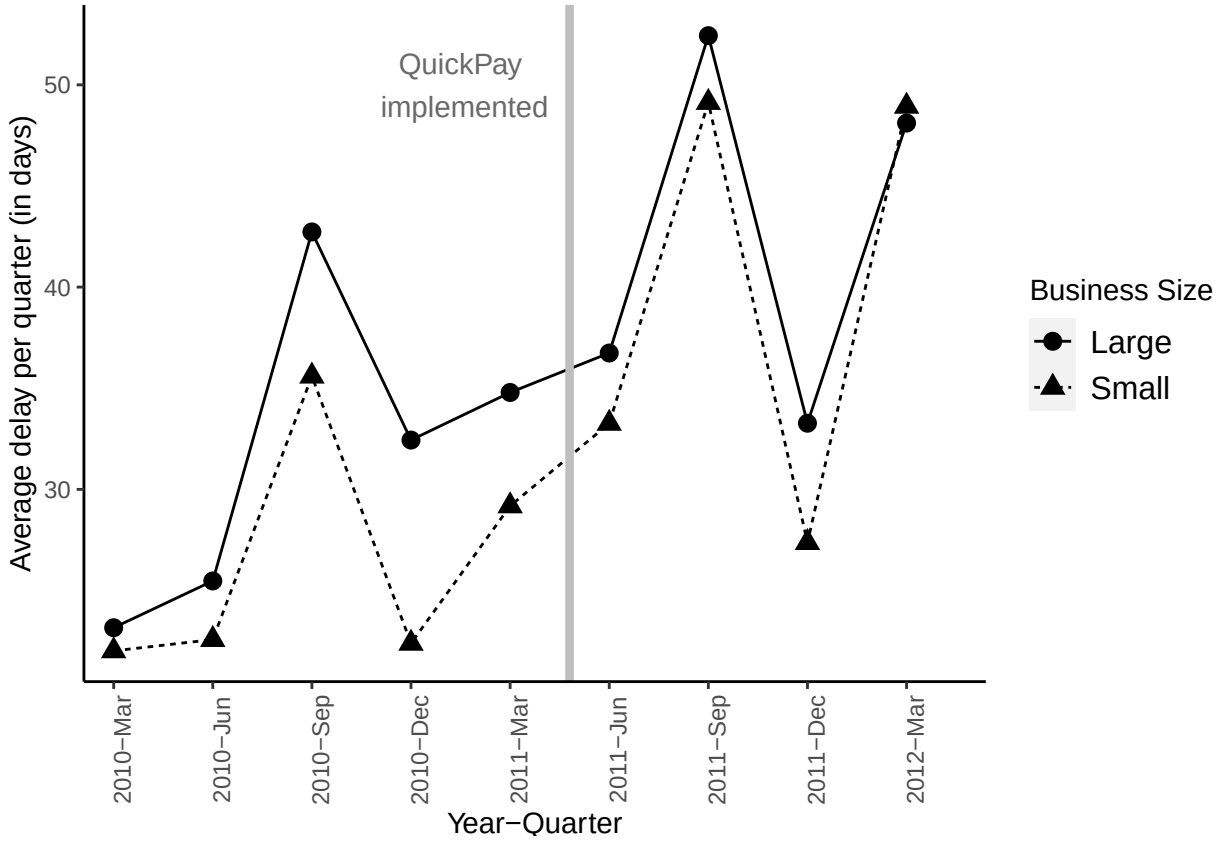
First Implementation of QuickPay (2009-2012)

Mar 15, 2021

1 Delays over Time



2 Notation

- Project i, Year-Quarter t
- X_i denotes project level controls: initial duration, initial budget, number of offers received
- $\mu_t, \theta_{firm}, \lambda_{task}$: Year-Quarter, Firm, and Product/Service code Fixed effects
- All continuous variables are winsorized at the 5% level

$$Treat_i = \begin{cases} 1, & \text{if project } i \text{ is a small business} \\ 0, & \text{otherwise} \end{cases}$$

$$Post_t = \begin{cases} 1, & \text{if year-quarter } t > \text{ April 27, 2011} \\ 0, & \text{otherwise} \end{cases}$$

3 Parallel Trends Test

Let $Time$ denote q-th quarter since the beginning of time horizon. For $Post_t = 0$, we run the following regression:

$$Delay_{it} = \alpha + \beta_0 Treat_i + \beta_1(Treat_i \times Time) + \beta_2 X_i + \mu_t + \theta_{firm} + \lambda_{task} + \epsilon_{it}$$

The coefficient of interest is β_1. If this is significant, we would find evidence of a linear time trend before quickpay implementation – violating the parallel trends assumption.

Table 1: Linear Time Trend Before QuickPay

	Dependent variable:
	$Delay_{it}$ (in days)
$Treat_i$	−1.10
	(2.98)
$Treat_i \times Time$	−0.01
	(0.49)
Fixed effects	Firm, Task, and Year-Quarter
Controls	Budget, Duration, Bids
Observations	74,677
R^2	0.14
Adjusted R^2	0.03
Note:	*p<0.1; **p<0.05; ***p<0.01
	Each observation is a project-quarter.
	SEs are robust and clustered at the project level.
	Observations are for quarters before quickpay.

4 Baseline Regressions

$$Delay_{it} = \alpha + \beta_0 Treat_i + \beta_1 Post_t + \beta_2(Treat_i \times Post_t) + \epsilon_{it}$$

$$\begin{aligned} Delay_{it} = \quad & \alpha + \beta_0 Treat_i + \beta_1 Post_t + \beta_2(Treat_i \times Post_t) \\ + \quad & X_i + (Post_t \times X_i) + \mu_t + \theta_{firm} + \lambda_{task} + \epsilon_{it} \end{aligned}$$

Table 2: Quickpay 2009-2011

	$Delay_{it}$ (in days)		
	(1)	(2)	(3)
$Treat_i$	-6.19^{***}	-3.58^{**}	-3.09^{*}
	(0.50)	(1.55)	(1.59)
$Post_t$	13.04^{***}		
	(0.52)		
$Treat_i \times Post_t$	3.35^{***}	6.88^{***}	6.83^{***}
	(0.73)	(0.91)	(0.92)
Constant	33.00^{***}		
	(0.36)		
Year-Quarter Fixed Effects	No	Yes	Yes
Firm Fixed Effects	No	Yes	Yes
Task Fixed Effects	No	No	Yes
Duration, Budget, Bids	No	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes
Observations	173,900	155,638	155,638
R^2	0.01	0.11	0.12
Adjusted R^2	0.01	0.05	0.05

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

5 Contract Financing

$$CF_i = \begin{cases} 1, & \text{if project } i \text{ receives contract financing} \\ 0, & \text{otherwise} \end{cases}$$

$$\begin{aligned} Delay_{it} = \quad & \alpha + \beta_0 Treat_i + \beta_1 Post_t + \beta_2 (Treat_i \times Post_t) \\ + \quad & \beta_3 CF_i + \beta_4 (CF_i \times Post_t) + \beta_5 (Treat_i \times Post_t \times CF_i) \\ + \quad & X_i + (Post_t \times X_i) + \mu_t + \theta_{firm} + \lambda_{task} + \epsilon_{it} \end{aligned}$$

Table 3: Effect of Contract Financing: Quickpay 2009-2011

	$Delay_{it}$ (in days)		
	(1)	(2)	(3)
$Treat_i$	-6.12^{***}	-3.37^{**}	-2.89^{*}
	(0.50)	(1.55)	(1.59)
$Post_t$	13.00^{***}		
	(0.57)		
$Treat_i \times Post_t$	1.53^{**}	5.89^{***}	5.90^{***}
	(0.78)	(1.00)	(1.01)
CF_i	-3.97^{***}	-4.68^{***}	-4.76^{***}
	(0.61)	(0.81)	(0.82)
$Post_t \times CF_i$	0.72	-0.20	-0.37
	(1.13)	(1.31)	(1.32)
$Post_t \times CF_i \times Treat_i$	9.24^{***}	3.94^{**}	3.70^{**}
	(1.38)	(1.65)	(1.67)
Constant	33.64^{***}		
	(0.38)		
Year-Quarter Fixed Effects	No	Yes	Yes
Firm Fixed Effects	No	Yes	Yes
Task Fixed Effects	No	No	Yes
Duration, Budget, Bids	No	Yes	Yes
$Post_t\times$ (Duration, Budget, Bids)	No	Yes	Yes
Observations	173,900	155,638	155,638
R^2	0.01	0.11	0.12
Adjusted R^2	0.01	0.05	0.05

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

6 Receives Financial Aid

$$FinancialAid = \begin{cases} 1, \text{ if firm receives grants or is a c8A participant} \\ 0, \text{ otherwise} \end{cases}$$

$$\begin{aligned} Delay_{it} = \quad & \alpha + \beta_0 Treat_i + \beta_1 Post_t + \beta_2 (Treat_i \times Post_t) + \beta_3 FinancialAid \\ + \quad & \beta_4 (FinancialAid \times Post_t) + \beta_5 (Treat_i \times Post_t \times FinancialAid) \\ + \quad & X_i + (Post_t \times X_i) + \mu_t + \theta_{firm} + \lambda_{task} + \epsilon_{it} \end{aligned}$$

Table 4: Effect of Grants or C8A Participant: Quickpay 2009-2011

	$Delay_{it}$ (in days)		
	(1)	(2)	(3)
$Treat_i$	-6.96^{***}	-3.15^{**}	-2.63^{*}
	(0.51)	(1.55)	(1.59)
$Post_t$	12.89^{***}		
	(0.53)		
$Treat_i \times Post_t$	3.43^{***}	5.65^{***}	5.57^{***}
	(0.77)	(0.98)	(0.99)
$FinancialAid$	5.72^{***}	1.36	0.45
	(0.70)	(1.39)	(1.42)
$Post_t \times FinancialAid$	1.94	4.06^{*}	3.93^{*}
	(1.61)	(2.10)	(2.12)
$Post_t \times FinancialAid \times Treat_i$	-1.80	2.51	2.75
	(1.73)	(2.46)	(2.50)
Constant	32.42^{***}		
	(0.37)		
Year-Quarter Fixed Effects	No	Yes	Yes
Firm Fixed Effects	No	Yes	Yes
Task Fixed Effects	No	No	Yes
Duration, Budget, Bids	No	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes
Observations	173,900	155,638	155,638
R^2	0.01	0.11	0.12
Adjusted R^2	0.01	0.05	0.05

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

7 Receives Contracts and Financial Aid

$$CFA = \begin{cases} 1, \text{ if firm receives "contracts and grants"} \\ \text{or grants or is a c8A participant} \\ 0, \text{ otherwise} \end{cases}$$

$$\begin{aligned} Delay_{it} = \quad & \alpha + \beta_0 Treat_i + \beta_1 Post_t + \beta_2 (Treat_i \times Post_t) + \beta_3 CFA \\ + \quad & \beta_4 (CFA \times Post_t) + \beta_5 (Treat_i \times Post_t \times CFA) \\ + \quad & X_i + (Post_t \times X_i) + \mu_t + \theta_{firm} + \lambda_{task} + \epsilon_{it} \end{aligned}$$

Table 5: Effect of Contracts, Grants, or C8A Participant: Quickpay 2009-2011

	$Delay_{it}$ (in days)		
	(1)	(2)	(3)
$Treat_i$	-6.68^{***}	-3.19^{**}	-2.71^{*}
	(0.51)	(1.55)	(1.59)
$Post_t$	12.17^{***}		
	(0.55)		
$Treat_i \times Post_t$	4.19^{***}	5.71^{***}	5.84^{***}
	(0.79)	(1.02)	(1.03)
CFA	4.90^{***}	-5.44^{***}	-5.92^{***}
	(0.62)	(1.78)	(1.80)
$Post_t \times CFA$	3.91^{***}	5.00^{***}	5.83^{***}
	(1.21)	(1.60)	(1.64)
$Post_t \times CFA \times Treat_i$	-4.04^{***}	2.60	1.61
	(1.38)	(2.12)	(2.16)
Constant	32.18^{***}		
	(0.37)		
Year-Quarter Fixed Effects	No	Yes	Yes
Firm Fixed Effects	No	Yes	Yes
Task Fixed Effects	No	No	Yes
Duration, Budget, Bids	No	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes
Observations	173,900	155,638	155,638
R^2	0.01	0.11	0.12
Adjusted R^2	0.01	0.05	0.05

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

8 Firm's rank order

- Consider a project i of firm f in quarter t.
- Let $\Pi_{f,2010}$ denote all projects of firm f in Fiscal Year 2010.
- Define $\rho_f = \sum_{i \in \Pi_{f,2010}} (Treat_i \times FAO_{if}) / Sales_{f,2010}$.
- ρ_f is the fraction of revenue a firm earned from small government projects in Fiscal Year 2010.
- Let $Rank_f = r(\rho_f)/N$ where $r(\rho_f)$ is the rank statistic of ρ_f and N = number of firms. For example, $r(\rho_f) = 1$ if $\rho_f = \min(\rho_1, \rho_2, \ldots, \rho_N)$.
- Put simply, $Rank_f$ is a firm's rank order based on the fraction of revenue it earned from small government projects in FY 2010.

8.1 Portfolio Effects: Discrete

- See Jie's notes for details.
- Let $Rank_f^{(k)}$ be an indicator for firm being in the k-th tercile of $Rank$. Define:

- $Medium_i = Treat_i * Rank_f^{(2)}$
- $High_i = Treat_i * Rank_f^{(3)}$

$$Delay_{it} = \beta_0 + \beta_1 Treat_i + \beta_2 Medium_i + \beta_3 High_i + \beta_4 Post_t + \beta_5(Treat_i \times Post_t) + \beta_6(Medium_i \times Post_t) + \beta_7(High_i \times Post_t) + \epsilon_{it}$$

Table 6: Discrete Portfolio Effects: Quickpay 2009-2011

	$Delay_{it}$ (in days)				
	(1)	(2)	(3)	(4)	(5)
$Treat_i$	2.85**	−0.51	−0.37	0.38	−6.90
	(1.37)	(1.54)	(1.55)	(1.64)	(4.47)
$Medium_i$	−2.92**	−1.11	−1.32	−0.60	12.24**
	(1.40)	(1.56)	(1.57)	(1.63)	(6.17)
$High_i$	−3.26**	0.09	−0.07	1.04	−3.11
	(1.31)	(1.49)	(1.50)	(1.58)	(6.04)
$Post_t$	15.67***	6.87***			
	(1.05)	(1.83)			
$Treat_i \times Post_t$	−2.42	2.15	1.26	1.32	7.32**
	(2.04)	(2.36)	(2.39)	(2.43)	(3.16)
$Treat_i \times Post_t \times Medium_i$	4.28**	1.54	2.31	2.45	0.10
	(2.09)	(2.38)	(2.41)	(2.45)	(3.22)
$Treat_i \times Post_t \times High_i$	6.76***	3.46	4.16*	3.58	−1.27
	(1.97)	(2.28)	(2.31)	(2.35)	(3.07)
Constant	27.08***	46.30***			
	(0.71)	(1.16)			
Duration, Budget, Bids	No	Yes	Yes	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes	Yes	Yes
Year-Quarter Fixed Effects	No	No	Yes	Yes	Yes
Task Fixed Effects	No	No	No	Yes	Yes
Firm Fixed Effects	No	No	No	No	Yes
Observations	71,753	63,216	63,216	63,216	63,216
R^2	0.01	0.02	0.03	0.06	0.12
Adjusted R^2	0.01	0.02	0.03	0.04	0.04

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

8.2 Portfolio Effects: Continuous

- See Jie's notes for details.
- Define $\theta_i = Treat_i * Rank_f$

$$Delay_{it} = \beta_0 + \beta_1 Treat_i + \beta_2 \theta_i + \beta_3 \theta_i^2 + \beta_4 Post_t + \beta_5 (Treat_i \times Post_t) + \beta_6 (\theta_i \times Post_t) + \beta_7 (\theta_i^2 \times Post_t) + \epsilon_{it}$$

Table 7: Continuous Portfolio Effects: Quickpay 2009-2011

	$Delay_{it}$ (in days)				
	(1)	(2)	(3)	(4)	(5)
$Treat_i$	−1.44	−4.54	−4.12	−2.25	−19.01**
	(2.52)	(2.79)	(2.80)	(2.88)	(8.36)
θ_i	15.63*	12.24	11.06	8.21	92.44***
	(8.14)	(8.85)	(8.89)	(9.06)	(34.90)
θ_i^2	−16.17**	−8.85	−8.10	−5.07	−88.48***
	(6.56)	(7.11)	(7.15)	(7.30)	(31.25)
$Post_t$	15.67***	6.85***			
	(1.05)	(1.83)			
$Treat_i \times Post_t$	−3.83	2.64	1.05	0.34	9.39
	(3.74)	(4.31)	(4.38)	(4.45)	(5.79)
$\theta_i \times Post_t$	4.16	−3.40	−0.02	3.49	−4.73
	(12.19)	(13.75)	(13.98)	(14.13)	(17.63)
$\theta_i^2 \times Post_t$	4.91	6.92	4.92	1.51	1.46
	(9.87)	(11.09)	(11.27)	(11.38)	(13.78)
Constant	27.08***	46.30***			
	(0.71)	(1.16)			
Duration, Budget, Bids	No	Yes	Yes	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes	Yes	Yes
Year-Quarter Fixed Effects	No	No	Yes	Yes	Yes
Task Fixed Effects	No	No	No	Yes	Yes
Firm Fixed Effects	No	No	No	No	Yes
Observations	71,753	63,216	63,216	63,216	63,216
R^2	0.01	0.02	0.03	0.06	0.12
Adjusted R^2	0.01	0.02	0.03	0.04	0.04

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

9 Firm's rank order [Vibhuti]

9.1 Continuous model

- We have $\theta_{if} = Treat_i * Rank_f$

$$Delay_{ift} = \beta_0 + \beta_1 \theta_{if} + \beta_2 (\theta_{if} \times Post_t) + \beta_3 Post_t + \beta_4 Rank_f + \epsilon_{ift}$$

- Consider a firm with $Rank_f = k$. Then, we have
  - Large + Before = $\beta_0 + \beta_4 k$
  - Large + After = $\beta_0 + \beta_3 + \beta_4 k$
  - Small + Before = $\beta_0 + \beta_1 k + \beta_4 k$
  - Small + After = $\beta_0 + \beta_1 k + \beta_2 k + \beta_3 + \beta_4 k$
  - Treatment effect: $\beta_2 k$

Interpretation:

- Treatment effect is $\beta_2 k$ for a firm that received a proportion k of its revenue from small projects.
- In other words, for a firm earning k proportion of revenue from small projects, Quickpay increased delays on small projects by $\beta_3 k$ days.

Assumption: Parallel trends between large and small projects of the same firm.

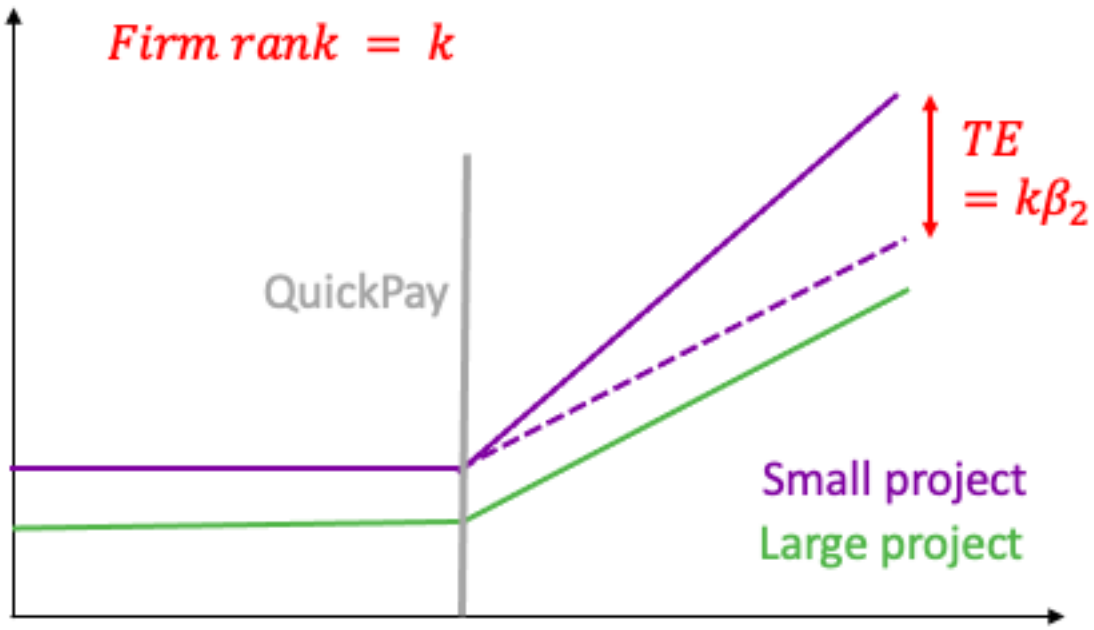


Table 8: Continuous Portfolio Effects: Quickpay 2009-2011

	$Delay_{it}$ (in days)				
	(1)	(2)	(3)	(4)	(5)
θ_{if}	-4.81^{*}	-6.34^{**}	-5.86^{**}	-3.31	-4.43
	(2.60)	(2.63)	(2.64)	(2.66)	(3.59)
$Rank_f$	4.98^{*}	7.22^{**}	6.53^{**}	5.66^{*}	
	(2.93)	(2.95)	(2.97)	(2.99)	
$Post_t$	14.74^{***}	6.92^{***}			
	(0.96)	(1.68)			
$\theta_{if} \times Post_t$	4.91^{***}	5.66^{***}	5.60^{***}	5.24^{***}	6.23^{***}
	(1.40)	(1.54)	(1.56)	(1.58)	(1.75)
Constant	26.88^{***}	44.82^{***}			
	(0.77)	(1.14)			
Duration, Budget, Bids	No	Yes	Yes	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes	Yes	Yes
Year-Quarter Fixed Effects	No	No	Yes	Yes	Yes
Task Fixed Effects	No	No	No	Yes	Yes
Firm Fixed Effects	No	No	No	No	Yes
Observations	71,753	63,216	63,216	63,216	63,216
R^2	0.01	0.02	0.03	0.06	0.12
Adjusted R^2	0.01	0.02	0.03	0.04	0.04

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

9.2 Continuous Quadratic Model

- We have $\theta_{if} = Treat_i * Rank_f$

$$Delay_{ift} = \beta_0 + \beta_1\theta_{if} + \beta_2\theta_{if}^2 + \beta_3(\theta_{if} \times Post_t) + \beta_4(\theta_{if}^2 \times Post_t) + \beta_5 Post_t + \beta_6 Rank_f + \epsilon_{ift}$$

- Consider a firm with $Rank_f = k$. Then, we have
  - Large + Before = $\beta_0 + \beta_6 k$
  - Large + After = $\beta_0 + \beta_5 + \beta_6 k$
  - Small + Before = $\beta_0 + \beta_1 k + \beta_2 k^2 + \beta_6 k$
  - Small + After = $\beta_0 + \beta_1 k + \beta_2 k^2 + \beta_3 k + \beta_4 k^2 + \beta_5 + \beta_6 k$
  - Treatment effect: $\beta_3 k + \beta_4 k^2$

Interpretation: * One unit increase in rank k increases treatment effect by $\beta_3 + 2k\beta_4$.

Assumption: Parallel trends between large and small projects of the same firm.

Table 9: Continuous Portfolio Effects: Quickpay 2009-2011

	$Delay_{it}$ (in days)				
	(1)	(2)	(3)	(4)	(5)
θ_{if}	8.16*	−3.96	−3.59	−0.81	26.72
	(4.51)	(4.98)	(5.02)	(5.21)	(18.44)
θ_{if}^2	−15.84***	−2.95	−2.68	−3.17	−38.43*
	(4.56)	(5.11)	(5.15)	(5.38)	(21.55)
$Rank_f$	7.00**	7.62**	6.76**	6.19**	
	(3.05)	(3.06)	(3.08)	(3.10)	
$Post_t$	15.33***	7.03***			
	(1.01)	(1.78)			
$\theta_{if} \times Post_t$	−6.42	4.03	2.96	4.50	20.71**
	(6.39)	(7.32)	(7.43)	(7.52)	(8.88)
$\theta_{if}^2 \times Post_t$	12.31*	1.79	2.87	0.81	−15.74*
	(6.73)	(7.75)	(7.87)	(7.96)	(9.43)
Constant	25.79***	44.57***			
	(0.84)	(1.23)			
Duration, Budget, Bids	No	Yes	Yes	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes	Yes	Yes
Year-Quarter Fixed Effects	No	No	Yes	Yes	Yes
Task Fixed Effects	No	No	No	Yes	Yes
Firm Fixed Effects	No	No	No	No	Yes
Observations	71,753	63,216	63,216	63,216	63,216
R^2	0.01	0.02	0.03	0.06	0.12
Adjusted R^2	0.01	0.02	0.03	0.04	0.04

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

9.3 Discrete Model

- Let $Rank_f^{(k)}$ be an indicator for firm being in the k-th tercile of $Rank$. Define:
  - $Medium_{if} = Treat_i * Rank_f^{(2)}$ and
  - $High_{if} = Treat_i * Rank_f^{(3)}$

$$\begin{aligned} Delay_{ift} = \beta_0 + \beta_1 Low_{if} + \beta_2 Medium_{if} + \beta_3 High_{if} + \\ \beta_4 Rank_f^{(2)} + \beta_5 Rank_f^{(3)} + \beta_6 Post_t + \\ \beta_7 (Low_{if} \times Post_t) + \beta_8 (Medium_{if} \times Post_t) + \beta_9 (High_{if} \times Post_t) + \epsilon_{ift} \end{aligned}$$

- Firms in lowest tercile:
  - Large + before = β_0
  - Large + after = $\beta_0 + \beta_6$
  - Small + before = $\beta_0 + \beta_1$
  - Small + after = $\beta_0 + \beta_1 + \beta_6 + \beta_7$

  - Treatment effect = β_7
- Firms in medium tercile:
  - Large + before = $\beta_0 + \beta_4$
  - Large + after = $\beta_0 + \beta_4 + \beta_6$
  - Small + before = $\beta_0 + \beta_2 + \beta_4$
  - Small + after = $\beta_0 + \beta_2 + \beta_4 + \beta_6 + \beta_8$
  - Treatment effect = β_8
- Firms in highest tercile:
  - Large + before = $\beta_0 + \beta_5$
  - Large + after = $\beta_0 + \beta_5 + \beta_6$
  - Small + before = $\beta_0 + \beta_3 + \beta_5$
  - Small + after = $\beta_0 + \beta_3 + \beta_5 + \beta_6 + \beta_9$
  - Treatment effect = β_9

Assumption: Parallel trends between large and small projects of firms in the same tercile.

Table 10: Discrete Portfolio Effects: Quickpay 2009-2011

	Dependent variable:				
	$Delay_{it}$ (in days)				
	(1)	(2)	(3)	(4)	(5)
Low_{if}	3.04**	−0.17	−0.09	0.78	−6.90
	(1.38)	(1.55)	(1.56)	(1.65)	(4.47)
$Medium_{if}$	1.87	−2.10	−1.14	0.26	5.34
	(2.77)	(2.87)	(2.91)	(2.89)	(4.30)
$High_{if}$	−10.13***	−10.80***	−10.63***	−10.74***	−10.00**
	(3.71)	(3.59)	(3.58)	(3.54)	(4.17)
$Rank_f^{(2)}$	−1.75	0.82	−0.27	−0.10	
	(2.69)	(2.76)	(2.80)	(2.80)	
$Rank_f^{(3)}$	9.91***	10.71***	10.47***	12.55***	
	(3.69)	(3.55)	(3.55)	(3.50)	
$Post_t$	15.65***	6.85***			
	(1.05)	(1.83)			
$Low_{if} \times Post_t$	−2.39	2.18	1.28	1.32	7.32**
	(2.04)	(2.36)	(2.39)	(2.43)	(3.16)
$Medium_{if} \times Post_t$	1.89	3.73**	3.59**	3.78**	7.42***
	(1.56)	(1.74)	(1.76)	(1.79)	(2.03)
$High_{if} \times Post_t$	4.36***	5.65***	5.45***	4.90***	6.05***
	(1.38)	(1.52)	(1.54)	(1.56)	(1.71)
Constant	26.89***	45.96***			
	(0.72)	(1.17)			
Duration, Budget, Bids	No	Yes	Yes	Yes	Yes
$Post_t \times$ (Duration, Budget, Bids)	No	Yes	Yes	Yes	Yes
Year-Quarter Fixed Effects	No	No	Yes	Yes	Yes
Task Fixed Effects	No	No	No	Yes	Yes
Firm Fixed Effects	No	No	No	No	Yes
Observations	71,753	63,216	63,216	63,216	63,216
R^2	0.01	0.02	0.03	0.06	0.12
Adjusted R^2	0.01	0.02	0.03	0.04	0.04

Note: *p<0.1; **p<0.05; ***p<0.01
Each observation is a project-quarter.
SEs are robust and clustered at the project level.

10 Other Proxies

10.1 Proxy 1: Revenue from small projects

- We defined ρ_f as the share of revenue a firm received from small projects in fiscal year 2010.

- The numerator of ρ_f is the sum of all federal obligations from small projects of a firm in fiscal year 2010. Because obligations can be negative, the sum can be zero or negative even if the firm held substantial number of small projects.
- In the previous section, we ranked the values of ρ_f. But this makes interpretation somewhat tricky. The minimum rank for each firm is now 1/N and it is never zero. What does a unit increase in Rank mean?
- An alternative can be to simply scale the values of ρ_f to between 0 and 1. That is, for a firm A, we define $Share_A = (\rho_A - \min(\rho_f))/(\max(\rho_f) - \min(\rho_f))$.
  - Suppose $\rho_A = -1, \max(\rho_f) = 3, \min(\rho_f) = -2$. Then, $Share_A = (-1 - (-2))/(3 - (-2)) = 1/5$.
  - The max share will be 1 and min share will be 0.
- Setting aside measurement issues described earlier, we have:
  - $Share_f = 0$ represents a firm getting no revenue from small projects.
  - $Share_f = 1$ represents a firm getting its entire revenue from small projects.

10.2 Proxy 2: Ratio of small projects

- For firm f, define $Share_f = \frac{\text{Num of small projects in FY 2010}}{\text{Total num of projects in FY 2010}}$.
- Same analysis as before but advantages:
  - Sample size: only firms excluded are new entrants to government projects.
  - No measurement problem. $Share_f$ will be zero for firms with no small projects, and one for firms with only small projects.
  - We can control for differences across firms through fixed effects. This will be less of an issue here because we will have enough observations.