

## **APPENDICES**

## Appendix One

### Probit modelling methodology

Given the nature of our data regarding the legal problems reported, internal/external capacity used and action taken shown in Tables A1 to A5, we use a probit model to examine the probability of a discrete event (see Greene, 2000). We define a latent variable,  $r^*$ , that represents the propensity of a firm to report a legal problem (e.g. trading, tax, employees), capacity usage (internal and/or external capacity) or taken specific action (e.g. help from outside, help from adviser). This drives the observed binary indicator of whether a firm has experienced legal problem, capacity or taken specific action,  $r$ , through the following measurement equation:

$$r_i^* = bX_i + u_i$$
$$r_i = \begin{cases} 1 & \text{if } r_i^* > 0 \\ 0 & \text{otherwise} \end{cases}$$

where  $X_i$  is a row vector of explanatory variables (e.g. type of firm, firm size, firm age, capacity levels, type of costumers, industry).

The estimation of the probit model provides us with direct measures of the impact of the explanatory variables used in this study on the likelihood of reporting a legal problem, capacity usage and specific action taken. We report marginal effects (for an average firm) to show the change in probability when the independent variable increases by one unit (see Bartus, 2005). For example, for an explanatory binary (1/0) dummy variable, the reported marginal effect is the average change of individual probability (e.g. in using internal or external capacity) in response to a status change from 0 to 1 (e.g. from being non family owned to family owned firm; or from being a white respondent to a non-white respondent). Additionally, the reported marginal effects for continuous variables (e.g. firm age) measure the instantaneous rate of change. The estimated *p-value* determines the significance of the marginal effect (e.g. *p-value* of <0.05 indicates statistical significance at the 5% level). The probit model coefficients are estimated using maximum likelihood methods and technical

details can be found at Wooldridge (2010). The analysis was undertaken on unweighted sample data.

### Ordered probit models

An ordered probit analysis is used to explore the determinants of the attitudes towards law (Table A6), duration of the legal problem and monetary impact indices (Table A3: second two columns); these variables call for quantitative answers by survey respondents and are measured in an ordinal scale (i.e. the values assigned for each outcome are not arbitrary). Specifically, respondents were asked their views on seven aspects of law attitudes (ranging from one if “disagree strongly” to five if “agree strongly”), a question about the duration of legal problem constructed as a three-point indices taking the value one if there is no monetary impact, two if the monetary impact is up to £10,000 and three if the impact is above £10,000, and question about the duration of the legal problem (ranging from one if it is solved within “less than a year” and five if it took up to “four years” ). Ordered probit is a generalization of the binary response model and because there are  $m$  alternatives with  $m-1$  thresholds ( $\mu$ ). We can write this as:

$$y_i^* = b'X_i + u_i$$

where  $y_i^*$  represented the latent variable, denoting the unobserved propensity of a firm  $i$  in ,  $X_i$  is a row vector of explanatory variables (e.g. type of firm, firm size, firm age, capacity levels, type of costumers, industry) and  $u_i$  is assumed to be normally distributed. Each explanatory variable has a base/reference category, to which other categories are compared (e.g. internal capacity versus no capacity (base category); organisation costumers only versus mixed costumers (base category)).

Since there are  $m$  possible outcomes, a set of threshold coefficients  $\{\mu_1, \dots, \mu_{m-1}\}$  is defined. Although  $y_i^*$  was unobserved, we observed  $y_i$  such that:  $y_i = 1$  if  $y_i^* \leq \mu_1$ ;  $y_i = 2$  if  $\mu_1 < y_i^* \leq \mu_2$ ;  $y_i = 3$  if  $\mu_2 < y_i^* \leq \mu_3$ ; and  $y_i = m$  if  $\mu_{m-1} < y_i^*$ , where  $b$  and  $\mu$  (threshold parameters) are the parameters to be estimated (Wooldridge, 2002). For the interpretation, we look at the sign of the estimated coefficient to determine the direction of the  $P(y=1)$  and  $P(y=m)$  and the estimated p-value to determine the significance of the coefficient (e.g. p-value of  $<0.05$  indicates statistical significance at the 5% level) since ordered probit

coefficient does not have a straightforward interpretation. The ordered probit model coefficients are estimated using maximum likelihood methods and technical details can be found at Wooldridge (2010).

**Table A1: Legal Capacity**

Measure	Probit estimates			Probit estimates		
	Internal capacity			External capacity		
Variables	ME	Std. Err.	P>z	ME	Std. Err.	P>z
White	-0.041	0.014	0.002	-0.045	0.017	0.011
<i>No disability (base category)</i>				0.074	0.021	0.000
Severe disability	0.047	0.015	0.002			
Mild disability	0.005	0.006	0.442	-0.001	0.009	0.950
Private limited company	-0.001	0.007	0.912	0.044	0.011	0.000
Firm size (2-9)						
1 worker	-0.017	0.006	0.007	-0.080	0.009	0.000
10-49 worker	0.021	0.008	0.008	0.110	0.013	0.000
Firm age	0.000	0.000	0.414	0.001	0.000	0.000
Firm age^2	0.000	0.000	0.569	0.000	0.000	0.003
<i>No family owned firms (base category)</i>						
Sole proprietor/sole trader	-0.033	0.009	0.000	-0.036	0.013	0.006
Family owned firm	-0.024	0.006	0.000	-0.016	0.009	0.061
Trading problem	0.011	0.006	0.077	0.023	0.009	0.009
Tax problem	0.025	0.011	0.020	0.015	0.014	0.264
Employees problem	0.015	0.008	0.064	0.117	0.015	0.000
Premises problem	0.022	0.010	0.030	0.040	0.014	0.005
Credit problem	0.048	0.018	0.007	-0.007	0.018	0.712
Property problem	0.038	0.015	0.012	0.042	0.020	0.036
Regulation problem	0.010	0.010	0.297	0.007	0.013	0.605
Structure problem	0.038	0.013	0.004	0.052	0.017	0.003
Other problem	0.047	0.020	0.021	0.020	0.024	0.400

Overall problem						
<i>Break even (base category)</i>						
Expected profit	0.009	0.006	0.163	0.007	0.010	0.441
Expected loss	-0.003	0.008	0.699	0.001	0.013	0.956
<i>Mixed costumers (base category)</i>						
Individual costumers only	-0.009	0.006	0.091	0.001	0.009	0.934
Organisation costumers only	-0.014	0.005	0.009	0.010	0.009	0.262
Other business & public administration (base category)						
Primary	-0.034	0.009	0.000	-0.005	0.023	0.818
Production	-0.042	0.005	0.000	-0.016	0.014	0.238
Construction	-0.037	0.005	0.000	0.004	0.015	0.808
Wholesale & retail	-0.039	0.005	0.000	-0.012	0.012	0.321
Hotels, catering & leisure	-0.032	0.006	0.000	0.012	0.017	0.474
Transport & communication	-0.042	0.005	0.000	-0.018	0.011	0.100
Finance, insurance & real estate	-0.021	0.007	0.005	0.041	0.018	0.022
Education	-0.028	0.007	0.000	0.041	0.019	0.034
Health	-0.039	0.006	0.000	0.040	0.020	0.043
Consultancy services	0.003	0.008	0.720	-0.021	0.011	0.070
Not for profit organisations	-0.015	0.008	0.080	0.041	0.019	0.035
Probability		0.055			0.113	
Prob > chi2		0.000			0.000	
Log likelihood		-2211.724			-3251.887	
Observations		9767			9517	

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**Table A2: Business Problems Overall**

Measure	Probit estimates		
	ME	Std. Err.	P>z
White	-0.088	0.025	0.001
<i>No disability (base category)</i>			
Severe disability	0.110	0.027	0.000
Mild disability	0.100	0.014	0.000
Private limited company	0.055	0.018	0.002
<i>Firm size (2-9)</i>			
1 worker	-0.215	0.013	0.000
10-49 workers	0.209	0.018	0.000
Firm age	-0.001	0.000	0.009
Firm age <sup>2</sup>	0.000	0.000	0.133
<i>No family owned firms (base category)</i>			
Sole proprietor/sole trader	0.051	0.021	0.014
Family owned firm	-0.007	0.016	0.679
Internal capacity	0.126	0.022	0.000
External capacity	0.187	0.016	0.000
<i>Break even (base category)</i>			
Expected profit	-0.023	0.015	0.116
Expected loss	0.057	0.019	0.003
<i>Mixed customers (base category)</i>			
Individual customers only	-0.051	0.013	0.000
Organisation customers only	-0.016	0.013	0.231
<i>Other business &amp; public administration (base category)</i>			
Primary	0.075	0.037	0.040
Production	0.117	0.026	0.000
Construction	0.075	0.023	0.001
Wholesale & retail	0.147	0.021	0.000
Hotels, catering & leisure	0.042	0.026	0.107
Transport & communication	0.034	0.019	0.068
Finance, insurance & real estate	-0.019	0.024	0.430
Education	-0.017	0.024	0.497
Health	0.014	0.026	0.586
Consultancy services	-0.006	0.019	0.751
Not for profit organisations	-0.019	0.026	0.457
Probability		0.348	
Prob > chi2		0.000	
Log likelihood		-5470.444	
Observations		9571	

**Table A2: Business Problems Detailed**

Measure	Probit estimates			Probit estimates			Probit estimates		
	Trading			Tax			Employees		
Variables	ME	Std. Err.	P>z	ME	Std. Err.	P>z	ME	Std. Err.	P>z
White	-0.060	0.021	0.005	-0.066	0.015	0.000	-0.052	0.015	0.000
<i>No disability (base category)</i>									
Severe disability	0.118	0.024	0.000	0.096	0.018	0.000	0.101	0.019	0.000
Mild disability	0.073	0.012	0.000	0.032	0.008	0.000	0.039	0.008	0.000
Private limited company	0.048	0.015	0.002	0.019	0.009	0.032	0.016	0.008	0.041
Firm size (2-9)									
1 worker	-0.133	0.011	0.000	-0.048	0.007	0.000	-0.114	0.008	0.000
10-49 workers	0.099	0.015	0.000	0.016	0.008	0.046	0.127	0.012	0.000
Firm age	-0.001	0.000	0.003	0.000	0.000	0.011	0.000	0.000	0.740
Firm age^2	0.000	0.000	0.057	0.000	0.000	0.603	0.000	0.000	0.869
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	0.068	0.017	0.000	0.036	0.010	0.000	0.003	0.009	0.752
Family owned firm	0.020	0.013	0.131	0.017	0.008	0.033	-0.006	0.007	0.380
Internal capacity	0.099	0.019	0.000	0.079	0.014	0.000	0.067	0.013	0.000
External capacity	0.088	0.014	0.000	0.039	0.008	0.000	0.105	0.010	0.000
<i>Break even (base category)</i>									
Expected profit	0.013	0.012	0.273	0.001	0.007	0.855	-0.013	0.008	0.097
Expected loss	0.028	0.016	0.092	0.047	0.012	0.000	0.016	0.010	0.117
<i>Mixed customers (base category)</i>									
Individual customers only	-0.044	0.010	0.000	-0.014	0.006	0.015	0.005	0.006	0.455
Organisation customers only	-0.009	0.011	0.427	0.002	0.006	0.741	0.001	0.007	0.932
Other business & public administration (base category)									
Primary	0.054	0.033	0.101	0.031	0.022	0.170	0.009	0.020	0.642
Production	0.134	0.024	0.000	0.046	0.016	0.003	0.046	0.016	0.003



Construction	0.099	0.021	0.000	0.035	0.014	0.011	0.016	0.013	0.197
Wholesale & retail	0.155	0.020	0.000	0.019	0.011	0.094	0.015	0.011	0.183
Hotels, catering & leisure	0.016	0.022	0.475	0.031	0.015	0.046	0.046	0.016	0.005
Transport & communication	0.025	0.016	0.111	0.032	0.011	0.003	0.030	0.012	0.009
Finance, insurance & real estate	-0.033	0.019	0.080	-0.001	0.012	0.944	-0.010	0.011	0.367
Education	-0.024	0.020	0.226	0.019	0.014	0.181	0.045	0.017	0.009
Health	-0.025	0.021	0.232	0.017	0.015	0.262	0.054	0.018	0.003
Consultancy services	0.002	0.016	0.896	0.028	0.011	0.010	-0.014	0.009	0.126
Not for profit organisations	-0.045	0.020	0.025	-0.012	0.011	0.314	0.034	0.016	0.030
Probability		0.208			0.059			0.066	
Prob > chi2		0.000			0.000			0.000	
Log likelihood		-4686.701			-2297.125			-2585.670	
Observations		9608			9608			9608	

**Table A2: Business Problems Detailed  
(continued)**

Measure	Probit estimates			Probit estimates			Probit estimates		
	Premises			Credit			Property		
Variables	ME	Std. Err.	P>z	ME	Std. Err.	P>z	ME	Std. Err.	P>z
White	-0.050	0.013	0.000	-0.019	0.008	0.016	-0.057	0.012	0.000
<i>No disability (base category)</i>									
Severe disability	0.097	0.018	0.000	0.052	0.012	0.000	0.077	0.015	0.000
Mild disability	0.038	0.007	0.000	0.013	0.004	0.003	0.013	0.005	0.008
Private limited company	0.005	0.007	0.451	0.014	0.006	0.011	-0.004	0.005	0.415
Firm size (2-9)									
1 worker	-0.075	0.006	0.000	-0.022	0.004	0.000	-0.020	0.005	0.000
10-49 workers	0.022	0.007	0.002	0.005	0.004	0.242	0.015	0.006	0.013
Firm age	0.000	0.000	0.490	0.000	0.000	0.013	0.000	0.000	0.031

Firm age^2	0.000	0.000	0.832	0.000	0.000	0.200	0.000	0.000	0.613
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	0.013	0.008	0.089	0.021	0.006	0.000	0.007	0.006	0.278
Family owned firm	0.001	0.006	0.831	0.014	0.005	0.004	0.005	0.005	0.332
Internal capacity	0.066	0.012	0.000	0.047	0.010	0.000	0.059	0.011	0.000
External capacity	0.049	0.008	0.000	0.007	0.004	0.074	0.037	0.007	0.000
<i>Break even (base category)</i>									
Expected profit	-0.006	0.006	0.343	-0.010	0.004	0.022	0.001	0.005	0.865
Expected loss	0.023	0.009	0.013	0.034	0.008	0.000	0.009	0.007	0.176
<i>Mixed customers (base category)</i>									
Individual customers only	0.004	0.005	0.485	-0.010	0.003	0.001	-0.013	0.004	0.001
Organisation customers only	0.000	0.006	0.936	-0.002	0.003	0.535	-0.003	0.004	0.482
<i>Other business &amp; public administration (base category)</i>									
Primary	0.033	0.019	0.089	-0.003	0.008	0.737	-0.013	0.008	0.125
Production	0.006	0.010	0.565	0.000	0.006	0.979	0.022	0.010	0.030
Construction	0.002	0.009	0.836	0.021	0.008	0.014	-0.013	0.005	0.011
Wholesale & retail	0.006	0.008	0.499	0.011	0.006	0.084	0.010	0.007	0.181
Hotels, catering & leisure	0.027	0.012	0.028	0.012	0.008	0.168	-0.002	0.008	0.757
Transport & communication	-0.008	0.007	0.226	0.006	0.005	0.232	0.020	0.007	0.007
Finance, insurance & real estate	0.006	0.010	0.574	-0.006	0.005	0.236	-0.018	0.005	0.000
Education	-0.002	0.010	0.877	0.011	0.008	0.167	0.012	0.009	0.190
Health	-0.002	0.010	0.843	0.000	0.007	0.954	-0.010	0.007	0.117
Consultancy services	-0.026	0.006	0.000	-0.007	0.004	0.055	-0.006	0.005	0.238
Not for profit organisations	-0.006	0.009	0.496	-0.011	0.004	0.005	-0.008	0.006	0.191
Probability		0.047			0.018			0.028	
Prob > chi2		0.000			0.000			0.000	
Log likelihood		-2108.426			-1128.971			-1418.340	
Observations		9608			9517			9608	



**Table A2: Business Problems Detailed  
(continued)**

Measure	Probit estimates			Probit estimates			Probit estimates		
	Regulation			Structure			Other		
Variables	ME	Std. Err.	P>z	ME	Std. Err.	P>z	ME	Std. Err.	P>z
White	-0.036	0.013	0.005	-0.033	0.011	0.003	-0.027	0.008	0.001
<i>No disability (base category)</i>									
Severe disability	0.096	0.018	0.000	0.082	0.016	0.000	0.081	0.015	0.000
Mild disability	0.029	0.007	0.000	0.016	0.006	0.007	0.020	0.004	0.000
Private limited company	0.009	0.008	0.218	0.001	0.006	0.800	0.001	0.003	0.771
Firm size (2-9)									
1 worker	-0.052	0.006	0.000	-0.037	0.005	0.000	-0.008	0.003	0.010
10-49 workers	0.024	0.008	0.003	0.022	0.007	0.001	0.009	0.004	0.025
Firm age	0.000	0.000	0.940	-0.001	0.000	0.000	0.000	0.000	0.041
Firm age^2	0.000	0.000	0.736	0.000	0.000	0.009	0.000	0.000	0.129
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	0.010	0.009	0.247	-0.014	0.007	0.049	-0.001	0.004	0.768
Family owned firm	0.006	0.007	0.396	-0.008	0.004	0.057	0.004	0.003	0.189
Internal capacity	0.070	0.013	0.000	0.068	0.011	0.000	0.041	0.008	0.000
External capacity	0.047	0.008	0.000	0.044	0.007	0.000	0.017	0.004	0.000
<i>Break even (base category)</i>									
Expected profit	0.001	0.007	0.883	-0.001	0.005	0.804	0.002	0.003	0.578
Expected loss	0.027	0.010	0.009	0.018	0.008	0.027	0.005	0.005	0.247
<i>Mixed customers (base category)</i>									
Individual customers only	-0.010	0.006	0.059	0.001	0.005	0.834	0.000	0.003	0.899
Organisation customers only	-0.009	0.006	0.102	0.007	0.005	0.176	-0.001	0.002	0.789
Other business & public administration (base category)									
Primary	0.065	0.025	0.009	0.025	0.018	0.171	0.017	0.012	0.161

Production	0.041	0.015	0.005	0.021	0.011	0.056	0.009	0.006	0.165
Construction	0.036	0.013	0.007	0.007	0.009	0.456	0.003	0.005	0.578
Wholesale & retail	0.007	0.010	0.457	0.008	0.008	0.348	-0.001	0.004	0.873
Hotels, catering & leisure	0.041	0.016	0.008	0.020	0.011	0.078	0.004	0.006	0.509
Transport & communication	0.020	0.010	0.046	0.011	0.008	0.142	0.009	0.005	0.082
Finance, insurance & real estate	0.022	0.013	0.100	0.001	0.009	0.881	-0.002	0.004	0.667
Education	0.005	0.012	0.705	-0.008	0.008	0.345	0.005	0.006	0.409
Health	0.020	0.015	0.166	0.011	0.011	0.310	-0.001	0.005	0.766
Consultancy services	0.007	0.010	0.438	0.004	0.007	0.542	-0.001	0.004	0.857
Not for profit organisations	0.005	0.012	0.680	-0.011	0.007	0.109	-0.003	0.004	0.429
Probability		0.054			0.035			0.012	
Prob > chi2		0.000			0.000			0.000	
Log likelihood		-2201.401			-1715.802			-853.030	
Observations		9608			9609			9609	

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**Table A3: Impact and Duration of Problems**

Measure	Probit estimates			Ordered probit estimates			Ordered probit estimates		
	No impact			Monetary impact <sup>1</sup>			Duration <sup>2</sup>		
Variables	ME	Std. Err.	P>z	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z
White	0.059	0.035	0.094	-0.035	0.101	0.730	-0.266	0.098	0.006
<i>No disability (base category)</i>									
Severe disability	-0.262	0.033	0.000	0.609	0.103	0.000	0.531	0.108	0.000
Mild disability	-0.094	0.022	0.000	0.216	0.064	0.001	0.102	0.067	0.128
Private limited company	0.039	0.028	0.160	-0.042	0.082	0.611	-0.042	0.083	0.613
<i>Firm size (2-9)</i>									
1 worker	-0.025	0.025	0.319	0.070	0.071	0.329	-0.099	0.075	0.184
10-49 worker	0.039	0.023	0.096	-0.015	0.068	0.821	0.005	0.069	0.939
Firm age	0.000	0.001	0.763	-0.002	0.001	0.243	0.004	0.001	0.002
Firm age <sup>2</sup>	0.000	0.000	0.755	0.000	0.000	0.390	0.000	0.000	0.029
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	0.007	0.034	0.843	-0.032	0.101	0.749	-0.011	0.102	0.912
Family owned firm	-0.011	0.024	0.640	0.020	0.071	0.776	-0.023	0.072	0.747
Internal capacity	-0.078	0.029	0.007	0.147	0.081	0.068	0.278	0.083	0.001
External capacity	-0.027	0.021	0.216	0.063	0.062	0.310	0.098	0.063	0.120
No action	0.068	0.032	0.032	-0.035	0.091	0.704	-0.041	0.103	0.690
<i>Break even (base category)</i>									
Expected profit	0.004	0.025	0.881	0.091	0.076	0.232	-0.067	0.078	0.387
Expected loss	-0.030	0.031	0.333	0.130	0.093	0.164	0.050	0.099	0.612
<i>Mixed costumers (base category)</i>									
Individual costumers only	0.063	0.022	0.004	-0.276	0.065	0.000	-0.167	0.066	0.012
Organisation costumers only	0.042	0.022	0.060	-0.093	0.062	0.138	0.078	0.066	0.236
<i>Other business &amp; public administration (base category)</i>									
Primary	-0.121	0.059	0.040	0.223	0.167	0.180	-0.136	0.194	0.485
Production	-0.035	0.037	0.342	0.060	0.107	0.574	0.008	0.109	0.943

Construction	-0.110	0.036	0.002	0.308	0.101	0.002	0.079	0.110	0.469
Wholesale & retail	-0.014	0.032	0.663	0.031	0.093	0.743	-0.234	0.097	0.016
Hotels, catering & leisure	-0.053	0.042	0.210	-0.077	0.131	0.557	0.149	0.121	0.217
Transport & communication	-0.063	0.031	0.046	0.143	0.090	0.113	0.017	0.094	0.857
Finance, insurance & real estate	-0.001	0.042	0.983	0.085	0.120	0.479	0.026	0.127	0.841
Education	-0.041	0.045	0.367	0.069	0.133	0.605	0.246	0.131	0.060
Health	0.006	0.045	0.901	-0.077	0.139	0.577	0.166	0.135	0.217
Consultancy services	0.003	0.034	0.925	0.068	0.094	0.466	0.115	0.101	0.257
Not for profit organisations	-0.058	0.044	0.185	0.117	0.128	0.360	0.047	0.129	0.717
Probability		0.515							
Prob > chi2		0			0			0	
Log likelihood		-2287.769			-1947.4689			-2004.6204	
Observations		3407			2575			2069	

<sup>1</sup> (1) No monetary loss; (2)<10000; (3)>10000.

<sup>2</sup> (1) Less than a year; (2) 1 year; (3) 2 years; (4) 3 years; (5) 4 years.

**Table A4: Actions to solve problems**

Measure	Probit estimates			Probit estimates			Probit estimates		
	Entirely on its own			Help from outside			Help from an adviser		
Variables	ME	Std. Err.	P>z	ME	Std. Err.	P>z	ME	Std. Err.	P>z
White	0.072	0.034	0.036	0.013	0.019	0.500	0.024	0.025	0.330
<i>No disability (base category)</i>									
Severe disability	-0.066	0.037	0.071	0.030	0.024	0.225	0.033	0.031	0.276
Mild disability	-0.020	0.022	0.358	0.011	0.013	0.416	0.030	0.018	0.100
Private limited company	0.018	0.028	0.512	0.023	0.017	0.180	-0.028	0.021	0.181
<i>Firm size (2-9)</i>									
1 worker	0.053	0.025	0.033	-0.012	0.014	0.399	-0.053	0.019	0.005
10-49 workers	-0.069	0.023	0.003	0.005	0.014	0.709	0.052	0.019	0.005
Firm age	0.000	0.001	0.485	-0.000	0.000	0.156	-0.000	0.000	0.953
Firm age <sup>2</sup>	0.000	0.000	0.940	0.000	0.000	0.175	0.000	0.000	0.886
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	0.044	0.035	0.200	0.036	0.022	0.102	-0.054	0.025	0.031
Family owned firm	0.042	0.024	0.086	0.005	0.015	0.718	-0.019	0.018	0.289
Internal capacity	0.006	0.029	0.832	0.022	0.018	0.223	-0.010	0.021	0.650
External capacity	-0.129	0.021	0.000	-0.003	0.013	0.788	0.106	0.018	0.000
<i>Break even (base category)</i>									
Expected profit	0.072	0.025	0.004	0.011	0.015	0.451	-0.020	0.020	0.326
Expected loss	0.001	0.031	0.973	0.023	0.020	0.256	-0.009	0.024	0.696
<i>Mixed costumers (base category)</i>									
Individual costumers only	0.034	0.022	0.122	-0.035	0.012	0.004	-0.057	0.016	0.001
Organisation costumers only	0.003	0.022	0.891	-0.017	0.012	0.172	0.002	0.017	0.904
<i>Other business &amp; public administration (base category)</i>									
Primary	-0.060	0.059	0.312	0.002	0.038	0.947	-0.044	0.043	0.308
Production	0.048	0.037	0.193	-0.006	0.022	0.793	-0.027	0.027	0.320
Construction	-0.032	0.036	0.384	-0.011	0.021	0.606	-0.034	0.027	0.198



Wholesale & retail	0.036	0.032	0.255	0.015	0.021	0.458	-0.020	0.024	0.411
Hotels, catering & leisure	-0.001	0.042	0.986	0.036	0.030	0.233	0.042	0.035	0.237
Transport & communication	-0.014	0.032	0.667	0.014	0.020	0.499	-0.015	0.024	0.531
Finance, insurance & real estate	-0.078	0.041	0.060	-0.012	0.025	0.625	0.028	0.034	0.414
Education	-0.060	0.045	0.181	0.039	0.032	0.228	0.021	0.037	0.566
Health	0.032	0.046	0.482	0.022	0.031	0.481	-0.012	0.035	0.734
Consultancy services	-0.006	0.034	0.863	0.044	0.024	0.062	0.025	0.028	0.358
Not for profit organisations	-0.009	0.044	0.839	0.067	0.034	0.047	0.067	0.037	0.073
Probability		0.478			0.124			0.187	
Prob > chi2		0.000			0.000			0.000	
Log likelihood		-2282.623			-1110.055			-1612.283	
Observations		3407			3407			3407	

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**Table A5: Business Respondents' Attitudes**

Ordered probit estimates									
Attitude measure	Law and regulation provide a fair environment for business to succeed <sup>1</sup>			When doing business, I generally trust the people that I come into contact with <sup>1</sup>			Lawyers provide a cost effective means to resolve legal issues <sup>1</sup>		
<i>Variables</i>	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z
White	-0.291	0.054	0.000	0.231	0.057	0.000	-0.128	0.053	0.016
<i>No disability (base category)</i>									
Severe disability	-0.004	0.055	0.949	-0.284	0.058	0.000	0.043	0.054	0.423
Mild disability	-0.088	0.030	0.003	0.012	0.033	0.721	-0.115	0.030	0.000
Private limited company	-0.074	0.040	0.063	0.018	0.045	0.681	-0.048	0.039	0.227
<i>Firm size (2-9)</i>									
1 worker	0.010	0.031	0.755	-0.002	0.034	0.951	-0.123	0.031	0.000
10-49 workers	0.122	0.038	0.001	-0.017	0.043	0.693	0.169	0.038	0.000
Firm age	-0.003	0.001	0.000	0.001	0.001	0.287	-0.002	0.001	0.004
Firm age^2	0.000	0.000	0.001	0.000	0.000	0.187	0.000	0.000	0.070
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	-0.081	0.047	0.086	-0.008	0.052	0.874	-0.009	0.046	0.849
Family owned firm	-0.064	0.035	0.072	0.028	0.040	0.479	-0.039	0.035	0.264
Internal capacity	0.256	0.045	0.000	-0.136	0.049	0.005	0.495	0.044	0.000
External capacity	0.102	0.034	0.003	-0.052	0.038	0.172	0.188	0.033	0.000
<i>Break even (base category)</i>									
Expected profit	0.147	0.033	0.000	0.020	0.036	0.582	0.026	0.032	0.425
Expected loss	-0.024	0.042	0.560	0.032	0.046	0.492	-0.120	0.042	0.004
<i>Mixed costumers (base category)</i>									
Individual costumers only	-0.022	0.029	0.441	-0.068	0.032	0.033	0.115	0.029	0.000

Organisation costumers only	0.013	0.030	0.655	-0.008	0.033	0.809	0.020	0.029	0.497
Other business & public administration (base category)									
Primary	-0.097	0.077	0.207	0.113	0.090	0.209	0.013	0.076	0.866
Production	-0.132	0.054	0.014	-0.080	0.060	0.183	-0.125	0.054	0.020
Construction	-0.140	0.049	0.004	-0.040	0.054	0.461	-0.120	0.049	0.014
Wholesale & retail	-0.113	0.044	0.011	-0.047	0.049	0.341	-0.155	0.044	0.000
Hotels, catering & leisure	-0.044	0.056	0.435	-0.019	0.063	0.758	-0.131	0.056	0.019
Transport & communication	-0.044	0.040	0.275	-0.076	0.044	0.086	-0.193	0.040	0.000
Finance, insurance & real estate	-0.059	0.053	0.268	-0.010	0.060	0.873	-0.069	0.053	0.196
Education	0.210	0.054	0.000	-0.003	0.059	0.962	-0.015	0.053	0.772
Health	-0.068	0.057	0.236	0.053	0.064	0.405	-0.180	0.056	0.001
Consultancy services	0.098	0.041	0.017	-0.012	0.046	0.787	-0.069	0.041	0.090
Not for profit organisations	0.310	0.060	0.000	0.005	0.067	0.939	-0.057	0.059	0.336
Prob > chi2		0.000			0.000			0.000	
Log likelihood		-11219.122			-8902.690			-12012.312	
Observations		8893			9318			8774	

Please note differences in scaling:

<sup>1</sup> (1)Disagree strongly - (5)Agree strongly.

<sup>2</sup> (1)Agree strongly-(5) Disagree strongly

**Table A5: Business Respondents' Attitudes (continued)**

Attitude measure	Ordered probit estimates								
	I use a legal services provider to solve business problems as a last resort <sup>2</sup>			When I need one, I find it easy to find a suitable legal services provider <sup>1</sup>			Not being able to find a suitable legal services provider when I need one <sup>2</sup>		
<i>Variables</i>	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z	Coef.	Std. Err.	P>z
White	-0.099	0.053	0.063	-0.014	0.054	0.801	0.503	0.055	0.000
<i>No disability (base category)</i>									
Severe disability	-0.036	0.055	0.518	-0.095	0.058	0.099	-0.272	0.057	0.000
Mild disability	-0.037	0.030	0.216	-0.043	0.032	0.170	-0.026	0.031	0.399
Private limited company	-0.047	0.040	0.247	-0.023	0.042	0.587	-0.083	0.042	0.046
<i>Firm size (2-9)</i>									
1 worker	0.078	0.031	0.012	-0.264	0.033	0.000	0.184	0.033	0.000
10-49 workers	0.005	0.038	0.892	0.101	0.039	0.009	-0.171	0.039	0.000
Firm age	0.000	0.001	0.874	0.002	0.001	0.007	0.002	0.001	0.014
Firm age <sup>2</sup>	0.000	0.000	0.284	0.000	0.000	0.013	0.000	0.000	0.025
<i>No family owned firms (base category)</i>									
Sole proprietor/sole trader	0.075	0.047	0.112	-0.031	0.050	0.526	-0.076	0.049	0.125
Family owned firm	-0.004	0.036	0.902	-0.013	0.037	0.727	0.082	0.037	0.026
Internal capacity	0.040	0.044	0.366	0.248	0.045	0.000	-0.121	0.046	0.009
External capacity	-0.100	0.034	0.003	0.289	0.035	0.000	-0.169	0.035	0.000
<i>Break even (base category)</i>									
Expected profit	-0.062	0.033	0.061	0.100	0.035	0.004	0.151	0.034	0.000
Expected loss	-0.019	0.043	0.654	-0.098	0.045	0.029	-0.028	0.044	0.524
<i>Mixed costumers (base category)</i>									
Individual costumers only	0.111	0.029	0.000	-0.004	0.031	0.890	-0.115	0.030	0.000

Organisation costumers only	-0.024	0.030	0.434	0.065	0.032	0.041	-0.017	0.031	0.576
Other business & public administration (base category)									
Primary	-0.062	0.078	0.431	-0.005	0.083	0.951	-0.213	0.081	0.008
Production	0.068	0.055	0.213	-0.189	0.057	0.001	-0.214	0.056	0.000
Construction	0.002	0.050	0.966	-0.039	0.052	0.449	-0.243	0.051	0.000
Wholesale & retail	-0.094	0.045	0.036	-0.058	0.047	0.217	-0.049	0.046	0.293
Hotels, catering & leisure	-0.135	0.057	0.018	0.007	0.060	0.912	-0.009	0.059	0.877
Transport & communication	-0.088	0.041	0.031	-0.082	0.044	0.061	-0.122	0.043	0.004
Finance, insurance & real estate	-0.046	0.054	0.393	0.099	0.056	0.079	-0.006	0.056	0.913
Education	0.072	0.054	0.185	-0.072	0.058	0.215	-0.059	0.057	0.301
Health	-0.061	0.057	0.286	-0.083	0.062	0.179	-0.006	0.059	0.919
Consultancy services	-0.143	0.042	0.001	0.035	0.044	0.433	0.046	0.044	0.292
Not for profit organisations	-0.054	0.060	0.370	-0.142	0.064	0.026	0.087	0.063	0.168
Prob > chi2		0.000			0.000			0.000	
Log likelihood		-11778.046			-10230.348			-10483.076	
Observations		8483			7530			8338	

Please note differences in scaling:

<sup>1</sup> (1)Disagree strongly - (5)Agree strongly.

<sup>2</sup> (1)Agree strongly-(5) Disagree strongly

**Table A5: Business Respondents' Attitudes (continued)**

Ordered probit estimates				
Attitude measure	I feel the need to take legal advice more often than I did two years ago <sup>1</sup>			
<i>Variables</i>	Coef.	Std. Err.	P>z	
White	-0.378	0.054	0.000	
<i>No disability (base category)</i>				
Severe disability	0.145	0.056	0.010	
Mild disability	0.054	0.030	0.078	
Private limited company	0.064	0.040	0.112	
<i>Firm size (2-9)</i>				
1 worker	-0.273	0.032	0.000	
10-49 workers	0.302	0.038	0.000	
Firm age	-0.002	0.001	0.002	
Firm age <sup>2</sup>	0.000	0.000	0.017	
<i>No family owned firms (base category)</i>				
Sole proprietor/sole trader	-0.033	0.048	0.495	
Family owned firm	-0.108	0.036	0.002	
Internal capacity	0.137	0.045	0.002	
External capacity	0.375	0.034	0.000	
<i>Break even (base category)</i>				
Expected profit	-0.170	0.033	0.000	
Expected loss	0.030	0.043	0.483	
<i>Mixed costumers (base category)</i>				
Individual costumers only	0.055	0.029	0.064	

Organisation costumers only	-0.026	0.030	0.389
Other business & public administration (base category)			
Primary	0.180	0.079	0.023
Production	0.150	0.055	0.006
Construction	0.199	0.050	0.000
Wholesale & retail	-0.035	0.045	0.438
Hotels, catering & leisure	0.043	0.058	0.453
Transport & communication	0.082	0.041	0.046
Finance, insurance & real estate	0.211	0.054	0.000
Education	0.071	0.055	0.199
Health	0.087	0.058	0.135
Consultancy services	0.003	0.042	0.941
Not for profit organisations	-0.090	0.061	0.140
Prob > chi2		0.000	
Log likelihood		-11256.467	
Observations		8646	

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<sup>1</sup> (1) Disagree strongly - (5) Agree strongly.