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Oily Evidence on Investment Transparency as Strategic Behavior**

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Abstract

Managers make a strategic choice when determining whether or not to voluntarily disclose information regarding firm investments. Modeling this decision to reveal, which we term *investment transparency*, requires both institutional and agency theoretic considerations. The decision to disclose is a function of the benefits bestowed by investors and stakeholders demanding transparency as well as the host and home country institutional risks to which the firm is exposed when information asymmetries are reduced. Using a unique transaction level dataset of reserve investments by oil industry multinationals, we are able to test this theory by examining actual managerial decisions to reveal or redact information about investment decisions. The implications of this theory should be of interest to scholars of accounting and international business, as well as managers and policy makers involved in the ongoing debate on transparency in the extractive industries.

Keywords: Investment transparency, voluntary disclosure, political risk, corruption

Section 1: Introduction

Does the firm place itself at risk by voluntarily disclosing the details of individual investment projects? Do managers choose different levels of investment transparency based on the institutional environment in which assets are located? This paper seeks to understand what, if any, costs multinational enterprises (MNEs) face when disclosing the details of their investments. New disclosure rules for oil industry MNEs listed in the United States, implemented under Section 1504 of the Dodd Frank Wall Street Reform act, mark the latest regulatory shift in an on-going policy debate about transparency in the extractive industries. These rules are intended to create accountability and reduce corruption by requiring that firms make detailed disclosures on a project-by-project basis.

The motivation of this paper is to contribute to both the policy debate on transparency in the petroleum industry and the academic literature on disclosure by extending the theory of corporate transparency to the voluntary revelation of details of individual firm investments. We term this specific form of voluntary disclosure by managers “Investment Transparency”. Using an institutional and agency theoretic framework, we theorize that investment transparency is determined by liability of foreignness, political risk and the costs of corruption that shift managerial incentives to voluntarily disclose information.

While applauded by non-governmental organizations such as Oxfam as a step towards battling the “resource curse” in resource-rich developing countries¹, the new rules established by Dodd Frank have been harshly criticized by US-listed MNEs operating in the petroleum industry as harmful to investors, industry efficiency and global competition². Specifically, these MNEs

¹ Oil & Gas Journal. August 22, 2012 “*SEC adopts foreign government payment disclosure requirement*”.

² American Petroleum Institute. January 28, 2011. Rulemaking comment letter to the Securities and Exchange Commission regarding Section 1504 of Dodd Frank Wall Street Reform Act.

are concerned that the new disclosure rules will require firms to reveal proprietary information to foreign governments and competitors, especially state-owned national oil companies. State-owned firms control about 78% of all oil and gas reserves in the world³, but will not be bound to the same disclosure rules as US-listed MNEs.

In contrast to the strict new regulatory framework, petroleum industry MNEs petitioned the SEC to instead adopt rules that mirrored those established by the Extractive Industries Transparency Initiative (EITI), an international collaboration of businesses, governments and civil society groups. The EITI was founded following the 2002 World Summit for Sustainable Development as a means of strengthening accountability and governance in the oil sector in order to reduce corruption and conflict in resource rich countries. Participation is encouraged by requiring disclosure of aggregate payments to governments, but not requiring firms to reveal transaction details on a project-by project basis that may expose proprietary information⁴.

If project-by-project disclosures are costly to the firm as argued by oil industry MNEs, these costs should influence managerial decisions to reveal information when such choices are voluntary. A rich literature addresses the benefits and costs of corporate transparency and voluntary disclosure. However, this literature has primarily focused on corporate reporting and has relatively little to say about the costs and consequences of project-by-project disclosure to firms and managers. In addition, work on voluntary disclosure typically employs outcomes of the decision to reveal information as proxies while unable to observe the missing counterfactual of the decision *not* to disclose, making proper identification of causal effects problematic.

To test our theory, we utilize a unique transaction level dataset of investments announced in the world petroleum industry. Investment details are either provided in transaction

³ Wall Street Journal. August 17, 2012. “*The Dodd-Frank Threat to US Energy*”.

⁴ Extractive Industries Transparency Initiative Website. 2012. www.eiti.org

announcements or redacted. While missing data is typically treated as a challenge to be overcome in empirical work, this paper leverages missing data as we seek to understand why data are sometimes not reported. The advantage of this database is that each transaction effectively corresponds to a managerial decision on whether or not to reveal information, and missing information provides one with counterfactuals for robust statistical analysis.

Section 2: Investment Transparency: Theory and Hypothesis Development

In the literature, transparency is most often defined as the availability of idiosyncratic information specific to publicly traded companies (Bushman, Piotroski, and Smith, 2004), and voluntary disclosure is typically examined in the context of discretionary revelations or manipulations by management of firm performance and profitability. To operationalize transparency and disclosure the literature uses various proxies. For example, the inclusion of management earnings forecasts in corporate reports is used to indicate voluntary disclosure (Shi, Magnum, and Kim, 2012). Earnings management allows managers to obscure information from shareholders, and is typically employed as a measure of accounting opacity (Schipper, 1989; Shivakumar, 2000; Leuz, Nanda, and Wysocki, 2003; Bhattacharya, Daouk, and Welker, 2003; Chaney, Faccio, and Parsley, 2011; Durnev and Guriev, 2007). Stock price asynchronicity with the market proxies transparency by measuring the firm-specific information content in trading prices (Morck, Yeung, and Yu, 2000; Gelos and Wei, 2005; Durnev and Guriev, 2007). While each of these measures is informative to our understanding of management's decision to reveal information, they represent outcomes of the choice to disclose and not the decision itself, complicating identification of the determinants of transparency.

This paper seeks to advance the literature by looking at actual decisions to reveal information made by public, private and state-owned firms. Prior studies focus solely on listed firms and proxy disclosure using reporting outcomes produced by the decision to reveal information. We study actual disclosure decisions by focusing on the voluntary disclosure of transaction details from multinational investments in reserve assets within the oil and gas industry. When transactions are consummated, the counterparties make a strategic choice on whether to release the transaction price of the asset and the size of reserves purchased. We term this form of voluntary information disclosure *investment transparency*. This type of disclosure is not specific to publicly traded firms, and is rich with information about both the acquiring firm and about the market for oil and gas at large. This is advantageous for understanding the relationship between a country's institutional environment and transparency, as private and state-owned firms do not face the same cost benefit trade-off as publicly traded firms and so provide counterfactuals that allow us to examine the effects of poorly governed or predatory governments on the decision to reveal information while controlling for the governance structure of the firm. In addition, agency costs within the firm vary between these ownership structures, allowing us to better identify how firm characteristics interact with institutional context.

Consistent with the taxonomy developed by Verrecchia (2001), investment transparency is best categorized as a form of discretionary-based disclosure, in that managers are not required by law to disclose; rather, they make a strategic choice to reveal information on reserve investments. To study this choice, we examine the costs and incentives faced by managers and firms that endogenize the decision to reveal information about specific investments. In the context of the oil and gas industry, failure to reveal either the price paid in a transaction or the reserves purchased obscures from the market, governments, and other interested parties exactly

how the firm values the particular asset purchased and whether that valuation is below or in excess of the market price for oil. This decision, in turn, could reveal information regarding the MNE's competitive advantages in exploration and extraction costs and negotiations with host governments, as well as the potential for corrupt activities. To capture this decision to reveal, we operationalize investment transparency as an MNE's willingness to disclose the price and/or quantity of the reserves it purchases. It is common practice for reserve disclosures to be confirmed by third party auditors.

To develop a theoretical framework for the investment transparency of MNEs, we weigh the payoff to managers of information revelation against the corresponding costs. Assessing the costs and benefits surrounding the decision to reveal information requires consideration of both institutional and agency theoretic motivations (Shi, Magnum, and Kim, 2012). There are two primary benefits that accrue to the firm when disclosing information. First, we argue that transparency can be used as a governance mechanism to curb agency costs resulting in a lower cost of capital. Second, in addition to the pecuniary benefits, voluntary disclosure of investment details may grant the firm legitimacy.

2.1: Agency Problems and Cost of Capital

Investments such as reserve acquisitions frequently require MNEs to raise funds from outside investors. Once minority investor funds are committed to the firm, the separation of ownership and control creates information asymmetries that may result in agency problems. Managers or controlling shareholders (hereto "insiders") observe information regarding the performance or value of firm assets that is not available to outside shareholders, and may choose to withhold this information in order to divert these funds from the intended investment or

otherwise pursue ulterior interests (Jensen & Meckling, 1976). Such interests may include shirking (inattentive management or excessive leisure), undue compensation, or firm growth via investments that increase managerial perquisites while failing to provide adequate return to minority shareholders (often referred to as “empire building”).

These information asymmetries if left unchecked may greatly increase a firm’s cost of capital (Diamond and Verrecchia, 1991), or at the extreme, result in total market failure (Akerlof, 1970). Cost of capital increases as investors factor in the transaction costs that may arise from the adverse selection created by information asymmetries and discount new equity issuances accordingly (Verrecchia, 2001). These costs are especially relevant in the context of cross-border transactions, as recent research in the accounting literature has found that global diversification adds additional information asymmetries and agency costs (Cahan, Rahman, & Perera, 2005). Transparency provides managers of multinational firms in need of external financing a solution to the agency problem by removing information asymmetries, lowering monitoring costs and signaling to investors that managerial interests are aligned with their own, reducing the firm’s cost of capital (Leuz and Verrecchia, 2000). Thus, we propose that firms in need of additional external financing are more likely to voluntarily reveal information regarding reserve transactions. Formally:

H1: Firms with greater reliance on external financing will make more transparent investments.

2.2 Liability of Foreignness

While investment transparency may reduce information asymmetries and mitigate agency cost, the theory of the multinational enterprise suggests that such benefits will accrue less to firms purchasing assets abroad than in domestic investment, for two reasons.

First, shareholders are likely to have more difficulty assessing foreign investment than domestic. A primary example is the well-documented home country bias. French and Poterba (1991) demonstrate a tendency by investors to place greater value on domestic equity investments as compared to foreign investments. If the benefits accruing to the firm from greater transparency are discounted in cross border transactions, as would be the case if investor bias results in a perceived reduction in the value of foreign investments, we would generally expect cross border transactions to be less transparent, *ceteris paribus*.

Second, MNEs face disadvantages in operating abroad (Hymer, 1976), termed liability of foreignness (Zaheer, 1995, Zaheer & Mosakowski, 1997). Such disadvantages stem from several factors. Particularly in the natural-resource arena, where sale to foreigners is often controversial, MNEs are likely to act as quietly as possible, saying little about their investment. Formally,

H2: Firms acquiring assets across borders will be less transparent than firms making domestic investments.

2.3: Normative Expectations and Legitimacy

While the liability of foreignness may mitigate the pecuniary benefits the MNE obtains by reducing information asymmetries and mitigating agency costs, disclosure may still be preferable if conforming to norms of transparency lends the firm legitimacy in the eyes of key stakeholders (Parsons, 1960). In fact, even if the act of disclosure fails to provide any substantial information to the market, the ritual itself may serve to legitimize the firm (March & Olsen, 1984). For example, Darby (2009) notes that civil society and the public at large may view the failure of MNEs in the extractive industries to disclose information as an indication that these firms have something to hide, even if this is not the case.

Institutional theory suggests that firms will attempt to seek legitimacy within their institutional environment to gain access to resources (Suchman, 1995) or avoid claims that they are negligent or their presence in the market unnecessary (Meyer & Rowan, 1991). In this regard, firms should pursue a level of investment transparency consistent with normative expectations within the institutional environment so firm operations are perceived as meeting the needs of society (Judge, Douglas & Kutan, 2008). To garner legitimacy, MNEs conform to isomorphic pressures of how business should be conducted within the institutional environments in which they operate (DiMaggio and Powell, 1983). These may be coercive pressures imposed by governments, normative pressures prescribing proper codes of conduct, or mimetic pressures signaled by effective organizations on how to succeed in the environment.

We theorize that normative expectations transparency and information availability may be established by the openness of government, regulators and civil society in both the home and host countries. This argument finds support in the law literature (Coglianese, 2007), which suggests that corporate legitimacy follows government legitimacy as corporate governance systems come to resemble regulatory institutions. In addition, the press in both the home and host country may be a conduit of societal isomorphic pressures, as media institutions can serve as carriers for institutional logics that shape corporate governance practices (Bednar, 2012). Thus, we propose that host and home countries marked by expectations of transparency arising from openness in the government, regulators and press are likely to exert more pressure on multinational firms to reveal information. Formally,

H3A: Firms acquiring assets in countries with higher normative expectations of transparency will make more transparent investments.

H3B: Firms from countries with higher normative expectations of transparency will make more transparent investments.

2.4: Political Costs of Investment Transparency and the Twin Agency Problems

Highlighting what might be considered the “strategic dimensions” of disclosure, the same information asymmetries curbed by investment transparency may serve to protect firm investment from the political risk of expropriation and resource nationalism. MNEs confront potential political costs when operating assets in a foreign country. These costs arise from the risks associated with transacting with (or in the jurisdiction of) foreign governments. Sovereign governments invested with judicial authority and policing powers write the “rules of the game” which define commerce and ownership within their borders (Williamson, 2000). Government officials in positions of authority often have the discretion to use this power to enhance their personal welfare by extracting value from foreign firms (Stulz, 2005). Such expropriation may be in the form of the explicit taking of property by the government, breaches of contract, illegal transfers of ownership by private agents not adjudicated by the government, or forced sales (Hajzler, 2012), as well as indirect or “creeping” expropriation such as exploitation of taxes to alter the terms of an investment (Kobrin, 1984).

Once capital is sunk in the host government’s jurisdiction, multinational investors typically have little ex post recourse for mitigating this form of risk. This lack of recourse is a product of “sovereign immunity”, which stipulates that governments cannot be sued in foreign courts of law without their consent (Panizza, Shurzengger & Zettelbeyer, 2009). This results in the contracting challenge first identified by Vernon (1971) as the obsolescing bargain, a type of time inconsistency problem stemming from the government’s ex post discretion to change the terms of any agreement (Henisz and Williamson, 1999). Once the initial costs of a foreign investment are sunk, the MNE faces the risk that the host government may change the terms of contractual arrangements, or violate such agreements entirely through expropriation.

Multinational firms purchasing reserve assets located in countries in which they face greater political risk will incorporate these additional costs into the value of the investment, and will discount those assets accordingly (Click and Weiner, 2010).

Governments weigh gains from expropriating foreign equity investors against the reputational costs they incur that may hinder their ability to attract capital and investment in the future (Tomz & Wright, 2010). The efficient operation of expropriated investments often requires substantial foreign capital and expertise, and the inability to attract additional investment and talent may significantly diminish these assets' future cash flows. Consequently, the present value of the asset to be expropriated must be significant to justify a taking by government officials. Information asymmetries between the firm and predatory governments create uncertainty that may discount government officials' valuation of firm assets, much in the same way uncertainty drives down investor valuation. If the discount applied to the governments' expectations of the value of the investment and its future cash flows are large enough, greater asymmetries may curb potential expropriation. Given that investment transparency reduces these asymmetries, we argue that multinational firms choose to reveal less investment information when faced with greater political risk. Formally,

H4A: Firms acquiring assets in countries with greater political risk will make less transparent investments.

Furthermore, recent research has highlighted that host country governments are not the sole source of such institutional risks (Click, Jeong, and Weiner, 2012). Multinational firms do not detach from their home country institutions. Rather, MNEs must remain cognizant of the political risks associated predatory home country governments as well when making transparency decisions. Formally,

H4B: Firms from countries with greater political risk will make less transparent investments.

In his study of corporate ownership, globalization and financial development, Stulz (2005) refers to the simultaneous threat MNEs face from diversion by firm insiders and expropriation by predatory governments as the “twin agency problems” (the agency problem of managerial discretion” and the “agency problem of state ruler discretion”, respectively). When the latter poses a significant risk the firm, the transparency decisions the firm would otherwise adopt to compensate for the former are no longer efficient. Instead, MNE investors subject to the political risk will adopt governance arrangements that incentivize managers to pursue alternative interests.

Durnev & Fauver (2008) formalize Stulz’s twin agency problem using a simple stylized model of firm disclosure while under threat of government predation. Modeling firm governance decisions as an asymmetric information game between insiders, outside investors and government officials, the authors show that the equilibrium level of reporting transparency decreases as political risk increases. The result is that the agency costs of insider diversion and the political costs of government expropriation are complements. Extending the twin agency problem to investment transparency, we hypothesize that multinational firms that are less reliant on external finance (and thus subject to higher agency costs) are more susceptible to political costs. As such, these firms are less likely to demonstrate investment transparency than would be predicted by agency costs or political costs alone. Formally,

H4C: The negative effect of political risk on investment transparency will be stronger for firms with less reliance on external finance.

2.5: Legal and Business Costs of Investment Transparency

Perhaps the greatest challenge that faces MNEs making cross-border investments is corruption. Corruption, defined by World Bank, is the misuse of public office for private gain⁵. Legal and business costs are the opportunity cost of transparency multinationals face when operating in corrupt environments, either through loss of business for honest firms or increased chance of detection for dishonest firms (Healy, Kuppuswamy & Serafeim, 2011). Transparent firms may suffer as government officials award business to opaque firms to ensure corrupt practices are not revealed (Shleifer and Vishny, 1993). In addition, MNEs may actually face a legal penalty for transparency. Countries such as Cameroon, China, Qatar and Angola have laws that discourage certain types of disclosure⁶. Furthermore, if firms are complicit in corruption, transparency exacerbates the risk of detection and thus requires firms to invest in additional measures to keep corrupt practices secret (Shleifer and Vishny, 1993). Similarly, countries adopting extra-governmental mechanisms intended to promote transparency and mitigate the costs of corruption, such as the Extractive Industries Transparency Initiative, should decrease legal and business costs and thus reduce incentives to behave opaquely and encourage transparency. Thus, we expect that firms acquiring assets in countries with higher levels of corruption to disclose less information. Formally:

H5A: Firms acquiring assets in countries with high levels of corruption will make less transparent investments.

Similar to our discussion of political risk in the previous section, the costs of corruption are not exclusive to the host country. Firms operating in the extractive industries are highly

⁵ The World Bank acknowledges there are various definitions of the word corruption that may be more or less broad dependent upon context. Transparency International provides a more broad definition: “The misuse of entrusted power for private gain”. As this paper contemplates political corruption, the World Bank definition is accepted.

⁶ Exxon Mobil Corporation. Letter to the Securities and Exchange Commission. March 15, 2011.

regulated, and often state-owned. This tether to the state provides home country government officials rent seeking opportunities if such rent seeking is not adequately checked by home country institutions. Furthermore, home country cultural norms of corruption and disregard for the rule of law may follow firms abroad making MNE managers more likely to engage in corrupt activities. Fisman and Miguel (2007) demonstrate the importance of cultural norms as a determinant of corruption in their study of UN diplomats and parking enforcement, finding that diplomats from highly corrupt countries accumulate significantly more parking tickets. Thus, we hypothesize that firms from countries with higher levels of corruption will reveal less. Formally,

H5B: Firms from countries with high levels of corruption will make less transparent investments.

Section 3: Empirical Setting: The World Market for Petroleum Reserves

We test our hypotheses using worldwide transactions for petroleum reserves. Unlike most other assets, petroleum reserves are actively traded in a decentralized global market, allowing us to exploit a database of reserve-transaction announcements that may include reported prices and reserve size. Since reserves are simply inventory to be produced in the future, they are homogenous and hence more comparable across firms than assets such as banks or organizational divisions. Asset homogeneity also facilitates investment valuation when reserves are disclosed.

Because reserves are central to firm valuation and borrowing capacity (Arnott, 2004; Muñoz, 2009), considerable care is taken in the industry to determine reserve size, including auditing by specialist firms with expertise in engineering and geology. Reserves are reported in accordance with accounting standards set out by inter alia, the US Securities and Exchange

Commission, Canadian Securities Administrators, State Commission for Reserves of the Russian Federation, Norwegian Petroleum Directorate, and the Society of Petroleum Engineers.

Following prior research in international accounting (Healy et al., 2011) that has examined publicly traded firms in the oil and natural gas industry, we use the world market for petroleum reserves as a laboratory to investigate the costs of investment transparency. Petroleum MNEs often operate in institutionally weak environments, and thus must continually be cognizant of political risk, and legal and business costs when contemplating disclosure decisions.

Firms in the oil and gas industry may be public, private, state-owned, or some combination of the three⁷. The costs detailed by Healy et al. (2011) are discussed in the context of publicly traded companies. However, many firms are privately held, and an increasing number of multinationals are owned by or affiliated with sovereign governments. This is especially so in the oil and gas industry, where state interest and control over energy resources or “resource nationalism” (Klare, 2008) has resulted in an increase in state-owned national oil companies (Click and Weiner, 2010). These firms can grow to become the dominant economic powers in their respective countries. For example, the oil industry accounts for almost 80% of Venezuela’s total exports and approximately 30% of the nation’s gross domestic product, and a single state-owned firm, PDSVA, controls more than 60% of the sector (Alvarez and Hanson, 2009). Prior research has found a negative relationship between disclosure and resource nationalism (Healy et al., 2011). To fully model the costs faced by oil and gas MNEs around the decision to reveal information on individual asset investments, we extend this framework to private and state-owned firms in addition to publicly listed companies.

⁷ For example, the Brazilian government directly owns and indirectly controls 64% of the voting shares in national oil company Petrobras, which trades on BM&F Bovespa.

Section 4: Data and Methodology

4.1 Sample

Our data on oil and natural gas reserve transactions are compiled from public announcements by John S. Herold, Inc. (Herold), a US based firm that conducts independent research and collects financial and operational information on the oil and natural gas industry. Our sample, covering the years 2000 through 2011, is comprised of 1,129 buyer-announced domestic and cross-border reserve transactions across 64 countries. The reserve transactions in the Herold database are typically voluntarily disclosed by one of the firms involved in the transaction through releases in the trade and business press. For each deal, when available, we obtain the announcement date, reserve value, reserve size, composition of the reserve between oil and gas, type of reserve (conventional, deep-water, etc.), asset location, name of the acquiring or selling firm, whether the deal was reported by the buyer or the seller, estimate of reserve size, and probability attached to the estimate. This data is then matched with detailed firm information from Thompson-Reuters' SDC Platinum database. While information regarding price and quantity transacted are necessary for the market to fully evaluate a reserve transaction, firms frequently make only one piece of information or neither available.

4.2 Dependent Variable

The dependent variable, investment transparency, is a categorical variable that indicates the extent of disclosure of a specific transaction. In the press releases from which the Herold database is compiled, transacting firms chose whether or not to disclose the price and quantity of the reserves purchased or sold. Missing data indicates that this information was not included in the transaction press release. The degree of investment transparency for a given transaction is

determined by whether no information, partial information (exclusively price or quantity), or full information (both price and quantity) was disclosed when the investment was announced. For our measure of investment transparency, we code a discrete trichotomous variable that takes on the value 0 for no disclosure, 1 for partial disclosure, and 2 for full disclosure. Table 1 presents a summary of investment transparency by host and home country.

4.3 Independent Variables

Need for external financing is an established proxy for the potential for agency conflicts within the firm (Jensen, 1986; Rajan and Zingales, 1998). Firms in need of external financing must bind themselves to better governance and transparency policies to ensure that outside capital remains available. As the need for external capital decreases, the incentive for managers to conduct business in a transparent manner decreases as agency costs increase. Following Rajan and Zingales (1998), we calculate dependence on external finance as the quantity capital expenditures less cash flow, divided by capital expenditures, which are obtained through the SDC Platinum database. Consistent with its treatment in the literature, this measure is winsorised at the 5% level to account for extreme observations and potentially spurious outliers.

To gauge whether firms use investment transparency as a means of gaining legitimacy in the countries in which they operate, we look to the degree of information availability in the regulatory environment, government, and civil society as proxies for normative expectations of openness within the host and home countries. To gauge transparency in civil society, we use the Press Freedom Index compiled by Reporters Without Borders. The index is a compilation of 44 complimentary indicators that together constitute a measure of the state of media freedom within a country. The index covers 179 countries from the years 2002 to 2012. To measure government

openness we use the International Budget Partnership's Open Budget Index, which assesses 94 countries based on government transparency and accountability in the budgeting process. To measure accounting standards, we use the accounting quality index established by Wulandari and Rahman (2004). This index compares the quality of accounting standards (based on 80 key accounting measures) across 63 countries to a benchmark, the standards established by the International Accounting Standards Board.

To measure political risk, we use the International Country Risk Guide (ICRG) political risk rating compiled by the PRS Group, which describes the risk posed by particular governments across an array of 12 political risk components. These components are government stability, socioeconomic conditions, investment profile, internal conflict, external conflict, prevalence of corruption, the degree to which the military intercedes in politics, religious tensions, ethnic tensions, law and order, democratic accountability, and bureaucracy quality.

We also consider an alternative measure of political risk that focuses on the constraints placed on governments. Governments lacking in such constraints are more likely to be capable of pursuing predatory actions that may conflict with the interests of foreign equity investors', and thus pose a greater risk to firms that disclose information on investments within such jurisdictions. The Political Constraints (POLCON) index is a measure designed to capture those political structures within a country that support a government's ability to make credible commitments. The instrument is an objective measure of the quantity and quality of independent political institutions across countries (Henisz, 2006).

To measure corruption we use Transparency International's Corruption Perceptions Index (CPI). Intended to capture both the administrative and political aspects of corruption, the index measures multiple forms of graft including bribery of public officials, kickbacks in public

procurement, and embezzlement of public funds (Transparency International, 2011). The CPI is a perception-based index that ranks a country's perceived corruption relative to other countries assessed in the index. As such, the data allows for comparison within years, but not across time. While measures based on expert perceptions have a number of shortcomings (Thomas, 2010), this measure is appropriate in the examination of managerial decision-making and investment transparency. Shared perceptions of corruption, whether or not they are reflective of actual graft, are likely to influence the cognitive processes employed by decision makers as they serve to frame the reality in which the choice to reveal information is made.

We also use the Global Integrity Index, which measure the accessibility and effectiveness of anti-corruption mechanisms across countries. It is important to note that this measure does not measure corruption directly. Rather, it captures the institutions in place within the country that disincentive corruption. Thus, it is appropriate as a measure of cross-national differences in the costs of corruption firms face. The index score is compiled from 300 integrity indicators gathered from experts and professionals in each country.

Lastly, we follow Healy et al. (2011) and examine compliance with the Extractive Industries Transparency Initiative (EITI). The initiative, commissioned in 2002 at the World Summit for Sustainable Development in Johannesburg and first initiated in 2005, is one of the primary anti-corruption efforts undertaken by the oil and gas industry. The EITI recognizes nations as either candidates or compliant. EITI candidate countries agree to undergo a validation process to achieve compliance, in which the country establishes processes for reporting payments between extractive industries firms and the government. Once these processes are in place, an independent board reviews the country's reporting to ensure it meets the standards of the initiative, and validates the country as compliant. Compliant countries are required to

continue reporting on a regular basis to maintain compliance. Currently there are 14 compliant and 22 candidate countries in the initiative.

4.4 Control Variables

In addition to the independent variables identified above, we control for other factors that are likely to shape the incentives of multinationals to reveal information. We include a control for the price of oil, which can influence firm transparency in two ways. First, operating cash flows should increase with the price of oil, leading to reductions in a firm's need for financing. In addition, prior research has shown that the risk of expropriation of cross-border investments should decrease during times when the cash flows from those investments are low (Click and Weiner, 2010; Duncan, 2006; Tomz & Wright, 2010). Details on the market for oil and natural gas are made available by the New York Mercantile Exchange (NYMEX) and are obtained through SDC Platinum.

We also include a dummy in our regressions to control for the ownership of the buyer. While existing theory on voluntary disclosure has little to say on the differences in transparency between private corporations and state-owned firms, it is likely managers in state-owned firms face a different set of incentives. State-owned enterprises face "soft" budget constraints (Kornai, 1986), as governments will offer the capacity to fill budget shortfalls. While a state-owned enterprise may require additional external financing to fund investment projects, it is not subject to the discipline of the capital market (Megginson, 2005), and thus does not face the same incentive to reveal information as publicly traded firms. Further, the political risks to state-owned firms likely differ from privately held companies, as they are already the property of a sovereign government.

Variable characteristics and summary statistics for our dependent variable, independent variables and controls are available in Table 2. Table 3 provides a breakdown of our independent variables by level of investment transparency.

4.5 Methodology

As our dependent variable representing a manager's choice of investment transparency is categorical with more than two outcomes, we specify a multinomial logit model (Greene, 2000). In general form, we specify the regression as:

$$\begin{aligned} \textit{Investment Transparency} = f(\textit{Firm Attributes}, \\ \textit{Host Country Institutions}, \\ \textit{Home Country Institutions}, \\ \textit{Market Conditions}, e) \end{aligned}$$

where *Investment Transparency* takes on the value 0 for no disclosure, 1 for partial disclosure (price or reserves), or 2 for full disclosure (price & reserves); *Firm Attributes* include need for external finance, firm size, and form of ownership; *Host Country Institutions & Home Country Institutions* include societal openness, political risk, and corruption; and *Market Conditions* refers to the 12-month strip price of oil. We also include a cross-border dummy and provide alternative specifications to distinguish between domestic and cross-border transactions. Firm-level variables are provided by SDC at the transaction announcement date, and institutional variables are for the year prior to the announcement to reflect information available to the manager when selecting the firm's level of transparency. Standard errors are robust to heteroskedasticity, and clustered by home country.

While host country and home country institutions enter our model separately, these ratings will be identical by definition for domestic transactions raising the possibility that multicollinearity will prevent separate estimation. Correlation coefficients are shown in Table 4. Correlations between some of the host and home country institutional ratings are moderately high, but not so high as to prevent us from simultaneously estimating these coefficients in our regressions.

4.6 Results

In Table 5, we present the results for our multinomial logit regressions of investment transparency on firm-level determinants. While the coefficients for *Need for External Finance* in the full sample (Panel 1) have the correct directionality, they are not statistically significant. For cross-border transactions (Panel 2), the coefficient on *Partial v. None* is significant at the 5% level, and the coefficient on *Full v. None* is weakly significant, consistent with hypothesis 1. Furthermore, this significance is not reduced once we control for state-owned buyers. For domestic transactions, while the signs on the *Need for External Finance* coefficients are not consistent with the hypothesis, they are not statistically significant from zero. In general, our findings support hypothesis 1 in cross-border transactions.

To test our second hypothesis, we examine the dummy for cross border transactions in our full sample (Table 5 – Panel 1) regressions. The coefficients for the *Cross-border* dummy in the first panel of Table 5 are negative and highly significant, consistent with our assertion in hypothesis 2 that firms acquiring assets across borders will be less transparent. Furthermore, empirical support for hypothesis 2 remains highly significant once we control for home country and host country institutions in Tables 6, 7 and 8. This is consistent with the proposition that

liability of foreignness reduces a multinational's incentive for transparency, and so hypothesis 2 is supported.

Table 6 presents the results of multinomial logit regressions of investment transparency on normative measures of openness and information availability in society. All of the measures of openness used in Table 6 are coded such that higher ratings represent a greater degree of openness. Hypothesis 3A predicts that firms that acquire assets in host countries with greater societal and government transparency will be more likely to disclose. Inconsistent with this hypothesis, the significantly negative coefficients on *Host Country Rating* for our various measures of openness suggest that firms that invest in countries with greater press freedom, more transparency in government budgeting, and higher accounting quality standards tend to be less transparent. This finding is consistent across measures, and so hypothesis 3A is not supported.

We find partial support for hypothesis 3B, which predicts that firms from more transparent societies will themselves behave more transparently. The coefficients for *Partial v. None* on *Home Country Rating* for the Press Freedom Index is weakly significant and positive, while the coefficient on *Full v. None* shows stronger significance at the 5% level, consistent with hypothesis 3B. However, home country government openness and accounting quality do not appear to significantly impact a firm's investment transparency.

In Table 7, we present the results of multinomial logit regressions of investment transparency on home and host country ICRG and POLCON ratings. Each of these measures is standardized such that higher scores represent stronger institutions, and thus less political risk. While the coefficients on *Partial v. None* in regressions 1 and 3 in the full sample (Panel 1) are insignificant, both measures of political risk have negative and significant coefficients on *Full v. None*, and the full sample ICRG regression (Panel 1 - regression 1) results in a significant

negative coefficient on *Full v. Partial*. These findings suggest lower odds of full disclosure when political risk is reduced, and are inconsistent with hypothesis 4A. The second panel of Table 7 presents the same regressions for the cross-border sub-sample. The results for cross-border transactions are consistent with those for the larger sample, though the significance of the coefficient on POLCON (regression 7) is reduced.

In contrast to our findings on host country risk, the *Partial v. None* and *Full v. None* coefficients on *Home Country Rating* in regressions 1, 3, 5 and 7 are positive and highly significant. These findings are consistent with our proposition that firms with stronger home country institutions will make more transparent investments, and so hypothesis 4B is supported.

Regressions 2, 4, 6 and 8 in Table 7 test the “Twin Agency Problem” that political risk and agency costs are complements. We find little agreement on the signs of these coefficients, and none are statistically significant save for the *Full v. None* coefficient in regression 2, which is significant at the 5% level but not directionally consistent with our hypothesis. Thus, hypothesis 4C is not supported.

Table 8 presents results for the regression of investment transparency on measures of corruption and integrity. The *Host Country Rating* variable tests hypothesis 5A. The coefficients on *Partial v. None* in the full sample (Panel 1) and the cross-border sub-sample (Panel 2) are insignificant. Furthermore, all but one of the coefficients for full disclosure in regressions 1, 2, 4 and 5 are negative and highly significant, which is contrary to our expectations in hypothesis 5A. Interestingly, the coefficients on *EITI Compliant* in regressions 3 and 6 are positive and highly significant. Thus, while our results do not support our theory that firms investing in countries with high levels of corruption will be less transparent, we do find support for the argument that extra-governmental mechanisms meant to mitigate corruption increase investment transparency.

Lastly, the *Home Country Rating* variable in Table 8 tests the hypothesis that firms from more corrupt countries behave less transparently. These coefficients are positive and highly significant when investment transparency is regressed on corruption perceptions (regressions 1 and 4), but decrease in significance when regressed on integrity (regressions 2 and 5). In general, these results are consistent with hypothesis 5B.

Section 5: Conclusion

Our results support the view that missing investment data is far from random. Rather, transparency represents a strategic choice in which managers weigh the benefits and costs of reducing information asymmetries through disclosure. On one hand, investors and stakeholders demand transparency in exchange for capital and legitimacy. On the other, reducing information asymmetries between the firm and interested third parties such as corrupt officials and predatory governments exposes the MNE to political risks and the cost of corruption.

Foreign transactions are strongly associated with less transparency, across all specifications and samples. Although such transactions are negatively correlated with many institutional measures, weak institutions do not account for this finding – asset purchases abroad are disclosed less, even after controlling for home and host country institutions. This supports the liability of foreignness concept – firms release less information about their investments in response to greater vulnerability abroad.

In general, larger firms and firms with greater need for external finance disclose more, although differences are not always statistically significant. Surprisingly, our results reveal that state-owned firms disclose more, not less, whether their purchases are domestic or foreign.

The largest deviation of our empirical findings from theory is in the effects of home and host countries. Whereas we predicted that they would have similar effects, only home-country

results are consistent with theory – firms from countries with stronger institutions disclose more. However, firms investing in countries with stronger institutions actually disclose less, inconsistent with theory. The one notable exception is when a host country is EITI compliant; firms investing these countries are more transparent. The argument is not circular because compliance is defined at an aggregate level, and does not require disclosure of individual transactions. Nonetheless, disclosure extends to the transaction level in compliant countries. Since compliance is itself a policy decision, however, the direction of causality is unclear.

This work is related to several research literatures. First, this paper extends the accounting literature on transparency and voluntary disclosure (Verrecchia, 2001; Healy and Palepu, 2001) theoretically and empirically by modeling the benefits and costs of a manager's choice of investment transparency using a unique dataset of reserve transactions in the petroleum industry. We present a novel way of measuring voluntary disclosure that, unlike prior studies that look at aggregate outcome-based measures, leverages missing data on reserve transactions to examine actual disclosure decisions. In addition, we contribute to a nascent but growing area in the international business literature exploring whether countries matter for transparency and voluntary disclosure (Shi, Magnum, and Kim, 2012; Healy et al. 2011). We also seek to add to the ongoing work on political risk which seeks to understand how managerial incentives and firm strategy interact with expropriation and institutionalized corruption (Vernon, 1971; Shleifer and Vishny, 1993; Stulz, 2005; Durney & Fauver, 2008; Durnev & Guriev (2007).

This study is not without limitations. While we are able to determine whether managers choose to disclose, we are unable to determine whether or not the prices disclosed are over or underpayments across all investments, as reserve and pricing data are only available when disclosed. The question of whether managers reduce investment transparency to hide

overpayment would be an interesting extension of this work, but must be addressed in later research. Additionally, an alternative explanation for why some multinationals might or might not disclose is the presence of a firm-wide policy on disclosure. While this is possible, the data indicate significant variation within firms across transactions, suggesting this is not the case.

The implications of this study should be of interest to academics, managers, and policy makers. We contribute to the ongoing debate in the extractive industries by highlighting what we term the strategic dimensions of disclosure. While *ceteris paribus*, greater transparency should be good for firm stakeholders and society, removing all information asymmetries may leave the firm vulnerable to external threats. If policy makers fail to take such costs into account, rules meant to achieve positive outcomes may have unintended consequences. Furthermore, this theory suggests the proper management of transparency and information asymmetries should be considered an important component of MNE strategy. Extending the theory of voluntary disclosure to the transaction level opens new and interesting areas for future research. Do individual investment disclosures impact firm value? What other strategies can MNEs use to manage expropriation risk? Lastly, our results bring into question whether traditional theories of transparency and voluntary disclosure are applicable to emerging market multinationals, many of which are owned or managed by the state. We leave these questions to future research.

Table 1: Investment Transparency by Home and Host Country

Country	Home Country					Host Country				
	No	Only	Only	Full	Total	No	Only	Only	Full	Total
	Disclosure	Price	Reserves	Disclosure		Disclosure	Price	Reserves	Disclosure	
Albania	0	0	0	0	0	0	1	0	0	1
Algeria	0	0	0	0	0	0	0	1	3	4
Angola	0	0	0	0	0	0	3	0	0	3
Argentina	0	0	0	1	1	0	1	0	5	6
Australia	0	11	3	26	40	2	6	5	13	26
Austria	0	0	1	0	1	0	0	0	0	0
Bangladesh	0	0	0	0	0	0	0	0	1	1
Barbados	0	0	0	1	1	0	0	0	0	0
Bermuda	1	0	0	3	4	0	0	0	0	0
Bolivia	0	0	0	0	0	1	1	0	0	2
Brazil	0	1	0	0	1	0	3	0	1	4
Canada	9	91	17	220	337	15	111	46	212	384
Cayman Islands	0	2	0	0	2	0	0	0	0	0
China	2	2	3	4	11	0	1	0	3	4
Colombia	0	2	1	3	6	1	2	4	16	23
Congo DR	0	0	0	0	0	0	0	0	2	2
Cote d'Ivoire	0	0	0	0	0	0	0	0	1	1
Cyprus	0	0	1	3	4	0	0	0	0	0
Denmark	0	2	1	2	5	0	0	0	3	3
Egypt	1	1	0	1	3	0	2	1	5	8
Equatorial Guinea	0	0	0	0	0	0	0	0	1	1
Finland	0	0	0	1	1	0	0	0	0	0
France	1	3	5	2	11	0	0	0	1	1
Georgia	0	0	0	0	0	0	1	0	0	1
Germany	1	1	0	1	3	0	0	0	0	0
Ghana	0	0	0	0	0	0	0	1	1	2
Hong Kong	0	1	1	1	3	0	0	0	0	0
Hungary	0	0	1	0	1	0	0	0	0	0
India	2	2	0	0	4	0	3	0	1	4
Indonesia	1	3	0	2	6	0	4	1	6	11
Iraq	0	0	0	0	0	0	2	0	0	2
Ireland	0	2	0	0	2	0	1	1	1	3
Israel	0	1	0	1	2	0	1	0	0	1
Italy	1	0	3	2	6	0	0	0	0	0
Japan	0	6	7	2	15	0	1	0	0	1
Kazakhstan	0	1	0	0	1	0	4	0	3	7
Korea, South	0	2	0	1	3	0	0	0	0	0
Liberia	1	0	0	0	1	0	0	0	0	0
Malaysia	0	6	2	0	8	0	0	0	0	0
Netherlands	0	3	2	0	5	0	1	0	1	2
New Zealand	1	1	0	1	3	0	1	0	3	4
Nigeria	0	0	1	0	1	0	1	1	2	4
Norway	1	3	3	5	12	2	2	0	5	9
Oman	0	0	0	0	0	2	1	0	0	3
Papua New Guinea	0	0	0	0	0	0	0	0	1	1
Peru	0	0	0	0	0	2	1	0	0	3
Philippines	0	0	0	0	0	0	0	0	1	1
Poland	0	1	0	1	2	0	0	0	0	0
Russia	5	4	8	10	27	5	10	5	20	40
Singapore	0	0	1	1	2	0	0	0	0	0
South Africa	1	0	1	0	2	0	0	0	0	0
Spain	0	4	1	2	7	0	1	0	0	1
Sweden	0	0	2	2	4	0	0	0	0	0
Thailand	0	0	0	1	1	0	1	0	2	3
Trinidad and Tobago	0	0	0	0	0	0	1	0	2	3
Tunisia	0	0	0	0	0	0	1	0	2	3
Turkey	0	1	0	0	1	0	1	0	1	2
Ukraine	0	0	0	0	0	0	0	0	1	1
United Arab Emirates	0	1	0	0	1	0	0	0	0	0
United Kingdom	6	15	6	42	69	5	12	5	22	44
United States	21	99	51	297	468	23	118	54	302	497
Venezuela	0	0	0	1	1	0	0	0	1	1
Vietnam	0	0	0	0	0	0	0	0	1	1
Unknown	3	28	3	6	40	0	0	0	0	0
Total	58	300	125	646	1129	58	300	125	646	1129

Table 2: Variable Characteristics

Variable	Description	All Transactions					Cross-border Transactions					Domestic Transactions				
		mean	sd	min	max	count	mean	sd	min	max	count	mean	sd	min	max	count
Investment Transparency	0 = No transparency 1 = Partial transparency 2 = Full transparency	1.52	0.59	0	2	1129	1.19	0.63	0	2	362	1.68	0.51	0	2	767
Need for External Finance	Buyer's need for external finance	-0.19	1.17	-3.22	1.57	651	-0.50	1.37	-3.22	1.57	166	-0.08	1.07	-3.22	1.57	485
Assets (log)	Log value of buyer's total assets	6.49	2.74	-2.30	12.62	710	7.29	3.49	-2.30	12.62	187	6.21	2.35	-1.61	12.18	523
Cross-border dummy	Equals 1 for cross-border transactions	0.32	0.47	0	1	1129										
Buyer SOE dummy	Equals 1 if buyer is state owned	0.06	0.24	0	1	1129	0.12	0	0	1	362	0.03	0.17	0	1	767
Oil price	log value of 12 month strip price	4.03	0.50	2.96	4.99	1129	4.04	0.52	2.97	4.99	362	4.02	0.49	2.96	4.99	767
Press Freedom Index	Host Rating	96.24	15.48	11.33	114.50	908	89.29	20.68	11.33	114.50	279	99.32	11.21	15.00	111.80	629
(Scale: 0 - 115)	Home Rating	98.06	14.20	12.00	115.50	873	94.82	19.60	12.00	115.50	244	99.32	11.21	15.00	111.80	629
Open Budget Index	Host Rating	72.06	17.89	0.00	87.73	702	60.89	23.31	0.00	87.73	244	78.01	10.00	30.63	87.40	458
(Scale: 0 - 92)	Home Rating	74.95	12.94	19.09	88.43	663	68.11	15.85	19.09	88.43	205	78.01	10.00	30.63	87.40	458
Accounting Quality	Host Rating	26.42	3.23	4.50	33.00	1003	25.90	4.48	4.50	33.00	257	26.60	2.64	4.50	32.00	746
(Scale: 0 - 35)	Home Rating	25.75	4.75	2.00	35.00	1031	23.51	7.52	2.00	35.00	285	26.60	2.64	4.50	32.00	746
POLCON	Host Rating	0.41	0.10	0.00	0.69	1129	0.38	0.15	0.00	0.69	362	0.42	0.07	0.00	0.69	767
(Scale: 0 - 1)	Home Rating	0.42	0.09	0.00	0.69	1080	0.42	0.13	0.00	0.69	313	0.42	0.07	0.00	0.69	767
CPI	Host Rating	7.32	1.86	1.78	9.47	1129	6.36	2.53	1.78	9.47	362	7.78	1.19	2.18	9.47	767
(Scale: 0 - 10)	Home Rating	7.62	1.44	2.06	9.47	1083	7.23	1.86	2.06	9.47	316	7.78	1.19	2.18	9.47	767
ICRG	Host Rating	81.12	9.16	32.50	94.00	1127	76.68	12.92	32.50	92.00	360	83.20	5.61	44.00	94.00	767
(Scale: 0 - 100)	Home Rating	82.75	6.64	43.00	94.00	1082	81.65	8.55	43.00	94.00	315	83.20	5.61	44.00	94.00	767
Global Integrity	Host Rating	80.86	7.46	41.96	86.73	1052	76.95	9.88	41.96	86.73	320	82.58	5.27	54.76	86.73	732
(Scale: 0 - 100)	Home Rating	81.67	6.66	49.79	87.94	970	78.88	9.24	49.79	87.94	238	82.58	5.27	54.76	86.73	732
EITI Candidate dummy	Equals 1 if host is EITI candidate	0.02	0.12	0	1	1129	0.04	0.21	0	1	362	0.00	0.04	0	1	767
EITI Compliant dummy	Equals 1 if host is EITI compliant	0.00	0.07	0	1	1129	0.01	0.12	0	1	362	0.00	0.00	0	0	767

Table 3: Variable characteristics by level of investment transparency

Variable	Description	No Disclosure					Partial Disclosure					Full Disclosure				
		mean	sd	min	max	count	mean	sd	min	max	count	mean	sd	min	max	count
Need for External Finance	Buyer's need for external finance	-0.59	1.73	-3.22	1.57	19	-0.25	1.19	-3.22	1.57	163	-0.15	1.13	-3.22	1.57	469
Assets (log)	Log value of buyer's total assets	5.40	4.08	-2.30	11.65	24	6.43	3.70	-2.30	12.62	191	6.57	2.15	-1.61	12.03	495
Cross-border dummy	Equals 1 for crossborder transactions	0.74	0.44	0	1	58	0.49	0.50	0	1	425	0.17	0.38	0	1	646
Buyer SOE dummy	Equals 1 if buyer is state owned	0.09	0.28	0	1	58	0.10	0.30	0	1	425	0.03	0.18	0	1	646
Oil price	log value of 12 month strip price	3.83	0.55	3.00	4.87	58	3.96	0.54	2.97	4.99	425	4.08	0.46	2.96	4.99	646
Press Freedom Index	Host Rating	94.27	18.63	49.50	111.80	35	96.42	15.88	15.00	111.80	305	96.26	15.06	11.33	114.50	568
(Scale: 0 - 115)	Home Rating	89.86	23.44	25.00	113.25	33	96.18	17.67	12.00	115.50	281	99.50	10.91	26.00	113.25	559
Open Budget Index	Host Rating	71.49	15.95	13.53	81.68	39	71.14	18.62	0.36	87.40	250	72.67	17.63	0.00	87.73	413
(Scale: 0 - 92)	Home Rating	69.41	16.11	21.20	88.43	45	73.23	14.69	19.09	88.43	239	76.69	10.89	30.63	87.44	379
Accounting Quality	Host Rating	27.17	2.95	18.00	32.00	47	26.37	3.09	4.50	33.00	375	26.40	3.33	4.50	33.00	581
(Scale: 0 - 35)	Home Rating	26.22	5.64	8.00	35.00	45	24.81	5.79	2.00	35.00	368	26.27	3.83	2.00	32.00	618
POLCON	Host Rating	0.40	0.12	0.00	0.61	58	0.41	0.10	0.00	0.69	425	0.41	0.10	0.00	0.69	646
(Scale: 0 - 1)	Home Rating	0.37	0.13	0.00	0.52	54	0.43	0.10	0.00	0.69	390	0.42	0.07	0.00	0.69	636
CPI	Host Rating	7.13	1.99	2.42	8.71	58	7.33	1.90	1.78	9.47	425	7.34	1.81	1.84	9.47	646
(Scale: 0 - 10)	Home Rating	6.65	2.25	2.32	9.47	54	7.45	1.60	2.06	9.47	392	7.80	1.19	2.18	9.47	637
ICRG	Host Rating	80.59	9.15	49.00	90.00	58	81.02	9.51	32.50	92.00	424	81.23	8.93	36.50	94.00	645
(Scale: 0 - 100)	Home Rating	78.41	11.53	46.00	92.00	54	82.19	7.08	43.00	94.00	392	83.46	5.54	44.00	94.00	636
Global Integrity	Host Rating	80.78	6.98	65.87	86.73	49	80.44	7.64	41.96	86.73	399	81.15	7.37	44.10	86.73	604
(Scale: 0 - 100)	Home Rating	78.65	9.84	54.76	86.73	46	80.67	7.85	49.79	87.94	346	82.51	5.30	54.76	87.94	578
EITI Candidate dummy	Equals 1 if host is EITI candidate	0.03	0.18	0	1	58	0.02	0.13	0	1	425	0.01	0.11	0	1	646
EITI Compliant dummy	Equals 1 if host is EITI compliant	0.00	0.00	0	0	58	0.00	0.07	0	1	425	0.00	0.07	0	1	646

Table 4: Correlation Matrices

Panel A: All Transactions

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1 Investment Transparency	1.00																			
2 Need for External Finance	0.08	1.00																		
3 Assets (log)	-0.06	-0.33	1.00																	
4 Crossborder dummy	-0.29	-0.17	0.36	1.00																
5 Buyer SOE dummy	0.04	-0.07	0.12	0.40	1.00															
6 Oil price	-0.01	0.09	0.20	0.09	-0.04	1.00														
7 Press Freedom - Host	0.03	0.06	0.10	-0.05	-0.08	0.47	1.00													
8 Press Freedom - Home	-0.02	0.04	-0.02	-0.38	-0.68	0.29	0.65	1.00												
9 Open Budget - Host	0.07	0.04	-0.11	-0.29	-0.84	0.01	0.17	0.58	1.00											
10 Open Budget - Home	0.17	0.09	-0.20	-0.56	-0.77	0.00	0.17	0.58	0.88	1.00										
11 Accounting Quality - Host	0.07	0.02	-0.16	-0.39	-0.69	-0.05	-0.05	0.58	0.72	0.68	1.00									
12 Accounting Quality - Home	0.30	0.18	-0.33	-0.79	-0.26	-0.08	0.04	0.22	0.35	0.55	0.51	1.00								
13 POLCON - Host	0.19	-0.05	-0.02	0.11	0.27	-0.21	0.04	-0.16	0.21	0.15	-0.11	0.01	1.00							
14 POLCON - Home	0.00	-0.05	-0.07	-0.23	-0.63	-0.13	-0.08	0.57	0.68	0.65	0.71	0.11	0.24	1.00						
15 CPI - Host	0.05	0.02	-0.11	-0.34	-0.83	-0.02	0.14	0.64	0.96	0.86	0.69	0.30	0.28	0.80	1.00					
16 CPI - Home	0.22	0.09	-0.21	-0.61	-0.71	-0.03	0.20	0.57	0.85	0.95	0.58	0.49	0.31	0.65	0.88	1.00				
17 ICRG - Host	0.09	0.03	-0.09	-0.35	-0.56	-0.09	0.50	0.76	0.69	0.66	0.49	0.25	0.33	0.63	0.75	0.72	1.00			
18 ICRG - Home	0.13	0.06	-0.11	-0.39	-0.52	-0.10	0.52	0.72	0.66	0.63	0.45	0.33	0.36	0.56	0.72	0.70	0.98	1.00		
19 Global Integrity - Host	0.07	0.05	-0.07	-0.19	-0.73	0.03	0.23	0.47	0.96	0.82	0.52	0.26	0.34	0.54	0.91	0.83	0.65	0.64	1.00	
20 Global Integrity - Home	0.12	0.10	-0.22	-0.61	-0.87	-0.03	0.12	0.65	0.91	0.89	0.74	0.56	0.08	0.68	0.93	0.89	0.69	0.70	0.82	1.00

Panel B: Cross-border Transactions

Variable	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1 Investment Transparency	1.00																		
2 Need for External Finance	0.76	1.00																	
3 Assets (log)	-0.70	-0.70	1.00																
4 Buyer SOE dummy	0.66	0.48	-0.76	1.00															
5 Oil price	0.28	-0.16	0.22	0.23	1.00														
6 Press Freedom - Host	0.61	0.05	-0.50	0.74	0.55	1.00													
7 Press Freedom - Home	-0.63	-0.58	0.78	-0.98	-0.11	-0.61	1.00												
8 Open Budget - Host	-0.66	-0.48	0.76	-1.00	-0.23	-0.74	0.98	1.00											
9 Open Budget - Home	-0.42	-0.43	0.74	-0.73	0.19	-0.37	0.78	0.73	1.00										
10 Accounting Quality - Host	-0.66	-0.48	0.76	-1.00	-0.23	-0.74	0.98	1.00	0.73	1.00									
11 Accounting Quality - Home	0.00	0.51	-0.45	0.28	-0.38	-0.25	-0.39	-0.28	-0.20	-0.28	1.00								
12 POLCON - Host	0.64	0.39	-0.76	0.98	0.15	0.80	-0.94	-0.98	-0.73	-0.98	0.16	1.00							
13 POLCON - Home	-0.57	-0.44	0.88	-0.94	-0.01	-0.69	0.93	0.94	0.83	0.94	-0.35	-0.94	1.00						
14 CPI - Host	-0.66	-0.48	0.76	-1.00	-0.23	-0.74	0.98	1.00	0.73	1.00	-0.28	-0.98	0.94	1.00					
15 CPI - Home	-0.25	-0.44	0.67	-0.77	0.21	-0.24	0.84	0.77	0.90	0.77	-0.52	-0.71	0.83	0.77	1.00				
16 ICRG - Host	-0.55	-0.57	0.71	-0.96	-0.13	-0.52	0.99	0.96	0.74	0.96	-0.47	-0.88	0.88	0.96	0.86	1.00			
17 ICRG - Home	-0.51	-0.31	0.56	-0.96	-0.35	-0.74	0.93	0.96	0.58	0.96	-0.24	-0.93	0.84	0.96	0.70	0.93	1.00		
18 Global Integrity - Host	-0.66	-0.48	0.76	-1.00	-0.23	-0.74	0.98	1.00	0.73	1.00	-0.28	-0.98	0.94	1.00	0.77	0.96	0.96	1.00	
19 Global Integrity - Home	-0.61	-0.30	0.58	-0.96	-0.38	-0.82	0.91	0.96	0.65	0.96	-0.04	-0.96	0.85	0.96	0.65	0.88	0.97	0.96	1.00

Table 5: Multinomial logit regressions of investment transparency on firm-level determinants

This table shows the results of multinomial logit regressions of firm choice of investment transparency. The dependent variable is discrete and trichotomous, where no disclosure, partial disclosure (only price or only reserves), and full disclosure (price and reserves) are the possible outcomes. For the first two columns in each regression, partial transparency and full transparency are compared to a baseline of no transparency. For the third column, full transparency is compared to a baseline of partial transparency. Coefficients represent the change in log odds of moving from the baseline to higher levels of transparency. Need for external finance is winsorized at the 5% level. Robust standard errors clustered by home country are in parentheses. Significance levels are indicated by ***, **, and * representing 1%, 5%, and 10% respectively.

Variables	(1)			(2)		
	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial
Panel 1: Full Sample						
Need for External Finance	0.241 (0.191)	0.191 (0.167)	-0.049 (0.073)	0.262 (0.182)	0.188 (0.158)	-0.074 (0.070)
Assets (log)	0.165*** (0.054)	0.164 (0.106)	-0.001 (0.096)	0.132* (0.069)	0.151 (0.117)	0.019 (0.094)
Cross-border dummy	-1.308 (0.883)	-2.863*** (0.785)	-1.555*** (0.254)	-1.398 (0.855)	-2.870*** (0.761)	-1.472*** (0.637)
Buyer SOE dummy				14.406*** (0.868)	13.167*** (0.898)	-1.238* (0.637)
Oil price (12-mo strip, log)	0.998** (0.390)	1.501*** (0.490)	0.0504 (0.314)	0.953** (0.393)	1.461*** (0.473)	0.508* (0.244)
Constant	-1.877 (1.499)	-2.384* (1.314)	-0.507 (1.717)	-1.538 (1.485)	-2.175* (1.269)	-0.637 (1.711)
Observations	651	651	651	651	651	651
Pseudo R-squared	0.107	0.107	0.107	0.117	0.117	0.117
Panel 2: Cross-border Transactions						
	(3)			(4)		
Need for External Finance	0.370** (0.179)	0.327* (0.173)	-0.043 (0.119)	0.391** (0.178)	0.322* (0.164)	-0.069 (0.129)
Assets (log)	0.179** (0.080)	0.090 (0.115)	-0.089 (0.078)	0.142 (0.092)	0.066 (0.131)	-0.076 (0.078)
Buyer SOE dummy				14.509*** (0.877)	13.865*** (0.825)	-0.644 (0.605)
Oil price (12-mo strip, log)	1.453*** (0.399)	1.234** (0.483)	-0.220 (0.255)	1.392*** (0.417)	1.193** (0.486)	-0.120 (0.251)
Constant	-5.030*** (1.789)	-3.477* (1.822)	1.554* (0.801)	-4.668** (1.827)	-3.234* (1.835)	1.434* (0.830)
Observations	166	166	166	166	166	166
Pseudo R-squared	0.0436	0.0436	0.0436	0.0570	0.0570	0.0570
Panel 3: Domestic Transactions						
	(5)			(6)		
Need for External Financing	-0.645 (0.874)	-0.738 (0.790)	-0.093 (0.101)	-0.634 (0.871)	-0.738 (0.790)	-0.104 (0.089)
Assets (log)	0.200** (0.082)	0.271*** (0.104)	0.070 (0.125)	0.177*** (0.063)	0.278*** (0.107)	0.101 (0.112)
Buyer SOE dummy				10.492*** (0.804)	8.166*** (1.004)	-2.326** (0.949)
Oil price (12-mo strip, log)	0.620* (0.338)	1.530*** (0.103)	0.910*** (0.287)	0.654* (0.335)	1.523*** (0.103)	0.869*** (0.274)
Constant	-0.330 (1.562)	-2.890*** (-0.151)	-2.560 (1.673)	-0.352 (1.576)	-2.902*** (0.161)	-2.550 (1.670)
Observations	485	485	485	485	485	485
Pseudo R-squared	0.0474	0.0474	0.0474	0.0583	0.0583	0.0583

Table 6: Multinomial logit regressions of investment transparency on information availability and quality

This table shows the results of multinomial logit regressions of firm choice of investment transparency for crossborder transactions. The dependent variable is discrete and trichotomous, where no disclosure, partial disclosure (only price or only reserves), and full disclosure (price and reserves) are the possible outcomes. For the first two columns in each regression, partial transparency and full transparency are compared to a baseline of no transparency. For the third column, full transparency is compared to a baseline of partial transparency. Coefficients represent the change in log odds of moving from the baseline to higher levels of transparency. Institutional variables are standardized so that higher values indicate stronger institutions. Robust standard errors clustered by home country are in parentheses. Significance levels are indicated by ***, **, and * representing 1%, 5%, and 10% respectively.

Variables	(1) Press Freedom			(2) Open Budget Index			(3) Accounting Quality		
	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial
Panel 1: Full Sample									
Host Country Rating	-0.007 (0.018)	-0.039** (0.017)	-0.032*** (0.009)	-0.035*** (0.011)	-0.059*** (0.009)	-0.023*** (0.009)	-0.160*** (0.038)	-0.219*** (0.042)	-0.059** (0.027)
Home Country Rating	0.020* (0.011)	0.048*** (0.015)	0.029** (0.012)	0.003 (0.018)	0.020 (0.021)	0.016 (0.013)	-0.058** (0.029)	-0.025 (0.035)	0.033 (0.025)
Buyer SOE dummy	0.842 (0.989)	0.250 (1.078)	-0.592 (0.458)	1.074 (0.962)	0.617 (1.029)	-0.457 (0.536)	-0.064 (0.706)	-0.785 (0.700)	-0.721 (0.490)
Oil price (12-mo strip, log)	0.465 (0.874)	0.411 (0.767)	-0.055 (0.179)	0.355 (0.758)	0.674 (0.693)	0.319*** (0.107)	0.419 (0.261)	1.049** (0.434)	0.630** (0.309)
Cross-border dummy	-0.790 (0.499)	-2.743*** (0.403)	-1.954*** (0.255)	-1.797*** (0.428)	-3.442*** (0.649)	-1.645*** (0.471)	-1.096*** (0.298)	-2.783*** (0.201)	-1.686*** (0.284)
Constant	-0.608 (2.620)	1.121 (2.576)	1.729** (0.881)	3.415 (4.629)	3.672 (4.270)	0.284 (1.038)	6.951*** (1.498)	6.028*** (1.942)	-0.923 (1.483)
Observations	872	872	872	581	581	581	940	940	940
Pseudo R-squared	0.125	0.125	0.125	0.0961	0.0961	0.0961	0.110	0.110	0.110
Panel 2: Cross border transactions									
Host Country Rating	-0.002 (0.018)	-0.040** (0.016)	-0.037*** (0.006)	-0.035** (0.014)	-0.069*** (0.009)	-0.034*** (0.010)	-0.130*** (0.048)	-0.269*** (0.057)	-0.139*** (0.036)
Home Country Rating	0.021* (0.013)	0.042** (0.020)	0.021 (0.016)	0.014 (0.024)	0.004 (0.026)	-0.010 (0.020)	-0.045 (0.033)	-0.060 (0.044)	-0.015 (0.036)
Buyer SOE dummy	0.686 (1.102)	0.422 (1.118)	-0.264 (0.135)	1.002 (0.959)	0.168 (1.268)	-0.834 (0.876)	-0.146 (0.753)	-1.242 (0.933)	-1.096 (0.674)
Oil price (12-mo strip, log)	1.051 (1.176)	0.655 (1.221)	-0.396 (0.400)	1.071 (0.960)	0.992 (1.081)	-0.079 (0.214)	1.053*** (0.393)	1.027* (0.549)	-0.026 (0.497)
Constant	-4.435 (4.501)	-1.961 (5.317)	2.474 (1.721)	-1.867 (5.222)	0.689 (5.385)	2.556 (1.980)	2.310 (2.004)	5.563* (3.292)	3.253 (2.722)
Observations	243	243	243	123	123	123	194	194	194
Pseudo R-squared	0.104	0.104	0.104	0.125	0.125	0.125	0.087	0.087	0.087

Note: Institutional measures are standardized so that higher values indicate stronger institutions.

Table 7: Multinomial logit regressions of investment transparency on political risk

This table shows the results of multinomial logit regressions of firm choice of investment transparency. The dependent variable is discrete and trichotomous, where no disclosure, partial disclosure (only price or only reserves), and full disclosure (price and reserves) are the possible outcomes. For the first two columns in each regression, partial transparency and full transparency are compared to a baseline of no transparency. For the third column, full transparency is compared to a baseline of partial transparency. Coefficients represent the change in log odds of moving from the baseline to higher levels of transparency. Institutional variables are standardized so that higher values indicate stronger institutions. Need for external finance is measured at the 5% level. Robust standard errors clustered by home country are in parentheses. Significance levels are indicated by ***, **, and * representing 1%, 5%, and 10% respectively.

Variables	ICRG											
	(1)			(2)			(3)			(4)		
	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial
Panel 1: Full Sample												
Host Country Rating	-0.011 (0.019)	-0.058*** (0.022)	-0.047*** (0.010)	-0.013 (0.041)	-0.080** (0.037)	-0.067*** (0.025)	-0.906 (0.759)	-2.852** (1.453)	-1.945 (1.195)	-3.186 (3.299)	-4.066 (3.749)	-0.88 (1.505)
Home Country Rating	0.057*** (0.015)	0.131*** (0.016)	0.074*** (0.013)	0.069* (0.041)	0.193*** (0.041)	0.124*** (0.045)	4.767*** (1.310)	5.395*** (1.642)	0.628 (1.222)	11.872*** (3.316)	10.924*** (4.134)	-0.948 (2.341)
Need for External Finance				0.031 (0.783)	1.260*** (0.460)	1.229 (0.943)				0.300 (0.261)	0.404* (0.220)	0.104 (0.292)
Host Country Rating X Need for External Finance				0.002 (0.010)	-0.014** (0.006)	-0.016 (0.012)				-0.239 (0.703)	-0.699 (0.634)	-0.459 (0.747)
Assets (log)				0.195*** (0.048)	0.293*** (0.087)	0.098 (0.098)				0.240*** (0.088)	0.256*** (0.061)	0.016 (0.088)
Cross-border dummy	-1.226*** (0.452)	-3.108*** (0.413)	-1.882*** (0.207)	-1.516* (0.893)	-3.679*** (1.002)	-2.163*** (0.217)	-1.206*** (0.457)	-2.749*** (0.381)	-1.543*** (0.211)	-1.349 (0.835)	-2.908*** (0.773)	-1.559*** (0.204)
Buyer SOE dummy	0.996 (0.680)	0.695 (0.681)	-0.301 (0.353)	14.530*** (0.891)	14.118*** (1.161)	-0.412 (0.902)	0.869 (0.953)	0.102 (1.016)	-0.767* (0.398)	16.459*** (1.371)	15.033*** (1.662)	-1.426* (0.762)
Oil price (12-mo strip, log)	0.725* (0.434)	1.432** (0.630)	0.707*** (0.268)	1.209*** (0.360)	1.892*** (0.502)	0.683** (0.299)	0.599 (0.484)	1.188* (0.679)	0.589** (0.282)	0.797** (0.351)	1.308*** (0.427)	0.511 (0.336)
Constant	-3.944*** (1.486)	-8.088*** (2.939)	-4.144** (1.821)	-7.501*** (2.384)	-14.133*** (5.231)	-6.632* (4.000)	-1.275 (1.705)	-2.147 (2.383)	-0.871 (1.174)	-5.242*** (1.693)	-5.093*** (1.491)	0.150 (2.003)
Observations	1,080	1,080	1,080	646	646	646	1,080	1,080	1,080	645	645	645
Pseudo R-squared	0.133	0.133	0.133	0.175	0.175	0.175	0.112	0.112	0.112	0.138	0.138	0.138

Table 7: Multinomial logit regressions of investment transparency on political risk (continued)

This table shows the results of multinomial logit regressions of firm choice of investment transparency. The dependent variable is discrete and trichotomous, with here no disclosure, partial disclosure (only price or only reserves), and full disclosure (price and reserves) are the possible outcomes. For the first two columns in each regression, partial transparency and full transparency are compared to a baseline of no transparency. For the third column, full transparency is compared to a baseline of partial transparency. Coefficients represent the change in log odds of moving from the baseline to higher levels of transparency. Institutional variables are standardized so that higher values indicate stronger institutions. Need for external finance is winsorized at the 5% level. Robust standard errors clustered by home country are in parentheses. Significance levels are indicated by ***, **, and * representing 1%, 5%, and 10% respectively.

Variables	ICRG						POLCON					
	(5)			(6)			(7)			(8)		
	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial	Partial v. None	Full v. None	Full v. Partial
Panel 2: Cross-border Transactions												
Host Country Rating	-0.009 (0.017)	-0.053*** (0.019)	-0.045*** (0.012)	-0.010 (0.041)	-0.067* (0.035)	-0.057** (0.026)	-0.483 (0.644)	-2.897* (1.480)	-2.414 (1.512)	-2.318 (2.644)	-3.640 (3.729)	-1.322 (1.805)
Home Country Rating	0.057*** (0.018)	0.144*** (0.033)	0.087*** (0.028)	0.064 (0.045)	0.187*** (0.058)	0.124*** (0.035)	5.124*** (1.420)	4.899*** (1.852)	-0.225 (1.517)	11.544*** (3.470)	10.346** (4.161)	-1.198 (1.672)
Need for External Finance				0.960 (1.439)	0.831* (0.463)	-0.129 (1.271)				0.676* (0.361)	0.278 (0.259)	-0.398 (0.252)
Host Country Rating X Need for External Finance				-0.008 (0.017)	-0.007 (0.006)	0.001 (0.017)				-0.912 (0.724)	-0.011 (0.520)	0.901 (0.702)
Assets (log)				0.192*** (0.059)	0.223** (0.105)	0.031 (0.082)				0.254*** (0.071)	0.170** (0.081)	-0.084 (0.075)
Buyer SOE dummy	0.804 (0.707)	0.456 (0.781)	-0.348 (0.530)	14.921*** (1.250)	14.919*** (1.411)	-0.002 (1.016)	0.675 (1.012)	-0.191 (1.128)	-0.866 (0.528)	16.124*** (1.476)	15.639*** (1.744)	-0.485 (0.719)
Oil price (12-mo strip, log)	1.234*** (0.414)	1.522*** (0.554)	0.288 (0.206)	1.631*** (0.425)	1.552*** (0.476)	-0.079 (0.222)	1.123** (0.475)	1.206* (0.639)	0.082 (0.268)	1.204*** (0.404)	0.926* (0.520)	-0.278 (0.313)
Constant	-7.303*** (1.876)	-12.907*** (3.641)	-5.604* (3.061)	-10.461** (4.566)	-16.355*** (5.790)	-5.895 (4.407)	-4.835** (2.181)	-4.625* (2.683)	0.200 (1.324)	-8.500*** (2.251)	-5.736** (2.319)	2.764 (1.251)
Observations	313	313	313	161	161	161	313	313	313	160	160	160
Pseudo R-squared	0.117	0.117	0.117	0.179	0.179	0.179	0.0693	0.0693	0.0693	0.115	0.115	0.115

Note: Institutional measures are standardized so that higher values indicate stronger institutions.

Table 8: Multinomial logit regressions of investment transparency on corruption and integrity

This table shows the results of multinomial logit regressions of firm choice of investment transparency for crossborder transactions. The dependent variable is discrete and trichotomous where no disclosure, partial disclosure (only price or only reserves), and full disclosure (price and reserves) are the possible outcomes. For the first two columns in each regression, partial transparency and full transparency are compared to a baseline of no transparency. For the third column, full transparency is compared to a baseline of partial transparency. Coefficients represent the change in log odds of moving from the baseline to higher levels of transparency. Institutional variables are standardized so that higher values indicate stronger institutions. Robust standard errors clustered by home country are in parentheses. Significance levels are indicated by ***, **, and * representing 1%, 5%, and 10% respectively.

Variables	(1) Corruption Perceptions			(2) Global Integrity			(3) EITI		
	Partial v.	Full v.	Full v.	Partial v.	Full v.	Full v.	Partial v.	Full v.	Full v.
	None	None	Partial	None	None	Partial	None	None	Partial
Panel 1: Full Sample									
Host Country Rating	-0.045 (0.092)	-0.324*** (0.120)	-0.279*** (0.051)	-0.029* (0.016)	-0.068** (0.028)	-0.039*** (0.015)			
Home Country Rating	0.251*** (0.060)	0.552*** (0.086)	0.301*** (0.056)	0.052 (0.039)	0.087* (0.050)	0.036* (0.020)			
EITI Candidate							-0.807 (0.989)	-0.431 (0.933)	0.376 (0.591)
EITI Compliant							11.726*** (1.088)	12.198*** (1.035)	0.472 (1.018)
Buyer SOE dummy	0.915 (0.654)	0.520 (0.663)	-0.395 (0.377)	1.680 (1.063)	1.050 (1.252)	-0.630 (0.568)	0.351 (0.616)	-0.359 (0.633)	-0.710** (0.353)
Oil price (12-mo strip, log)	0.639 (0.501)	1.232* (0.701)	0.593** (0.275)	0.341 (0.685)	1.053 (0.905)	0.712** (0.282)	0.582 (0.381)	1.193** (0.578)	0.611** (0.279)
Cross-border dummy	-1.134** (0.455)	-3.054*** (0.437)	-1.920*** (0.166)	-1.143*** (0.409)	-2.956*** (0.281)	-1.812*** (0.350)	-1.155** (0.510)	-2.707*** (0.424)	-1.552*** (0.247)
Constant	-1.393 (1.416)	-3.023 (2.365)	-1.630 (1.176)	-0.520 (4.458)	-2.145 (5.359)	-1.626 (1.125)	0.421 (1.192)	-1.095 (1.901)	-1.516 (1.130)
Observations	1,083	1,083	1,083	941	941	941	1,129	1,129	1,129
Pseudo R-squared	0.132	0.132	0.132	0.113	0.113	0.113	0.110	0.110	0.110
Panel 2: Cross-border transactions									
	(4)			(5)			(6)		
Host Country Rating	-0.010 (0.082)	-0.290*** (0.109)	-0.280*** (0.054)	0.016 (0.022)	-0.038 (0.029)	-0.055*** (0.014)			
Home Country Rating	0.281*** (0.077)	0.613*** (0.115)	0.331*** (0.101)	0.103** (0.041)	0.111* (0.065)	0.008 (0.039)			
EITI Candidate							-1.185 (1.081)	-0.433 (0.953)	0.752 (0.600)
EITI Compliant							11.329*** (1.103)	11.788*** (1.028)	0.459 (1.014)
Buyer SOE dummy	0.785 (0.694)	0.446 (0.750)	-0.339 (0.448)	2.555** (1.285)	1.682 (1.360)	-0.873 (0.949)	0.215 (0.662)	-0.624 (0.709)	-0.839* (0.505)
Oil price (12-mo strip, log)	1.202** (0.476)	1.236* (0.657)	0.034 (0.254)	1.106 (0.833)	1.081 (1.019)	-0.025 (0.255)	1.038*** (0.333)	1.223** (0.491)	0.185 (0.269)
Constant	-5.155*** (1.684)	-6.648*** (2.487)	-1.494 (1.244)	-12.319** (5.951)	-9.310 (8.725)	3.009 (3.764)	-2.482* (1.364)	-3.814** (1.884)	-1.333 (0.171)
Observations	316	316	316	209	209	209	362	362	362
Pseudo R-squared	0.128	0.128	0.128	0.0788	0.0788	0.0788	0.0324	0.0324	0.0324

Note: Institutional measures are standardized so that higher values indicate stronger institutions.

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