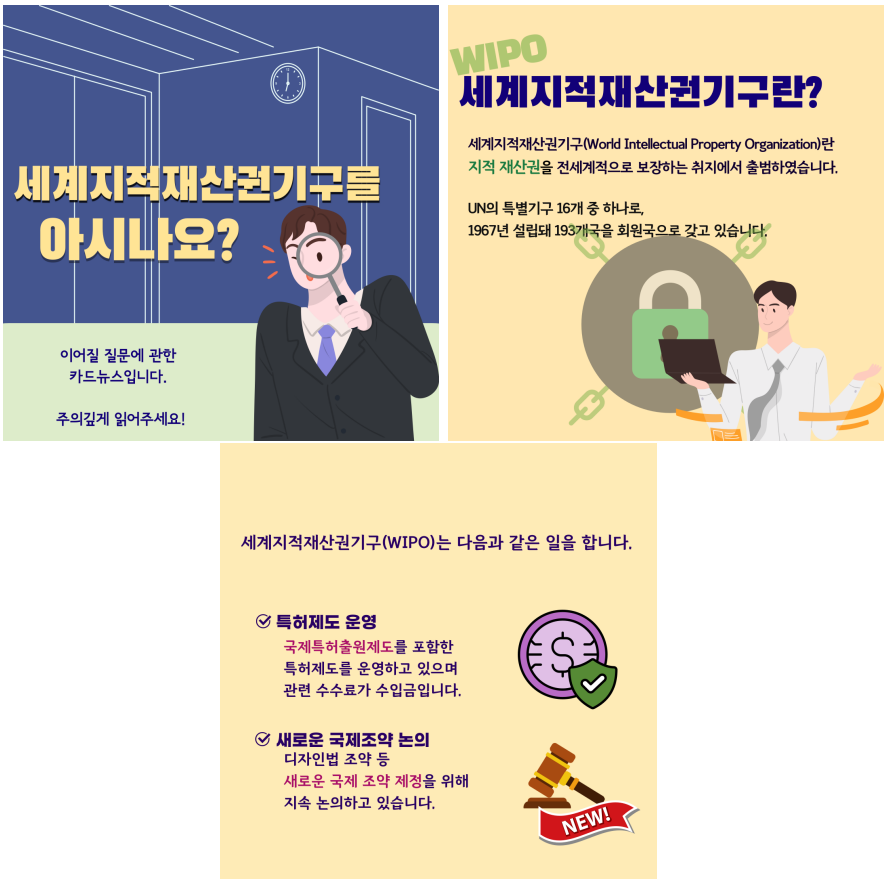
** Operates the patent system: It operates the patent system, including the Patent Cooperation Treaty, and receives revenue from related fees.*

** Discusses new international treaties: Ongoing discussions for new international treaties, including a design law treaty, are part of WIPO's responsibilities.*

Then, for the treatment group only, I will provide information on the distributional impact that WIPO may have, specifically regarding the increase in fixed costs and the heterogeneous capacity of firms to deal with this change in circumstances. The following statement is included in the treatment information:

Activities of WIPO, such as expanding patent systems and discussing international treaties, can enhance intellectual property rights, but they can also have different effects on different types of firms. If these actions result in increased regulation of intellectual property rights, it may result in higher fixed expenses, such as increased legal and patent licensing fees. This

Figure 8. Basic Information on WIPO in the Card News Format



Note: (English Translation) Slide 1: Do you know the World Intellectual Property Organization?
Slide 2: World Intellectual Property Organization(WIPO) was created to ensure that intellectual property rights are protected worldwide. As one of the 16 special agencies of the United Nations, it was founded in 1967 and has 193 member states.
Slide 3: WIPO does the following things: Operates the patent system: It operates the patent system, including the Patent Cooperation Treaty, and receives revenue from related fees. Discusses new international treaties: Ongoing discussions for new international treaties, including a design law treaty, are part of WIPO's responsibilities.

might be especially difficult for less-productive businesses to afford. Highly productive enterprises, on the other hand, are unlikely to face major challenges due to their ability to absorb the

Figure 9. Treatment: Distributional Consequences on WIPO in the Card News Format

Note: (English Translation) Slide 4: Activities of WIPO, such as expanding patent systems and discussing international treaties, can enhance intellectual property rights, but they can also have different effects on different types of firms.
Slide 5: If these actions result in increased regulation of intellectual property rights, it may result in higher fixed expenses, such as increased legal and patent licensing fees. This might be especially difficult for less-productive businesses to afford.
Slide 6: Highly productive enterprises, on the other hand, are unlikely to face major challenges due to their ability to absorb the higher fixed costs associated with additional regulation as a result of the WIPO's activities.

higher fixed costs associated with additional regulation as a result of the WIPO's activities.

The card news in Figure 8 and 9 will deliver all of this information, using graphic illustrations and various colors to help respondents understand the content more clearly.

Measuring Compliance to IOs

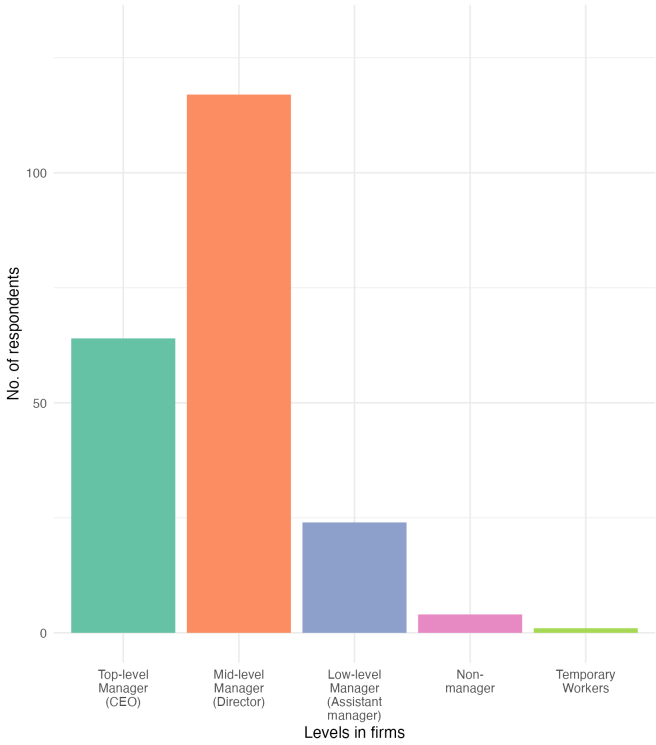
In this study, I aim to capture the preferences of firms toward IOs and their impact on the compliance levels of member states and private actors. Given that this study targets high-ranking workers who likely have experience and involvement in high-level decision-making within their firms, it is expected that their perspectives will mirror the firms' decisions regarding their strategies toward IOs, as discussed in company meetings. The main question will inquire about their overall attitude toward IO by asking:

> *Based on the description of the World Intellectual Property Organization (WIPO) presented above, what could be your firm's position regarding the statement that the South Korean government should increase its involvement in the WIPO?*

5.2 Main Results

Before analyzing the main treatment effects, it is important to note that the collected sample is dominated by managers, indicating a high level of representation from managerial positions. Surprisingly, over 86 percent of the respondents hold managerial roles, which is a significant proportion compared to other surveys targeting firm workers. This suggests that the survey captures the opinions of individuals who are actively involved in the decision-making processes within their respective firms.

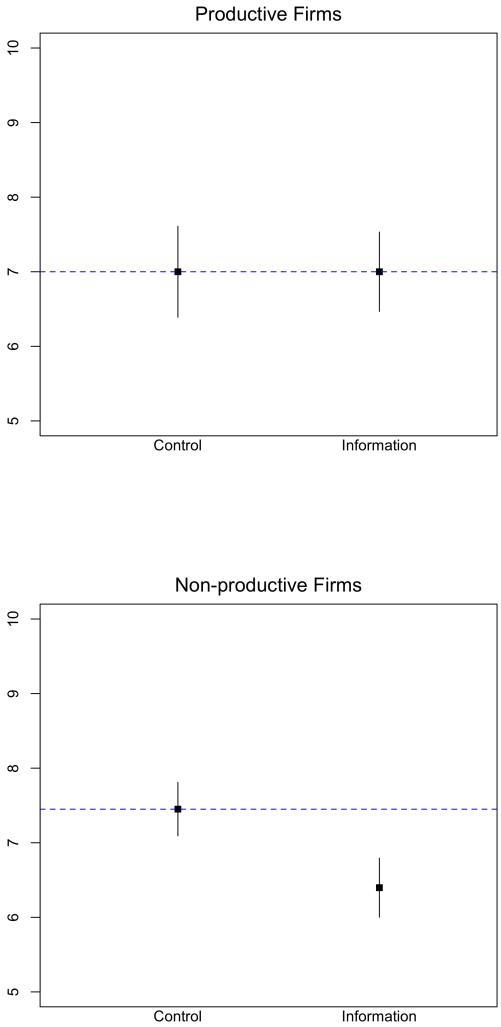
Figure 10. High-level-worker-focused Survey



To assess the heterogeneous effects of the information treatment, I initially plotted the Average Treatment Effect by dividing the sample based on firm productivity. The results indicate that highly productive firms, which are registered in the stock market, did not decrease their support for IOs after being exposed to costs-related information. While the mean difference between the control and treatment groups converged to zero, when I coded the support score on a binary scale (support or not support) using the 1 to 10 scores, the support rate of 71 percent among productive firms increased to 81 percent ($p = 0.4$). For the non-productive firms, the informational treatment decreases the support for IOs by 1.05 points ($p = 0.001$). Addi-

tionally, the percentage of non-productive firms supporting IOs decreases from 83 percent to 66 percent upon exposure to the treatment, indicating a 16 percent drop ($p = 0.02$).

Figure 11. Average Treatment Effect by Firm Productivity



To assess the interaction effects of information on distributional consequences and firm productivity, I employed a regression model. I controlled for various socio-cultural and economic factors of the respondents, including INCOME LEVEL, GENDER, AGE, and LEVEL OF EDUCATION. Considering that openness to global transactions may influence preferences toward IOs, I also included a dummy variable indicating whether respondents' firms engaged in global transactions, such as exports, imports, and foreign investments. Furthermore, I controlled for respondents' RANKING IN FIRMS.

To account for respondents' political orientations, I included a control variable that asked about their prioritization between wealth distribution and economic development. Additionally, since the general tendency and preference toward IOs might influence preferences for WIPO, I included a measure of support for IOs in general. I argue that firm productivity can shape the preference for IOs, even within the same industry. Thus, I included fixed effects for the industry to control for industry-specific preferences toward IOs.

The regression table of the main treatment effects indicates that the results align with the theory. While the effects of general information on the distributional consequences decrease the firm's support for WIPO, this effect turns positive for those working in highly productive firms registered in the stock market in South Korea. This interaction implies that identical information about potential outcomes from IOs can yield distinct effects based on firms' productivity and their capacity to address external challenges. In addition to the positive effects on the interaction terms, GLOBAL FIRMS and PRE-IO SUPPORT are associated with an increase in support for WIPO. To address balance issues arising from the small sample size, I in-

cluded the covariate balancing propensity score (CBPS) in the regression model, and the results still hold after applying the weighting model (Imai and Ratkovic 2014).

Table 9. Treatment Effect of Information about Distributional Consequence

	Dependent variable:			
	Firm's Support WIPO			
	Model 1	Model 2	Model 3	Model 4
Information × Productive Firm	1.35**	1.32**	1.42**	1.42**
	(0.64)	(0.67)	(0.60)	(0.63)
Information	-1.29***	-1.28***	-1.12***	-1.23***
	(0.33)	(0.31)	(0.31)	(0.29)
Productive Firm	-0.85*	-0.88*	-0.93**	-0.99**
	(0.43)	(0.49)	(0.41)	(0.46)
Income Level	0.03	0.04	0.04	0.04
	(0.03)	(0.03)	(0.03)	(0.03)
Gender	-0.53	-0.42	-0.64	-0.58
	(0.56)	(0.54)	(0.53)	(0.50)
Age	0.27	0.24	0.26	0.23
	(0.23)	(0.23)	(0.22)	(0.22)
Education	0.14	0.16	-0.02	0.02
	(0.19)	(0.19)	(0.18)	(0.18)
Global Firm	0.78**	0.90***	0.60*	0.77**
	(0.33)	(0.32)	(0.31)	(0.30)
Level in Firms	0.52*	0.47*	0.41	0.33
	(0.28)	(0.27)	(0.26)	(0.26)
Support for Redistribution			-0.05	0.01
			(0.13)	(0.13)
Pre-IO Support			0.44***	0.41***
			(0.09)	(0.08)
Industry FE	✓	✓	✓	✓
Weight	No	CBPS	No	CBPS
Observations	210	210	210	210
R^2	0.24	0.27	0.34	0.37
Adjusted R^2	0.14	0.17	0.24	0.27

Note: *p<0.1; **p<0.05; ***p<0.01.

Moderated Treatment Effects

To examine the moderated treatment effects in hypotheses 2b to 2d, I included moderating variables indicating the level of industrial competition, relative influence from regulation, and the degree of engagement in firms.[39] Models 1 to 3 in Table 10 display the moderated treatment effects for each moderating variable. The results show that as firms become less sensitive to competition, the treatment effects tend to decrease significantly. I re-coded the competition variable and plotted the predicted values for easier interpretation. When the level of competition is low (CONTROL = 1), highly productive firms do not increase their support for WIPO as expected in the theory, suggesting that they are less likely to try to curb their competitors by inviting external regulators. However, when the level of industrial competition is high, highly productive firms do increase their support for WIPO. Regarding the relative influence of regulation, the expected moderation effect does not appear (Table 10 – Model 2). Finally, I anticipated that when respondents feel a strong sense of responsibility, their opinions would align more closely with their firms' stance. The regression analysis and predicted plots show that when respondents feel a high level of accountability (RESPONSIBILITY = 3), the treatment effects are more

[39]Estimating interaction effects requires significantly more data than estimating main effects. Since this moderation section involves examining additional moderating effects on the main moderating effect (PRODUCTIVE FIRMS × INFORMATION), careful interpretation is needed due to the small size of the survey. At the same time, it is also important to consider the anticipated directions of the various factors within the difficulties of obtaining a sufficient number of responses from managers of firms. Thus, in this section, I briefly introduce the directions and effects with limited data and results. I expect that a survey with a larger number of firm-manager responses will help mitigate this issue. More information can be found in the discussion on the appropriate size of the sample for estimating interaction effects: Andrew Gelman "You need 16 times the sample size to estimate an interaction than to estimate a main effect". Available at https://statmodeling.stat.columbia.edu/2018/03/15/need16/comment-685197 (Accessed: 2023.8.3)

pronounced compared to the model with respondents who feel low accountability (RESPONSIBILITY = 1). Workers in highly productive firms are more likely to support WIPO after exposure to the treatment when they feel they have greater responsibility for their firms' business outcomes. However, it is also important to note that the moderated treatment effects are unstable since the balancing makes this model insignificant possibly due to the limited number of samples.

Mediation Analysis

To address hypothesis 2e, I measure the Average Causal Mediation Effects (ACME) and the Average Direct Effects (ADE) to determine if the treatment effect can be attributed to firms' decisions aimed at outcompeting or curbing their rivals. I divide the group into highly productive and less productive firms and compare whether the mediation variable exhibits different directions of effects between the two groups. Brutger and Kertzer (2018) have demonstrated that the relationship between the treatment and mediator can vary by respondents' level of hawkishness in their research. Building on their analytical approach, I compare the difference in ACMEs between highly productive firms and less productive firms and visualize the results. To conduct the mediation analysis, I employ the `mediation` package developed by Tingley et al. (2014). Moreover, following Chaudoin, Gaines and Livny (2021) suggestion that the mediation effect can be impacted by the order of the outcome variable and mediation variable, which is known as order effects, I randomly assign the mediation variable COMPETITIVE ADVANTAGE between the outcome variables.

The mediation effect through advantageous competitiveness for highly

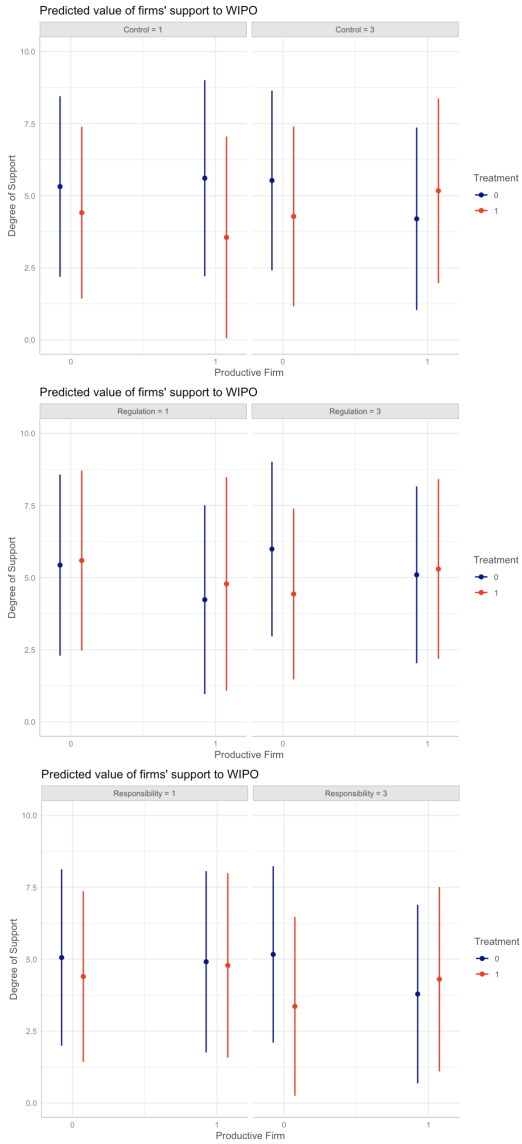
Table 10. Moderated Treatment Effects

	Dependent variable:		
	Firm's Support WIPO		
	Model 1	Model 2	Model 3
Info × Productive Firm	3.99**	2.92**	4.13**
	(1.66)	(1.26)	(1.70)
Info × Productive Firm × Insensitive to Competition	-1.12*		
	(0.66)		
Info × Productive Firm × Insensitive to Regulation		-0.68	
		(0.58)	
Info × Productive Firm × Insensitive to Accountability			-0.90*
			(0.53)
Info (Distributional Consequence)	-1.46*	-2.78***	-2.70***
	(0.79)	(0.70)	(0.99)
Productive Firm	-2.17*	-1.12	-2.60**
	(1.11)	(0.81)	(1.14)
Insensitive to Competition	-0.01		
	(0.19)		
Insensitive to Regulation		-0.29	
		(0.22)	
Insensitive to Accountability			-0.08
			(0.21)
Info × Insensitive to Competition	0.14		
	(0.27)		
Productive Firm × Insensitive to Competition	0.54		
	(0.44)		
Info × Insensitive to Regulation		0.74***	
		(0.28)	
Productive Firm × Insensitive to Regulation		0.08	
		(0.35)	
Info × Insensitive to Accountability			0.49*
			(0.29)
Productive Firm × Insensitive to Accountability			0.61*
			(0.37)
Controls	✓	✓	✓
Indsutry FE	✓	✓	✓
Observations	210	210	210
R^2	0.35	0.37	0.37
Adjusted R^2	0.24	0.26	0.26

Note: *p<0.1; **p<0.05; ***p<0.01.

productive firms does not exhibit the positive ACME significance as expected by the hypothesis. However, in contrast, the ACME through competitive advantage on support for WIPO is significantly negative only among firms with low productivity. This suggests that firms with low productivity perceive the activities of WIPO as detrimental to their competitive advantage and, as a result, decide not to support WIPO.

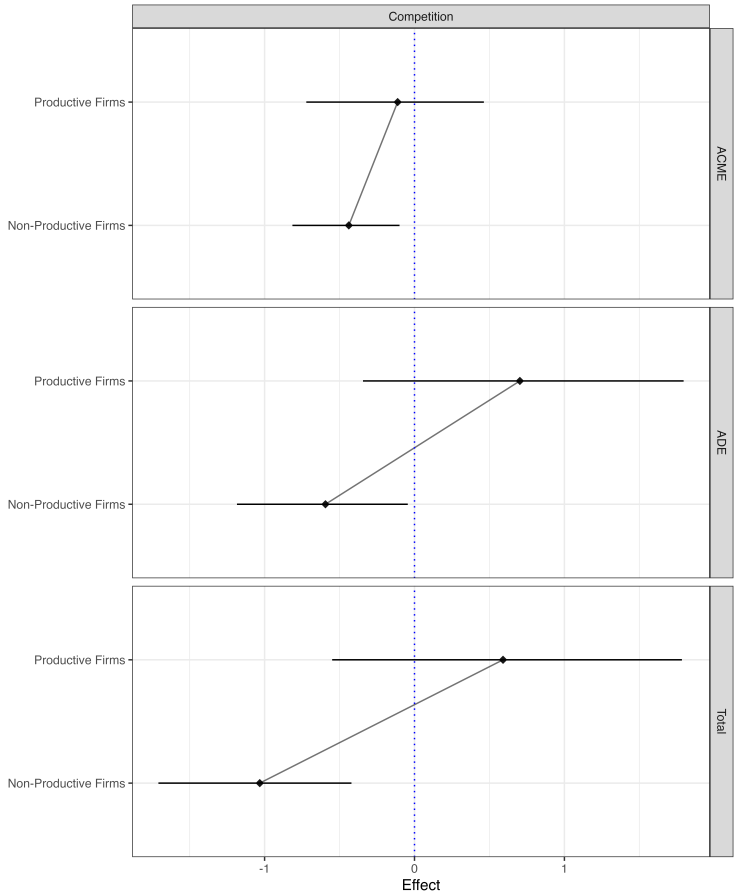
Figure 12. Moderated Treatment Effect



What is the backlash about?

One consideration that can be raised is that the presented treatment effects can be a response to the regulation itself, rather than to IOs. In this

Figure 13. Mediation Analysis: Competition



research design, it is difficult to distinguish whether firms strongly oppose or support IOs or the changed regulations. To address these concerns, further research designs, such as conjoint experiments comparing different sets of solutions, including lobbying for changes in the degree of regulations or complete exits from the IOs, can elucidate the detailed reactions.

Even if the degree of flexibility of changing institutional designs differs by IOs, it is challenging for firms to alter the rules of laws based on cost-benefit calculations (Lipscy 2017). Additionally, Voeten (2022) argues that

certain opponents of IOs can easily develop into a general anti-sentiment toward IOs. Thus, rather than focusing on changing the rules of the game in IOs, firms might start by attempting to change the distributional effects itself and develop their opposition toward IOs in general. I expect that additional research can explain whether the cost calculation of firms can be changed and developed, leading to a shift between lobbying for weaker regulation or complete withdrawal from IOs. This difference in requests may vary based on the types of IOs and the responsiveness of politicians.

6 Conclusion

Through macro and microanalysis, this paper explains when the backlash against IOs can arise based on firms' adjusted preferences after experiencing the distributional consequences of IOs. This argument contributes to the literature on compliance with IOs by emphasizing the importance of heterogeneous domestic factors in shaping reactions and attitudes toward IOs. Additionally, it highlights the necessity of examining the impact of business actors, given their significance in international relations and the previously overlooked but influential distributional consequences brought about by IOs.

Previous compliance literature has primarily focused on the state-centric view with less consideration of heterogeneous opinions. Moreover, the existing literature on the backlash to globalization and its distributional consequences only connects selective actors affected by liberal international orders, largely excluding corporate actors. This paper elucidates how IOs can have significant distributional consequences for corporate actors and explores their expected heterogeneous reactions, which can influence compliance and backlash toward IOs.

This paper makes several significant contributions. Firstly, it introduces a novel perspective by examining the heterogeneous reactions of firms as a new source of backlash or compliance toward IOs. The paper delves into the dynamics of international institutions, focusing on the raised standards and regulatory barriers driven by IOs.[40] Critics from the developing world

[40]Most notable example can be the adoption of EU's Corporate sustainability due diligence: European Commission "Corporate sustainability due diligence" Available athttps://commission.europa.eu/business-economy-euro/doing-business-eu/corporate-sustainability-due-diligence_en (Accessed: 2023.5.31)

argue that these efforts undermine the developmental ladder for developing countries and can lead to a distinct form of backlash against IOs. With the newfound emphasis on business impacts on IOs and the increasing adoption of global standards, this paper is also expected to enhance our understanding of IOs' compliance and the responses of corporate actors within emerging regulatory regimes.

Secondly, this paper establishes a connection between explanations of reverse regulatory capture, where highly productive firms deliberately raise adjustment costs, and the existing literature on firms' heterogeneous interests, primarily focused on their particular interests in free trade. Future research can be developed to explore the heterogeneous interests stemming from various characteristics of companies, which can further elucidate firms' political actions.

Thirdly, by specifically focusing on high-ranking managers, this paper contributes to a deeper understanding of firms' political choices in supporting or opposing IOs through survey experiments. Previous research has relied on observational data to examine highly productive firms' intentions regarding regulatory capture. By providing findings with a causal relation, this paper offers insights into the strategic choices made by firms to support or oppose IOs as a means to restrain their competitors. Furthermore, while this survey could not randomly assign a mediating variable due to the limitation of small sample size, I anticipate that future research could enhance the analysis of the mechanism by utilizing effective survey experiment research designs.

국문 초록

국제기구는 언제 회원국으로부터 극심한 반발을 경험하고, 언제 협력적인 태도를 기대할 수 있는가? 선행 연구는 국제기구에 대한 반발의 요인을 국가 중심적인 관점, 대두되는 포퓰리즘, 개인과 대중의 태도 등에서 찾아왔다. 하지만 국제기구가 한 국가에 다양한 변화를 야기하여 형성된 승자와 패자의 입장이 국제기구에 대한 전달되는 과정에 대한 관심은 상대적으로 적었다. 본 연구는 국제기구가 가져온 변화로 인해 영향을 받게 되는 기업 행위자에 주목하고자 한다. 중요한 경제적 행위자이자, 정치 결정 과정에 영향을 미친다고 알려진 기업의 특성을 고려했을 때 기업이 가지고 있는 국제기구에 대한 선호와 이들의 정치적 행동을 확인하는 것은 중요하다. 본 연구는 국제기구가 국내 규제 강화와 생산비용 증가 등 기업 환경에 영향을 미침으로써, 손해를 입는 기업과 이익을 보는 기업을 나누게 될 것이라고 예상하였다. 또한 국제기구가 불러오는 변화에 적응하는 정도는 기업의 생산성에 따라 달라져 국제기구의 반발 및 순응에 영향을 줄 수 있다고 주장하였다. 본 연구에서는 세계은행 회원국에서 세계은행 협력 정도와 회원국 기업 생산성 간의 관계를 확인하였으며, 관리자급 이상 기업인을 대상으로 한 설문 실험을 통해, 생산성이 높은 기업과 낮은 기업에서 서로 다른 국제기구 지지 정도를 확인하였다.

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Appendix

Contents

A Robustness Checks and Supporting Statistical Information

A.1 Descriptive Statistics

Table 1. Descriptive statistics

Statistic	N	Mean	St. Dev.	Min	Max
Backlash (Binary)	1,153	0.5	0.5	0	1
Backlash Mean	1,153	2.0	0.8	0.0	5.0
Backlash Proportion	1,153	0.3	0.4	0	1
No. of Top 1 perc. Firms	1,017	566.7	2,473.7	0.0	18,709.0
No. of Top 5 perc. Firms	1,017	2,249.9	10,682.7	0.0	88,824.2
No. of Top 25 perc. Firms	1,017	9,344.8	43,027.6	0.0	361,999.6
No. of Bottom 1 perc. Firms	1,017	493.5	2,919.1	0.0	22,931.4
No. of Bottom 5 perc. Firms	1,017	1,604.5	7,543.4	0.0	88,494.5
No. of Bottom 25 perc. Firms	1,017	7,708.2	24,831.7	0.0	205,462.0
No. of Top 1 perc. Firms (ln)	1,017	2.6	2.6	0.0	9.8
No. of Top 5 perc. Firms (ln)	1,017	4.6	2.5	0.0	11.4
No. of Top 25 perc. Firms (ln)	1,017	6.5	2.3	0.0	12.8
No. of Bottom 1 perc. Firms (ln)	1,017	2.2	2.5	0.0	10.0
No. of Bottom 5 perc. Firms (ln)	1,017	4.6	2.6	0.0	11.4
No. of Bottom 25 perc. Firms (ln)	1,017	6.9	2.2	0.0	12.2
FDI per GDP	1,108	4.9	5.5	−3.3	68.6
Natural Resources per GDP	1,110	8.1	10.0	0.0	61.2
Tax Ratio	766	15.2	5.3	0.9	36.4
Infant Mortality	1,111	36.7	25.3	3.5	130.0
GDP per Capita (ln)	1,110	7.6	1.1	4.9	9.7
Level of Corruption	1,064	0.6	0.2	0.05	1.0
No. of Population (ln)	1,111	16.2	1.9	9.3	21.0
UNGA voting with US	1,111	3.0	0.6	1.3	4.4

A.2 Additional Models for Robustness Check

Table 2. Ratio of (Non-)Productive Firms in Recipient Countries

	Dependent variable:			
	Incidence of World Bank Backlash			
	Model 1	Model 2	Model 3	Model 4
Ratio of Top 1 perc. Firms (%)	-1.80		-2.50	
	(1.90)		(2.95)	
Ratio of Bottom 1 perc. Firms (%)	3.55*		6.13*	
	(2.07)		(3.54)	
Ratio of Top 5 perc. Firms (%)		-1.33*		-1.53*
		(0.71)		(0.82)
Ratio of Bottom 5 perc. Firms (%)		0.78		0.75
		(0.54)		(0.79)
FDI per GDP			0.01	0.01
			(0.01)	(0.01)
Natural Resources per GDP			-0.00	-0.00
			(0.01)	(0.01)
Tax Ratio			-0.02	-0.02
			(0.02)	(0.02)
Infant Mortality			-0.01	-0.01
			(0.01)	(0.01)
GDP per Capita			0.10	0.08
			(0.16)	(0.16)
Level of Corruption			-0.88*	-0.75
			(0.48)	(0.49)
No. of Population (logged)			-0.47	-0.43
			(0.62)	(0.62)
UNGA voting with US			-0.13	-0.13
			(0.18)	(0.18)
State FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Observations	1,017	1,017	705	705
R^2	0.28	0.28	0.32	0.32
Adjusted R^2	0.17	0.17	0.19	0.19

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Table 3. Alternative Explanations

	Dependent variable:				
	Incidence of World Bank Backlash				
	M1	M2	M3	M4	M5
No. of Top 1% Firms (logged)	-0.03**	-0.03*	-0.03*	-0.04**	-0.04*
	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
No. of Bottom 1% Firms (logged)	0.05***	0.04**	0.05**	0.04**	0.05*
	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
FDI per GDP	0.01*	0.01	0.02*	0.01	0.00
	(0.00)	(0.01)	(0.01)	(0.01)	(0.01)
Natural Resources per GDP	-0.01*	-0.00	-0.01	-0.00	0.02
	(0.01)	(0.01)	(0.01)	(0.01)	(0.02)
Infant Mortality	-0.00	-0.01	-0.00	-0.01	0.00
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
GDP per Capita	0.14	0.14	0.10	0.15	0.50**
	(0.12)	(0.16)	(0.18)	(0.17)	(0.24)
Level of Corruption	-0.76*	-0.66	-0.91*	-0.73	-0.81
	(0.41)	(0.49)	(0.52)	(0.49)	(0.62)
No. of Population (logged)	0.24	-0.11	-0.36	-0.69	-0.44
	(0.48)	(0.63)	(0.65)	(0.64)	(0.85)
UNGA voting with US	-0.11	-0.11	-0.28	-0.11	0.09
	(0.12)	(0.18)	(0.24)	(0.19)	(0.24)
Tax Ratio		-0.01	-0.02	-0.02	-0.01
		(0.02)	(0.02)	(0.02)	(0.02)
Opposite Party in Congress		0.30			
		(0.25)			
Use of IP Receipts			0.01		
			(0.04)		
Starting a Business				0.01*	
				(0.00)	
High-technology Exports					0.04
					(0.06)
State FE	✓	✓	✓	✓	✓
Year FE	✓	✓	✓	✓	✓
Observations	990	692	624	648	500
R^2	0.29	0.33	0.33	0.33	0.37
Adjusted R^2	0.18	0.19	0.20	0.19	0.21

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Table 4. Regime Types and Relations with China

	Dependent variable:			
	Incidence of World Bank Backlash			
	Model 1	Model 2	Model 3	Model 4
No. of Top 1% Firms (logged)	-0.04**		-0.04**	
	(0.02)		(0.02)	
No. of Bottom 1% Firms (logged)	0.05***		0.04**	
	(0.02)		(0.02)	
No. of Top 5% Firms (logged)		-0.05**		-0.05**
		(0.03)		(0.03)
No. of Bottom 5% Firms (logged)		0.02		0.02
		(0.02)		(0.02)
FDI per GDP	0.01	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)	(0.01)
Natural Resources per GDP	-0.00	-0.00	0.00	0.00
	(0.01)	(0.01)	(0.01)	(0.01)
Tax Ratio	-0.01	-0.02	-0.01	-0.02
	(0.02)	(0.02)	(0.02)	(0.02)
Infant Mortality	-0.01	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)	(0.01)
GDP per Capita	0.12	0.06	0.08	0.01
	(0.16)	(0.16)	(0.17)	(0.16)
Level of Corruption	-0.53	-0.50	-0.79*	-0.70
	(0.50)	(0.51)	(0.48)	(0.49)
No. of Population (logged)	-0.25	-0.23	-0.23	-0.16
	(0.61)	(0.63)	(0.62)	(0.65)
UNGA voting with US	-0.12	-0.12	-0.11	-0.12
	(0.18)	(0.18)	(0.19)	(0.20)
Regime Type	0.13**	0.10*		
	(0.06)	(0.06)		
UNGA voting with China			-0.07	-0.12
			(0.24)	(0.25)
State FE	✓	✓	✓	✓
Year FE	✓	✓	✓	✓
Observations	705	705	692	692
R^2	0.33	0.32	0.33	0.32
Adjusted R^2	0.20	0.19	0.19	0.19

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Table 5. Productivity at the Industry Level (YKLM Method)

	Dependent variable:		
	Incidence of World Bank Backlash		
	Model 1	Model 2	Model 3
Top 1 perc. Firms (logged)	-0.02		
	(0.02)		
Bottom 1 perc. Firms (logged)	-0.03*		
	(0.02)		
Top 5 perc. Firms (logged)		-0.00	
		(0.02)	
Bottom 5 perc. Firms (logged)		-0.02	
		(0.02)	
Top 25 perc. Firms (logged)			0.04
			(0.05)
Bottom 25 perc. Firms (logged)			0.00
			(0.06)
FDI per GDP	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)
Natural Resources per GDP	-0.00	-0.00	0.00
	(0.01)	(0.01)	(0.01)
Tax Ratio	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)
Infant Mortality	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
GDP per Capita	0.04	0.03	0.04
	(0.15)	(0.15)	(0.15)
Level of Corruption	-0.78	-0.79	-1.00**
	(0.49)	(0.49)	(0.48)
No. of Population (logged)	-0.68	-0.52	-0.30
	(0.63)	(0.63)	(0.62)
UNGA voting with US	-0.09	-0.13	-0.13
	(0.18)	(0.18)	(0.18)
State FE	✓	✓	✓
Year FE	✓	✓	✓
Observations	705	705	705
R^2	0.32	0.31	0.31
Adjusted R^2	0.19	0.18	0.18

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Table 6. Productivity at the Industry Level (VAKL Method)

	Dependent variable:		
	Incidence of World Bank Backlash		
	Model 1	Model 2	Model 3
Top 1 perc. Firms (logged)	-0.03		
	(0.02)		
Bottom 1 perc. Firms (logged)	0.03**		
	(0.02)		
Top 5 perc. Firms (logged)		-0.03*	
		(0.02)	
Bottom 5 perc. Firms (logged)		0.07***	
		(0.02)	
Top 25 perc. Firms (logged)			0.05
			(0.04)
Bottom 25 perc. Firms (logged)			-0.04
			(0.05)
FDI per GDP	0.01	0.01	0.01
	(0.01)	(0.01)	(0.01)
Natural Resources per GDP	-0.00	-0.00	-0.00
	(0.01)	(0.01)	(0.01)
Tax Ratio	-0.02	-0.02	-0.02
	(0.02)	(0.02)	(0.02)
Infant Mortality	-0.01	-0.01	-0.01
	(0.01)	(0.01)	(0.01)
GDP per Capita	0.05	0.04	0.06
	(0.15)	(0.15)	(0.16)
Level of Corruption	-0.92**	-0.85*	-0.92*
	(0.46)	(0.45)	(0.48)
No. of Population (logged)	-0.29	-0.33	-0.26
	(0.63)	(0.62)	(0.62)
UNGA voting with US	-0.11	-0.15	-0.13
	(0.18)	(0.18)	(0.18)
State FE	✓	✓	✓
Year FE	✓	✓	✓
Observations	705	705	705
R^2	0.32	0.32	0.31
Adjusted R^2	0.19	0.20	0.18

Note: Robust standard errors are clustered at the state level. *p<0.1; **p<0.05; ***p<0.01.

Figure 1. Distribution of Main Explanatory Variables

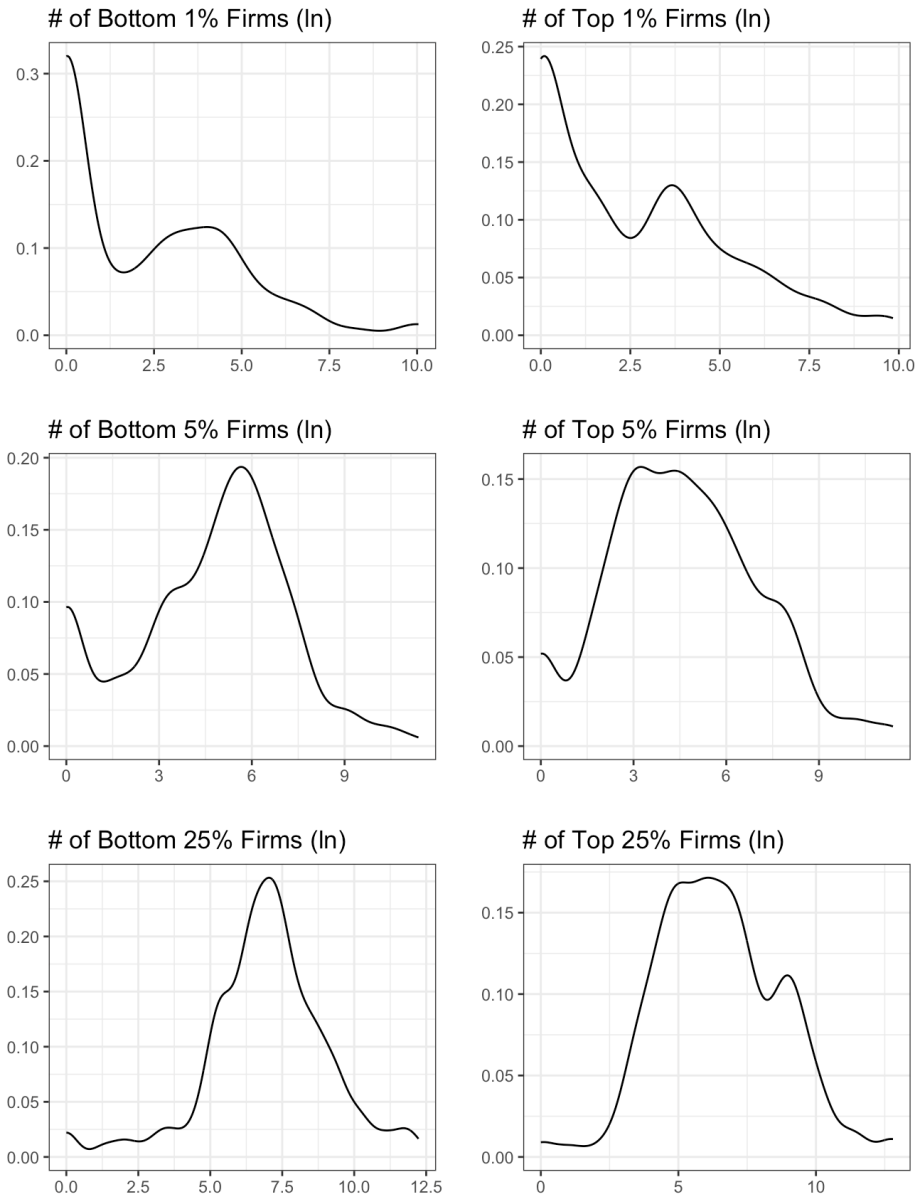
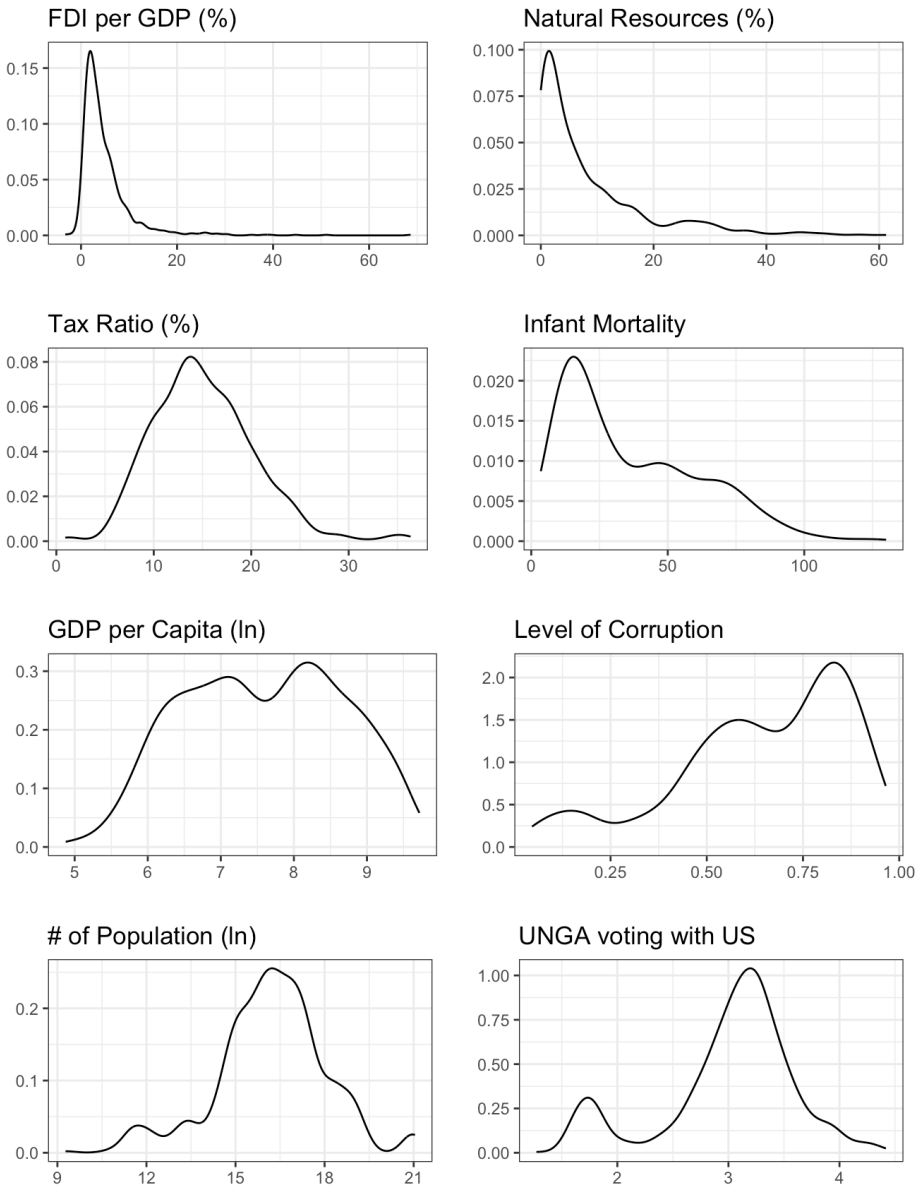


Figure 2. Distribution of Control Variables



A.3 Moderating Effects

Figure 3. Moderating Effects of Level of Corruption

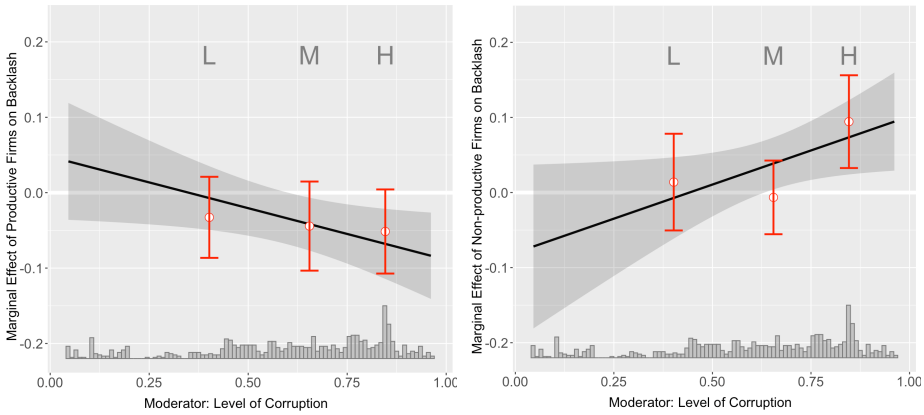
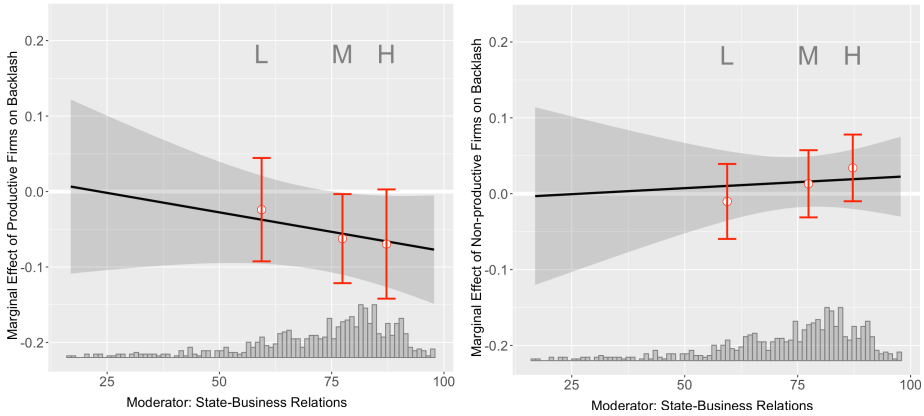
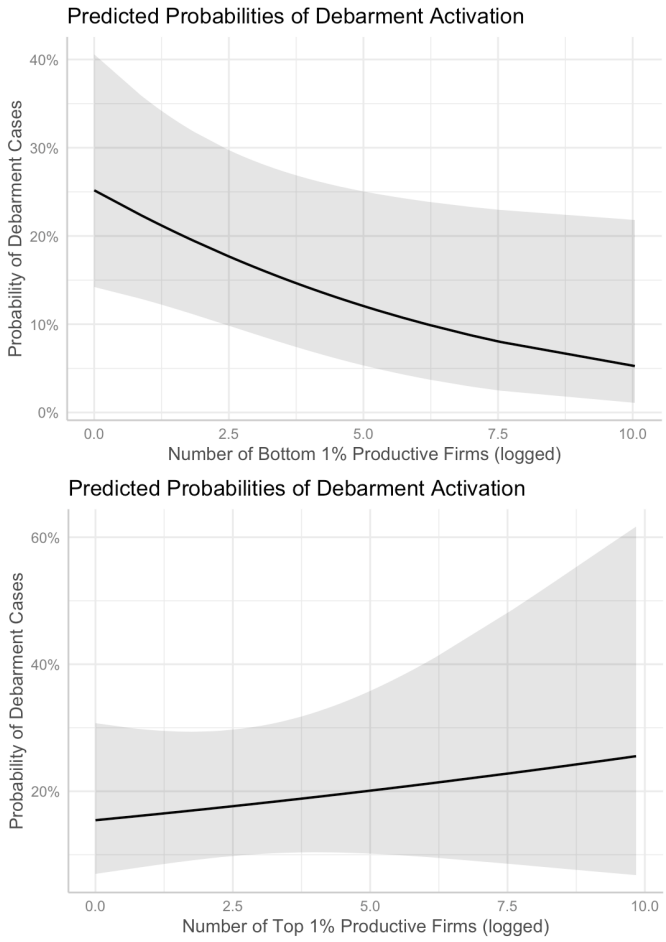


Figure 4. Moderating Effects of State-Business Relations



A.4 Predicted Probabilities of World Bank Debarment

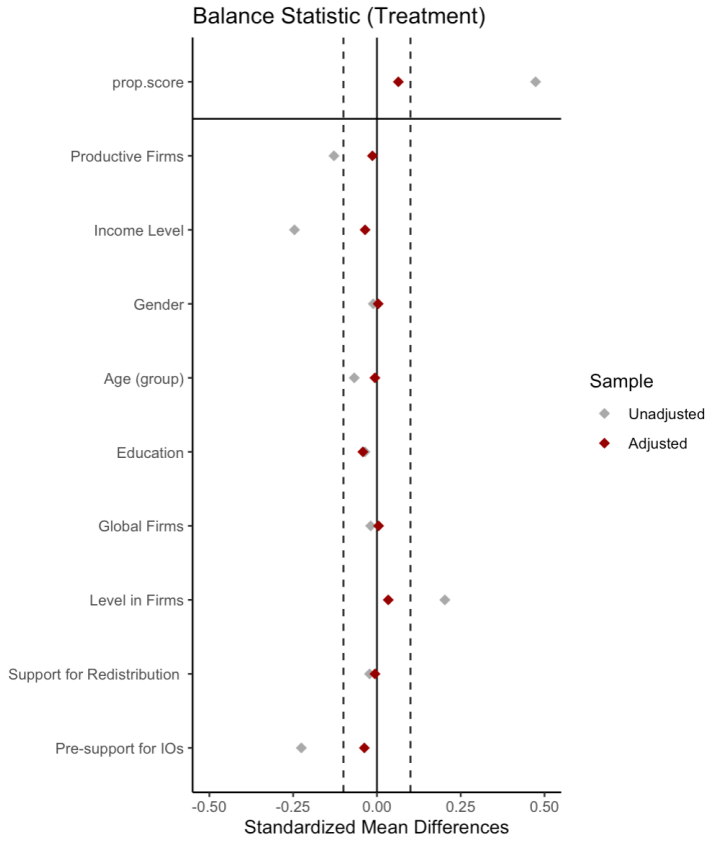
Figure 5. Predicted Probabilities of World Bank Debarment



B Survey Questions

B.1 Balance Test

Figure 6. Balance Plot



B.2 Pre-treatment Questions

Q1. What is your gender?

1. Male
2. Female

Q2.What is your year of birth?

Q3. Please select your highest level of education.

1. None
2. Elementary school graduation
3. Middle school graduation
4. High school graduation
5. 2-year college degree
6. 4-year college degree
7. Graduate degree (Master)
8. Graduate degree (Doctor)

Q4. To what extent do you agree or disagree with the following statement?

"The government should focus more on economic growth rather than income redistribution."

1. Strongly agree
2. Somewhat agree
3. Neither agree nor disagree
4. Somewhat disagree
5. Strongly disagree

Q5. Which sector(industry) do you work in?

Main Category	**Subcategory**
(Dropdown)	(Dropdown)

Q6. Please briefly describe the industry closest to the one you are currently employed in with a single word. *e.g.: Medical processing equipment, display technology, management consulting, cosmetics, and travel industry, etc.*

Q7-1. What is your current rank within your organization?

1. Top-level manager (president, CEO, executive, etc.)
2. Mid-level manager (director, assistant director, team leader, etc.)
3. Low-level manager (assistant manager, manager, senior manager, etc.)
4. Regular employee (entry-level worker, junior-level worker, etc.)
5. Hourly worker, contract worker

Q7-2. Please write down your current position in the company you work for. For example, team leader, director, senior manager, etc.

Q8. How long have you been working in your current workplace?

[sliders] years

Q9. How much is your estimated monthly income before tax?

Q10. How many employees does your company employ? (Exclude the employees in other subsidiaries and regional branches, and temporary part-time workers)

Q11. What type of company do you work for?

1. Big enterprise
2. Mid-sized company
3. Small business

Q12. Is the company that you are currently employed in listed on the stock market?

1. Listed
2. Not listed

Q13. Please check all activities that your company is involved in. (Multiple Choice)

1. Export
2. Import
3. Foreign Direct Investment (FDI)
4. Not involved in any

What is foreign direct investment? It refers to direct investment in overseas by building factories or participating in the operation of companies. It mainly includes establishment of local corporations abroad, investment in foreign corporation capital, acquisition of real estate, and establishment of branch offices.

Q14. If you consider the worst-performing company in your industry as 1 and the best-performing company as 10, where would you rate the company you are currently employed in terms of performance/profitability?

worst firm (1) ⇔ best firm (10)									
1	2	3	4	5	6	7	8	9	10

Q15. How do you rate the productivity of the company you are currently employed in? Please select a number between 1 and 10, where 1 represents a company with very low productivity and 10 represents a company with very high productivity.

very low (1) ⇔ very high (10)									
1	2	3	4	5	6	7	8	9	10

Q16. What is your opinion on the productivity level of the company you are currently employed in, based on the following criteria?

1. Productivity is very high
2. Productivity is somewhat high
3. Productivity is somewhat low
4. Productivity is very low

[Q17-1 – Q17-8] How do you think about the following sentences?

"Our industry is highly competitive."
"Our company has a high chance of winning in competition with other companies."
"The current situation of the market our company is in is good."
"Our company restrains smaller companies."
"Our company restrains larger companies."
"Our company is heavily influenced by government regulation policies."
"Our company heavily restrains other companies."
"The industry our company belongs to is heavily influenced by government regulation policies."

1. Strongly agree
2. Somewhat agree
3. Average

4. Somewhat disagree
5. Strongly disagree

[Q18-1 – Q18-8] How do you think about the following sentences?

"If given the opportunity, I have the intention to change jobs."
"I have a high loyalty to the company."
"The job application process at my current company was very competitive."
"I have a strong sense of belonging to the company."
"I am satisfied with my job."
"Our company's reward system is fair."
"Our company shares profits well with employees when they occur."
"Our company holds employees accountable well when losses occur."

1. Strongly agree
2. Somewhat agree
3. Average
4. Somewhat disagree
5. Strongly disagree

Q19. Which political party do you support?

1. Democratic Party of Korea
2. People Power Party
3. Justice Party
4. Basic Income Party
5. Transition Korea
6. Others
7. Do not support any
8. Don't know

Q19-1. Do you have a political party that you support even by a margin? If so, which party is it?[41]

1. Democratic Party of Korea
2. People Power Party
3. Justice Party
4. Basic Income Party
5. Transition Korea
6. Others

[41] Only respond if the respondents' answer to Q15 was 7 or 8

7. Do not support any

Q20. What is your general position on the following sentence?

"Collaborating with international organizations is very important."

1 indicates strong opposition and 10 indicates strong agreement, with 1 to 5 indicating opposition and 6 to 10 indicating agreement.

Strongly disagree(1) ⇔ Strongly agree(10)									
1	2	3	4	5	6	7	8	9	10

Q21. What do you think is your political inclination? 1 represents a very progressive stance, and 10 represents a very conservative stance. Numbers 1 to 5 indicate a progressive political inclination, while numbers 6 to 10 indicate a conservative political inclination.

Very progressive(1) ⇔ Very conservative(10)									
1	2	3	4	5	6	7	8	9	10

B.3 Treatment

B.3.1 Basic Information

Do you know the World Intellectual Property Organization? World Intellectual Property Organization(WIPO) was created to ensure that intellectual property rights are protected worldwide. As one of the 16 special agencies of the United Nations, it was founded in 1967 and has 193 member states. WIPO does the following things:
** Operates the patent system: It operates the patent system, including the Patent Cooperation Treaty, and receives revenue from related fees.*
** Discusses new international treaties: Ongoing discussions for new international treaties, including a design law treaty, are part of WIPO's responsibilities.*

B.3.2 Treatment Group: Distributional Consequence of WIPO

Activities of WIPO, such as expanding patent systems and discussing international treaties, can enhance intellectual property rights, but they can also have different effects on different types of firms. If these actions result in increased regulation of intellectual property rights, it may result in higher fixed expenses, such as increased legal and patent licensing fees. This might be especially difficult for less-productive businesses to afford. Highly productive enterprises, on the other hand, are unlikely to face major challenges due to their ability to absorb the higher fixed costs associated with additional regulation as a result of the WIPO's activities.

B.4 Post-treatment Questions

Q22. Based on the description of the World Intellectual Property Organization (WIPO) presented above, what is your opinion regarding the statement that the South Korean government should increase its involvement in the WIPO?

Strongly disagree(1) ⇔ Strongly agree(10)									
1	2	3	4	5	6	7	8	9	10

Q23. What is the reason behind your thinking? Please describe it in detail as possible.

Q-Mediation. (This will be randomly placed between the outcome question) Do you expect WIPO's activities to have any impact on your company's competitiveness in the market?

1. It will greatly enhance competitiveness.
2. It will somewhat enhance competitiveness.
3. It will neither enhance nor weaken competitiveness.
4. It will somewhat weaken competitiveness.
5. It will greatly weaken competitiveness.

Q24. Based on the description of the World Intellectual Property Organization (WIPO) presented above, what could be your firm's position regarding the statement that the South Korean government should increase its involvement in the WIPO?

Strongly disagree(1) ⇔ Strongly agree(10)									
1	2	3	4	5	6	7	8	9	10

Q25. What is the reason behind your thinking? Please describe it in detail as possible.

Q26-1. How should the government's contribution to WIPO be adjusted, in your opinion?
* Korea currently pays the equivalent of the fourth tier of WIPO's 14-tier contribution system (about 5.5 billion won).

1. It needs to be increased a lot
2. It needs to be increased slightly
3. It needs to be maintained at the current level
4. It needs to be reduced slightly
5. It needs to be reduced a lot.

Q26-2. You stated that your country's contribution to the WIPO should be [increased / decreased]. Do you believe that the budgets of any of the following departments should

be [decreased / increased] or taxes [raised / reduced] in order to [increase / decrease] the contribution?

1. [Reduce / Increase] the budget of Ministry of National Defence
2. [Reduce / Increase] the budget of Ministry of Education
3. [Reduce / Increase] the budget of Korea Aerospace Research Institute
4. [Reduce / Increase] the budget of Ministry of Environment
5. [Reduce / Increase] the budget of Ministry of Health and Welfare
6. [Reduce / Increase] the budget of Ministry of Land, Infrastructure and Transport
7. [Increase / Reduce] taxes

Q26-3. What factor did you consider the most when making the above choices to [increase / decrease] the contribution fee to the World Intellectual Property Organization (WIPO)?

Q27. Assume you were contacted by someone from the World Intellectual Property Organization. If they told you that they would like to train you in intellectual property law, how many hours would you be willing to dedicate to the training in total? (The interview will take place after work, and there is no fee for the training; their ideal number is 100 hours, which you can adjust if desired)

Slide										
0	10	20	30	40	50	60	70	80	90	100

Q28. Suppose you notice that another company is not complying with a new copyright regime. If you were to report this to the WIPO anonymously, the company would be required to undergo mandatory training to ensure compliance with the regime. Would you be willing to report the violation to the WIPO anonymously?

1. I will not report it
2. I will report it anonymously.

Q29. What is your current opinion on the role of international organizations in the global community?

Q30. Have there been any instances in which the activities of international organizations have had a direct or indirect impact on the business operations of your company? If so, please provide an example.

Q31. Have you ever witnessed or experienced an instance where your company engaged in political activities for policy or specific political purposes? If so, please provide

an example.

Q32. Have you ever experienced or witnessed instances where the management or colleagues of your company have tried to persuade you to support a particular political party or policy for the benefit of the company, or have publicly encouraged you to participate in politics? If so, please provide examples.

– End of Survey –