

# Digital consultation of firms and perception of government's regulatory legitimacy: Piloting an experiment in regulation design in Thailand

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## **Digital Consultation of Firms and Perception of Government's Regulatory Legitimacy: Piloting an Experiment in Regulation Design in Thailand**

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### **Abstract**

While evidence indicates that the notice and comment (N&C) process improves regulatory compliance by increasing trust in government, there is reason to doubt this mechanism's viability in the digital realm. The lack of direct human interactions online can lead participating firms to feel unheard and unengaged. As a result, online N&C efforts can actually undermine firms' views of the government's regulatory authority and hamper efforts towards compliance. To address this potential for backlash within digital N&C, we pilot a Regulatory Room, an online space where firms' representatives meet with legal experts to improve the quality of suggested revisions to draft regulations. Our randomized controlled trial (RCT) in Thailand tests the value of participation in the Regulatory Room relative to standard digital N&C for feedback on a regulation governing small hotels. Within the pilot, we find strong and consistent evidence that the Regulatory Room improves commenting firms' own: a) views of the quality of the consultation process, b) perceived understanding of the draft regulation, and c) beliefs that their own submitted comments will be read and understood by government officials. With weaker statistical significance, we also find evidence of improvement in firms' views of government's regulatory legitimacy. Behaviorally, we find evidence that Regulatory Room participation improves the quality of firms' submitted comments and the probability that a firm will submit a comment on the draft regulation to the digital platform.

## Introduction

The health and safety of citizens in developing countries is regularly at risk due to frighteningly low levels of regulatory compliance by firms in developing countries. According to the International Labor Organization, over 1.4 billion people are employed in hazardous settings or occupations, with the majority being workers in the developing world (ILO, 2017). In addition to the direct human costs, injuries associated with these occupational hazards are estimated to result in economic losses of over \$10 trillion each year (LaDou et al., 2018).

Government consultation of businesses during the design of new regulations—also known as “Notice and Comment” (N&C)—is an increasingly popular policy aimed at increasing the effectiveness of business regulation around the world. Rigorous experimental research in the context of Vietnam found that the opportunity to provide input during the process of drafting a new regulation leads to improved firm views of the government’s regulatory legitimacy and, ultimately, firms’ actual effort towards compliance (Malesky and Taussig, 2019). Underlying these findings is a broader psychological phenomenon, whereby people—including business managers—are more likely to comply with constraints after they or similar others have been consulted in the design of those constraints (Tyler, 2006).

Previous research on N&C and regulatory compliance, however, suffers from two critical shortcomings. First, it was based on in-person consultation, which is infeasibly costly for wide application in resource-strapped developing countries. Each year, countries produce thousands of regulations that can affect hundreds of thousands of firms and citizens. Online N&C is simply the only way to achieve viable scale if broad-based participation is desired. Second, there is reason to believe the previous work did not do enough to make entrepreneurs feel truly engaged in the design process. In particular, in the above-noted Vietnam study, less than 30 percent of entrepreneurs directly asked for their feedback had anything of real substance to contribute. More striking still was that the feedback from even these individuals was frequently of insufficient clarity and relevance to be of constructive use to guide concrete revisions.

The practical solution around the world to the first shortcoming of costs has been to move N&C operations online. This solution, however, does not appear to address the second issue regarding quality of the participation process. In fact, there is reason to believe that moving N&C online might even exacerbate the degree to which participants question whether their input is really registering with government authorities. Previous research shows that firms that feel their input has been ignored are more likely to feel that the regulation is not legitimate (Tyler 2006; Dickson et al., 2015), are less likely to comply with the regulation (Malesky and Taussig 2017, Dickson et al., 2017), and are less likely to participate in future consultation (Dahlander and Piezunka 2014).

This pilot project tests a possible policy response to the low quality of N&C comments and does so with a randomized controlled trial (RCT) in the context of a digital consultation process. Specifically, we introduce, implement, and evaluate what we term a “Regulatory Room”: an

online video chat room that connects firms with experienced legal experts who can help small and medium-sized enterprises (SMEs) better understand a proposed regulation and then assist them in improving their comments and maximizing their chance of influencing the regulation. We expect the participation in the Regulatory Room to lead firms to hold more positive views of the state's regulatory legitimacy and to be more likely to voluntarily comply to regulations, and, in so doing, avoid the threat of backlash in the digital N&C context.

The Regulatory Room has the potential to shape firm views and compliance behavior through two competing pathways. First, participation might reinvigorate a procedural justice mechanism, whereby deeper engagement in the design process improves the commenting firm's sense of government's legitimacy as the regulatory authority. This pathway focuses on participation as an end in of itself, irrespective of whether there is any improvement in the quality of feedback. Alternatively, a second pathway looks beyond participation to the fruits of those efforts. Participation alone may not suffice in making firms feel more engaged in the design process and thus fail to improve their views of the government's regulatory legitimacy. For an improvement in firms' views on the government's regulatory authority to occur Regulatory Room participation must lead to actual improvements in the quality of submitted comments (or a perception of such by participants) and an expectation that those comments will be used by the government to improve the regulation.

Regardless of the pathway, we anticipate treatment firms will have a larger improvement in their views of the quality of the consultation process and the government's regulatory legitimacy than control firms. The second pathway generates an additional expectation: namely, that quality of the submitted comments of treatment firms will be better than that of the control firms. Both pathways generate an expectation that treatment firms will be more likely to expect that their comments will be used by the government (enhanced efficacy), but the causal mechanisms are different across the two pathways.<sup>1</sup> For the procedural justice pathway participation causes firms to view the government as more genuine and legitimate, and that in turn leads them to update their beliefs about the likelihood that the government will incorporate their comments. For the second pathway, enhanced beliefs about political efficacy flow from beliefs about the higher quality comments produced as a result of participation in the regulatory room.

The project takes advantage of a newly introduced digital N&C portal in Thailand known as the Law Portal. The Law Portal, a joint project between the Office of the Council of State (OCS) and the Digital Government Development Agency (DGA), allows the public—either individuals or organizations—to submit comments on draft regulations. The selected regulation for the pilot study is the Department of Provincial Administration's Ministerial Regulation on the Type and Criteria for Hotel Business. This proposed regulation sets forth the requirements that small-sized hotels and resorts must meet to apply for and receive an official hotel license from the

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<sup>1</sup> Although not tested directly in this pilot study, a future study will test the impact of Regulatory Room participation on regulatory compliance.

government. On the N&C platform, firms can voice their agreement or disagreement and provide input for each requirement of the proposed regulation. With the assistance of local hotel associations, 90 small-sized hotels and resorts were recruited to participate in the study.<sup>2</sup>

Based on the RCT, we find strong and robust evidence that providing firms with an opportunity to participate in the Regulatory Room led to a larger improvement in their views on the overall quality of the consultation process compared to firms that were only invited to submit comments online, without an invitation to participate in the Regulatory Room. With weaker statistical significance, we also found consistent evidence that firms invited to participate in the Regulatory Room had a larger improvement in their views of government's regulatory legitimacy than firms invited only to submit comments online. To distinguish the pathway, we find evidence of a behavioral impact from an invitation to participate in the Regulatory Room, where firms in the treatment group were more likely to submit comments on the regulation to the online platform, although these results are quite sensitive to specification choices. We also find a statistically significant positive impact of Regulatory Room participation on the quality of comments submitted. However, we do not find statistically significant differences between the treatment and control firms on their expectations that the comments will be utilized by the government's regulatory legitimacy. Therefore, our results remain inconclusive regarding the pathway between Regulatory Room participation and an improvement in firms' views of the government's regulatory legitimacy.

### **The Moderating Role of the Quality of Participation in a Digital Consultation Process on Firms' Views of Government's Regulatory Authority**

Regulatory compliance by firms in many developing countries is low due to their governments' lack of capacity to enforce business regulations. This failure of private firms to comply with government regulations has the potential to greatly harm public welfare through dangerous behavior, such as excessive pollution or failure to follow safety standards. Addressing the problem of low regulatory compliance, previous research shows that firms are more likely to comply with regulations when invited to participate in the regulatory design process (Malesky and Taussig, 2019). This increase in compliance is argued to result from the procedural justice mechanism, which draws on work in psychology (e.g. Makkai and Braithwaite, 1996; Sunshine and Tyler, 2003) and political science (e.g. Fishkin, 1991; Fishkin et al., 2010), as well as specific studies on participation and regulatory compliance by individuals (Tyler, 2006). When individuals are invited to participate in the regulatory design process, they are more likely to view the rulemaking bodies, enforcement authorities, and the rules themselves as legitimate because they feel that their voices have been heard.

However, looking at participation alone, as the existing literature does, may fail to provide us with the complete picture of the impact of participation in a consultation process on firms' opinions of the government's regulatory legitimacy and their subsequent compliance, especially in the digital context. During a digital N&C process, firms are more likely to feel disregarded

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<sup>2</sup> Small-sized hotels and resorts are those that has less than 100 employees.

and disengaged due to the limited interactions with the government and their officials. Given that previous research shows that firms that feel ignored can lead to them having negative views of the government's regulatory legitimacy and reduced compliance, this raises a serious concern that the procedural justice mechanism may not transfer to a digital setting and participation in a digital N&C process could lead to counter-productive effects. This is important, because in-person N&C is simply not possible for the thousands of regulations that developing country government produce each year. Online N&C is the only viable pathway to achieve appropriate scale in processes designed to elicit business participation in regulatory drafting.

Consequently, the level of engagement of the consultation process can potentially play a moderating role that impacts the effect of participation in the digital consultation process on firms' views of the government regulatory legitimacy and their subsequent regulatory compliance. Specifically, an opportunity to participate in the online notice and comment process is expected to have a larger positive impact on the government's regulatory legitimacy when firms feel engaged and perceive the process to be meaningful.

To improve SMEs' perception of the quality of engagement in the consultation process and help them view the notice and comment process as meaningful, this pilot project builds on findings from a previous study in Vietnam that identified low-quality comments as a common issue (Malesky and Taussig, 2019). In many countries, SMEs often lack access to legal resources that can assist them in crafting relevant, clear, and actionable comments (Sukarmijan and Sapong, 2014; Butler, 2019). As a result, it is likely that SMEs' submitted comments are not read, understood, or used by relevant government agencies. When firms anticipate that their submitted comments or comments from firms like theirs will be ignored by government officials, the risk of a backlash is heightened.

To prevent the risk of backlash and to address the issue of low-quality comments from SMEs, we designed a "Regulatory Room" – an online space that allows firms to virtually engage, via the platform, with legal experts, who, in turn, will provide advice and feedback aimed at improving the quality of users' suggestions. For this project, we expect the Regulatory Room to improve the quality of engagement in the consultation process, and thereby generate a larger positive impact from the digital N&C process participation on the government's regulatory legitimacy.

### **From Regulatory Room Participation to an Improved View of the Government's Regulatory Legitimacy**

#### *"Better Engagement" Pathway*

Participation in the Regulatory Room can potentially improve firms' views of the government's regulatory legitimacy and thereby limit backlash in the digital N&C context in two different pathways. The first pathway – "better engagement" mechanism - views participation as an end

in itself, where participation in the Regulatory Room fosters the sense of engagement regardless of whether there is a positive change in the comment quality or whether firms expect their comments to be utilized by the government in the revision process. By allowing independent experts to assist them, treatment firms may perceive that the government is attempting to provide firms with an unbiased understanding of the proposed regulation and its objectives, as well as listen to objective comments from SMEs and thus are likely to regard the consultation positively. Consequently, these firms develop positive opinions about the government's regulatory legitimacy due to the perception that they have been heard, irrespective of whether the government will subsequently use their comments.

If the link between Regulatory Room participation on the improved view of the government's regulatory legitimacy is an outcome of the "better engagement" pathway, we expect to observe the following outcomes:

*a.) Improvement in Firms' Perception of the Quality of the Consultation Process*

The interaction with experts in the Regulatory Room is expected to help firms better understand the proposed regulation and provide them with suggestions on how to craft comments that are clear, concise, and can be utilized by relevant agencies in the revision process. As a result, we expect that firms are more likely to believe that their comments, as well as comments from firms like theirs that have participated in the Regulatory Room, will be taken seriously and not disregarded, leading to a more meaningful consultation process. Therefore, we anticipate that providing firms with the opportunity to receive legal advice through the Regulatory Room will lead to a larger improvement in SMEs' perception of the notice and comment process overall quality than SMEs that are only invited to submit comments but are not invited to participate in the Regulatory Room. Therefore, we hypothesize:

***H1: A firm is likely to hold a higher opinion of the quality of the consultation process if the firm is provided the opportunity to participate in a legal advising session in the Regulatory Room, compared to firms only invited to provide comments on the draft regulation.***

*b.) Improvement in Understanding of the Regulation Under Consideration*

There are multiple factors that may contribute to the improvement of SMEs' perception of the quality of engagement in the consultation process after participating in the Regulatory Room. A better understanding of the regulation under consideration can lead to a more favorable view of the consultation process quality. When firms comprehend the impact of the proposed regulations and the items that the government is seeking comments on, they are less likely to feel confused or frustrated, resulting in a higher opinion of the engagement quality and its usefulness. Rather than just submitting comments for the sake of submitting, better understanding of the regulation help firms submit comments that are more informed and substantive, thereby improving firms' perception of the quality of consultation.

***H2: A firm that is provided the opportunity to participate in a legal advising session in the Regulatory Room is more likely to say that it fully understands a regulation under consideration compared to those only invited to provide comments***

*c.) Improvement in Firms' Views of the Government's Regulatory Legitimacy*

Better perception of the quality of engagement between firms and the government in the consultation process can improve firms' respect for the legislative process, the regulatory agency, and boost their appreciation for the purpose of the law. A higher quality consultation process can lead firms to view the regulatory decisions made by the government as appropriate, just, and thereby more likely to deem the government a legitimate regulatory body and comply with the regulatory decisions made by the relevant government bodies. Therefore, an opportunity to participate in the Regulatory Room is expected to enhance the positive impact of participation in the consultation process on firms' views of the government's regulatory legitimacy. Specifically, firms that were provided with the opportunity to participate in the Regulatory Room are expected to see a larger positive improvement in their view of the government's regulatory legitimacy than firms that were only invited to submit comments but not invited to participate in the Regulatory Room.

***H3: A firm is likely to hold a higher opinion of the government's legitimacy as a regulatory authority if the firm is provided the opportunity to participate in a legal advising session in the Regulatory Room.***

*"Greater Expectation" Pathway*

An alternative pathway that links participation in the Regulatory Room to improved views of the government's regulatory legitimacy views participation in the Regulatory Room alone to be insufficient making firms feel engaged and thus fail to improve firms' views of the government's regulatory legitimacy. For such improvement to take place, the second pathway – "greater expectation" mechanism - expects that participation in the Regulatory Room has to lead to improvements in the quality of submitted comments, or at least a perception among firms of an improvement in quality of comments, as well as an expectation that their comments will be used by the government during the revision process.

In addition to H1 to H3 holding true, we expect to observe changes in additional outcomes after Regulatory Room participation for the second pathway to be true:

*d.) Submission of Comment to the Online Notice and Comment Platform*

If the positive impact of Regulatory Room participation on firm's views of the government's regulatory legitimacy is an outcome of greater expectation of comment utilization, an observable implication of this expectation is a higher rate of comment submission among the treatment firms. When firms expect their comments to be used by the government, they are



incentivized to write and submit comments to make sure that their interests are represented, and their concerns addressed. Therefore, firms that are offered the opportunity to participate in the Regulatory Room are expected to be more likely to submit a comment than firms that are only invited to submit comments but are not invited to participate in the Regulatory Room.

***H4: A firm is more likely to submit a comment to the online notice and comment platform if the firm is provided the opportunity to participate in a legal advising session in the Regulatory Room.***

*e.) Quality of Submitted Comments*

For firms to develop a stronger belief that their comments will be utilized by the government after participation in the Regulatory Room, submitted comments is expected to be of higher quality and thus increase the likelihood that the government will find it useful in the revision process. After receiving advice from legal experts, we expect firms to develop the capacity to write comments with higher quality. Legal experts can help firms in tailoring their feedback such that it is pertinent to the regulation under consideration, as well as in removing comments that are irrelevant. Furthermore, legal experts can offer suggestions to firms on how to express their comments in a language that is more easily understood by government agencies. Finally, legal experts can assist firms in crafting actionable suggestions that the government can utilize during the revision process based on the comment submitted.

***H5: A firm is more likely to submit a comment with higher quality if the firm is provided the opportunity to participate in a legal advising session in the Regulatory Room.***

*f.) Improvement in Expectation of Comprehension of Comments by the Government*

Given that legal experts help firms improve the clarity and relevance of their comments, participation in the Regulatory Room is expected to lead to a higher perceived likelihood among firms that their comments will be understood by the relevant regulatory agency. When firms expect the government to understand their comments, they feel that they have been heard by the government, and consequently evaluate the quality of engagement positively.

***H6: A firm that is provided the opportunity to participate in a legal advising session in the Regulatory Room is more likely to believe that its comment will be understood by the relevant regulatory agency compared to those only invited to provide comments.***

*g.) Greater Expectation of Comment Utilization by the Government*

With a higher quality comment submitted, firms expect a higher likelihood that the relevant government agency will use their comment in the revision process. After participating in the Regulatory Room, the second pathway expects firms to develop a positive view of the

government’s regulatory legitimacy only after they develop the expectation that their comments will be utilized in the revision process.

*H7: A firm that is provided the opportunity to participate in a legal advising session in the Regulatory Room is more likely to believe its comment will be used by the relevant regulatory agency in the revision process compared to those only invited to provide comments.*

In summary, we expect treatment firms to have a larger improvement in their views of the consultation process quality (H1), their understanding of the regulation (H2), and a better view of the government’s regulatory legitimacy (H3), but with no difference between the control and treatment firms in the likelihood of comment submission (H4), the quality of comments submitted (H5), a stronger expectation that their comments will be understood by the government (H6), and the expectation that the submitted comments will be utilized by the government (H7) for the first pathway to hold. Although we expect H1 to H3 to also hold true for the second pathway, we also anticipate a difference between the control and treatment firms in the likelihood of comment submission (H4), the quality of comments submitted (H5) and the belief that the comments will be understood (H6) and used by the government (H7). *Table 1* summarizes the differences in the expected changes in outcomes for the two pathways.

**Table 1: Expected Impact from Regulatory Room Participation on Outcomes of Interest**

	Evaluation of the Overall Quality of N&C Process (H1)	Understanding of the Regulation (H2)	Views on the Government’s Regulatory Legitimacy (H3)	Likelihood of Submitting Comments (H4)	Quality of Comments Submitted (H5)	Expectation that the Submitted Comments is Understood (H6)	Expectation that the Submitted Comment is Used (H7)
First Pathway: “Better Engagement”	↑	↑	↑	--	-	-	-
Second Pathway: “Greater Expectation”	↑	↑	↑	↑	↑	↑	↑

↑ = positive impact of Regulatory Room participation on outcome of interest  
 - = no impact of Regulatory Room participation on outcomes of interest

## Study Context and Experimental Design

### *Study Context*

#### *a.) Thai SMEs and the Regulatory Design Process*

This pilot study focuses on regulations that impact SMEs operating across Thailand. Like many other developing countries, Thailand has a large number of SMEs, with approximately 3.31 million SMEs in 2020, constituting 99.6% of all enterprises in the country (OECD, 2020). Thai SMEs are an essential part of the Thai economy, accounting for 43% of the national GDP in 2018 (OSMEP, 2019). However, the large number of operating SMEs and their importance to the country's GDP is not matched by their capacity to influence the legislative process (Bakiewicz, 2005; Regnier, 2017). Thai SMEs often fail to work together and lack the resources needed to form a strong voice that could effectively influence politicians, government agencies, and the regulations they pass. As such, government policies tend to favor large, connected enterprises over small businesses.

Despite occasional in-person consultations by government agencies that provide opportunities for SMEs to directly engage with the government, these consultations often fail to provide SMEs with a voice in the legislative process for two reasons. First, logistical information about in-person consultations is not well disseminated, leading to many stakeholders missing consultative meetings held on specific days and times (Limsuwan and Srivithaya, 2016). Secondly, as in other emerging markets, in-person consultations in Thailand are usually expensive and exclusive (Chaowamai and Chompunth, 2018; Limsuwan and Srivithaya, 2016). The costliness of in-person consultations means that government agencies may hold only a few consultation meetings for each regulation, and they may only invite a select few stakeholders to the meeting each time. Consequently, many SMEs impacted by new regulations are left out of the consultation process.

The introduction of an online N&C platform is expected to benefit resource-constrained and previously underrepresented Thai SMEs. With a high level of internet penetration where 85% of the population has access to the internet (World Bank, 2021), more Thai SMEs can now access and participate in the consultation process if they choose to. Furthermore, legal support through the Regulatory Room can potentially amplify the voice of SMEs in the legislative process by generating higher-quality comments that are clearer and actionable.

#### *b.) Laws and Regulations Undergoing the Digital Consultation Process*

Because not all laws and regulations are required to undergo N&C, we first discuss the types of laws and regulations that are required to undergo at least one round of online consultation. Section 77 of the 2017 Thailand Constitution mandates that government agencies are required “conduct consultation with stakeholders, analyze any impacts that may occur from the law thoroughly and systematically, and disclose the results of the consultation and analysis to the

public” when proposing new laws (Constitution of Thailand, 2017). To clarify Section 77, the Thai government passed the Act on Legislative Drafting and Evaluation of Law in 2019, which requires government agencies to post proposed laws and conduct public consultations on the online Law Portal before passing the law. However, initially, Section 77 and the 2019 Act only applied to higher-level laws such as organic laws and acts, and not to lower-level laws like ministerial regulations and decrees, either online or offline (Sansira, 2022).

Subsequently, in 2022, the Office of the Council of State (OCS) passed a ministerial regulation that extended the requirements of the 2019 Act to certain lower-level laws. Lower-level laws are now required to be posted online and undergo a consultation process if they include "guidelines, methods, or requirements concerning the request for permission, authorization, or approval, and concerning registration" (Office of the Council of State, 2022). All laws required to undergo public consultation must be posted on the Law Portal for public comments, which is administered by the Digital Government Development Agency (DGA) and the Office of the Council of State (OCS).<sup>3</sup>

*c.) Selection of Regulation for the Pilot Project*

Given that we are interested in studying the participation of firms in a digital N&C process, we are limited to using higher-level laws or lower-level laws that meet OCS’ 2022 guideline, since these two types of laws are required to undergo a digital consultation process. However, the legislative process for higher-level laws can take years to complete, which is not feasible for a pilot project. By contrast, the legislative process for ministerial regulations typically lasts only several months from proposal to implementation. Therefore, we have selected a ministerial regulation that meets OCSs’ requirements to study in this pilot project because the legislative process for ministerial regulations typically lasts only several months from proposal to implementation.

In selecting a forthcoming ministerial regulation, we used three primary criteria: 1) the regulation would impact a sufficient number of firms to allow for statistical analysis of assignment to treatment and control groups, 2) compliance with regulation is easily observable, allowing the research team to quickly code which firms had made operational changes to their business as a result of the new mandates, and 3) compliance is sufficiently costly to firms that compliance is not a trivial decision thereby increasing the applicability of the pilot to challenging policy settings

We received assistance from a local firm, PKM Consulting Group, in selecting a regulation for this study that meets the three criteria. After careful consideration, we selected the Department of Provincial Administration’s Ministerial Regulation on the Type and Criteria for Hotel

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<sup>3</sup> The link to the Law Portal is <https://law.go.th/>. The Law Portal implemented its full version in mid-2021. Prior to its full implementation, OCS and DGA ran a trial phase by posting a social security law on their website for public consultation. The demographic background of participants is diverse and is not limited to groups with a certain gender, age, educational attainment, and income. This suggests that the digital N&C portal is accessible to people from all backgrounds.

Business. The motivation behind this proposed regulation is the current lack of feasible guidelines that allow SMEs and smaller-sized hotels and resorts to obtain a hotel licenses from the government. Currently, the guidelines include requirements that only large hotels are capable of complying and thus many small-sized hotels are not formally registered with the state. Without a hotel license, these small hotels and lodging accommodations do not have access to government assistance programs. Therefore, a new guideline with requirements that are commensurate with the compliance capacity of small hotels was proposed and was expected to induce more firms to register with the state in order to gain access to government benefits. The proposed requirements for a hotel to qualify and obtain a license as a small-sized hotel are shown in *Table 2*.

**Table 2: Proposed Requirements for Small-Sized Hotels to Qualify for Government’s Formal License**

Topic	Details
Size of hotel	“A lodging within one building or several buildings not exceeding ten rooms and the total number of occupants not exceeding thirty people, which is established to provide temporary accommodation for travelers or any other person with compensation in return.”
Hotel with lodgings floating on water	<p>“A building [used as a hotel] in the form of a raft, is floating on water, or with structures encroaching on the water....must comply with the following criteria and conditions: (1) provide floaters or life jackets equal to the number of occupants of each room. These devices should be installed in a location that is easily accessible by occupants, and a sign indicating the location of the devices should also be installed (2) provide sufficient lighting.”</p> <p>“A building used as a hotel in a form of raft, a stationary floating structure, or a building encroaching on a body of water must have evidence showing that it is legally permitted, according to the Navigation in the Thai Waters Act or other relevant laws, to operate the building as hotel.”</p>
Hotels with lodgings in the form of tent or marquee	“A building [used as a hotel] in the form of tent, marquee, shed, or any other similar forms of a building must provide sufficient lighting in the room and the corridor between that building and any other areas of the hotel.”

Fire safety	“[A hotel] is required to be equipped with portable dry chemical or carbon dioxide fire extinguishers. The size of the extinguisher should not be less than 15 pounds.”
Locks	“[A hotel] is required to have a device that allows the room to be locked from inside and outside, but requirements for the door to have a peephole or other methods that allow occupants to view the outside from inside as well as requirements for deadbolts should not apply.”
Bathroom	“[A hotel] is required to have a bathroom and toilet that meets hygienic standards in every room, except for dormitory-style rooms that charge guests per person.”

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*Appendix A* displays the Law Portal webpage for the proposed regulation examined in this study. The webpage contains details, such as the name of the regulation, the rationale behind the proposed regulation, an overview and essential content of the proposed regulation, stakeholders who are anticipated to be impacted by the regulation, and the full draft of the regulation. Additionally, the webpage includes a comment submission section that features multiple-choice questions for respondents to express whether they agree, disagree, or have alternative opinions on each of the proposed requirements listed in *Table 2*. Furthermore, respondents can provide an open-ended response for each clause of the regulation.

### *Sample Selection and Research Design*

We carried out a randomized controlled trial (RCT) with a Regulatory Room intervention to test the moderating roles of the quality of engagement in the N&C process on SMEs' perceptions of the N&C process's quality, their views on the government's regulatory authority, and their expected compliance. In addition to this, survey teams collected qualitative feedback from participating firms on their experiences with the online N&C process and the Regulatory Room, and suggestions on how to improve the processes.

#### *a.) Sample Recruitment*

In January 2023, we began recruiting SMEs to participate in the study. Given the content of the ministerial regulation selected, the primary stakeholders for this regulation are small-sized hotels, resorts, and accommodation providers. Through PKM Consulting Group, we worked with numerous local hotel associations to recruit firms to participate in the study. We asked them to only recruit smaller-sized hotels by limiting eligible firms to those with less than 100 employees. Hotel associations sent out information about the research project and notice for recruitment on our behalf to their member firms. For this pilot project, we were able to recruit 90 firms to participate in the study.

### *b.) Randomization and Implementation*

Once we received confirmation of their intent to participate, survey teams contacted these firms in late January 2023 to conduct a baseline survey that gathered demographic and background information on the firm and the owner(s), as well as their perceptions of the consultation process quality and the government's regulatory legitimacy. Random sampling was blocked based on the gender of the owner and the region of operation then randomized into two groups with 47 firms in the control group and 43 firms in the treatment group. After the baseline survey and randomization, all participating firms received a document with the full proposed regulation, along with a brief summary of its key contents and how it would impact their operations, through email. Additionally, all firms received a link to a Google Form that allowed them to submit comments on the proposed regulation. The questions on the Google Form were identical to the ones posted on the Law Portal. *Appendix A* shows the screenshot of the Google Form. The firms also received a document explaining what the N&C process is and how to navigate the Google Form to submit comments.

The intervention in this pilot project is an invitation for SMEs to participate in the Regulatory Room. As this project aims to study the impact of SMEs' participation in a digital N&C system, we chose to keep the whole process online, including the Regulatory Room. SMEs in the treatment group were invited to participate in one of the three legal advice sessions held by legal experts who advised firms on how to improve their comments. Treatment firms were sent an email with the times and dates of the legal advice sessions. Along with this information, firms were informed that participation in the Regulatory Room was voluntary, but highly encouraged. To ensure that we did not overload one session with too many participants, firms were asked to provide their availability and session preferences if they intended to attend. We assigned the interested participating firms to sessions according to their preferences, with 8 firms in the first session, 13 firms in the second session, and 13 firms in the third session. We then sent them an email with a link to a Zoom room. The legal experts in all the sessions were identical and length of each session was between 60 minutes to 90 minutes. Firms in the treatment group were able to show legal experts their draft comments, request clarifications about the regulation and its implications, and ask for feedback on how to improve the comprehensibility, relevance, and feasibility of their comments.

After the comment submission period ended, survey teams visited all participating firms in February 2023 to conduct an endline survey. The endline survey again asked firms about their opinions on the government's regulatory legitimacy and their views on the consultation process. All firms were also asked about their perceived comprehension of the regulation, the expected likelihood that their comments would be understood and used by the relevant government agency, and their views of the government's regulatory authority. The endline survey also had a qualitative component that asked all firms to provide feedback on their experiences with the online comment submission system and the Regulatory Room, for the treatment group. Firms were asked open-ended questions about their perceptions of the quality of the consultation process, their understanding of the draft regulation, their expectation that

the comments would be understood and used by the government, and their views of the government's regulatory authority. Feedback and suggestions on how to improve the online N&C submission process and the Regulatory Room were also solicited.

## Results Analysis

### *Balance Tests*

**Table 3** presents balance tests across the control and treatment groups, which allow us to rule out any potential confounding factors. To check that there are no statistically significant differences in various observable characteristics between the two groups of firms, we conduct t-tests on various characteristics of the participating firms.<sup>4</sup> There are no statistically significant differences for any of the observable characteristics. Therefore, we are confident that the randomization procedure has produced comparable groups in terms of individual-level and firm-level characteristics, enabling us to evaluate the impact of providing SMEs with the opportunity to participate in the Regulatory Room on the outcomes of interest.

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<sup>4</sup> Description of the variables used in the balance test is provided in Appendix B.



**Table 3: Balance Tests for Observable Characteristics**

Variable	Means		Difference-in-Means	t-test		Observations
	Control	Treatment		T-statistics	p-value	
<i>Individual-level variable</i>						
Head of firm gender (female = 1)	0.362	0.349	-0.013	0.126	0.900	90
Respondent was head of firm = 1	0.680	0.674	-0.006	0.064	0.949	90
Respondent level of education	2.489	2.581	0.092	0.565	0.574	90
Previous employment in government = 1	0.106	0.146	0.040	0.555	0.581	88
View of quality of consultation process at baseline	2.000	2.048	0.048	0.185	0.854	87
View of legitimacy at baseline	1.956	1.805	-0.151	0.730	0.467	86
<i>Firm-level variable</i>						
Years in business	10.979	10.628	-0.351	0.386	0.701	90
Capital size (8-point scale)	2.277	2.163	-0.114	0.908	0.367	90
Previous year performance (5-point scale)	1.915	2.000	0.085	0.405	0.687	90
Rural location = 1	0.617	0.674	0.057	0.564	0.574	90
Region						
North	0.213	0.233	0.020	0.223	0.824	90
Northeast	0.191	0.186	-0.005	0.065	0.948	90
Central	0.149	0.140	-0.009	0.125	0.900	90
East	0.064	0.047	-0.017	0.357	0.722	90
West	0.106	0.093	-0.013	0.209	0.835	90
South	0.277	0.302	0.025	0.266	0.791	90
Firm type						
Sole proprietorship	0.128	0.163	0.035	0.467	0.642	90
Limited partnership	0.191	0.209	0.018	0.208	0.835	90
Limited company	0.660	0.581	-0.079	0.757	0.451	90
Collective	0.021	0.047	0.026	0.650	0.518	90

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

## *SMEs' Views of the Quality of the Consultation Process*

To assess the impact of the opportunity to participate in the Regulatory Room on firms' opinions on the quality of the consultation process and the greater expectation pathway (H1-H3), we employ a difference-in-differences analysis using a measure of perceived quality collected during both the baseline and endline surveys as the dependent variable. Firms' perception of the quality of the consultation process is measured through the question "How would you rate the quality of government agencies' consultative process?"<sup>5</sup>

Due to the ordinal and categorical nature of the dependent variable, we use an ordered probit regression with the following specification:

$$Quality_{it} = \beta_0 + \beta_1 Endline_t + \beta_2 Z_i + \beta_3 Endline_t \times Z_i + \mathbf{X}_i \gamma + \pi + \varepsilon_{it}$$

where  $Quality_{it}$  is individual  $i$ 's answer to the question on the quality of the consultation process at time  $t$ .  $Endline_t$  is a dummy variable that takes a value of 1 for the response from the endline survey and takes a value of 0 for the response from the baseline survey.  $Z_i$  is the treatment status of firm  $i$  where the variable takes a value of 1 if the firm is invited to participate in the Regulatory Room and 0 otherwise.  $\mathbf{X}_i$  is a vector of pre-treatment control variables that include gender of the head of firm and hotel region.  $\pi$  is the Regulatory Room session fixed effects.  $\varepsilon_{it}$  is the error term.

Note that our estimand is an intention to treat effect (ITE), where we compare those invited to participate versus those who were not invited. We do this to avoid potential biases in non-compliance with the experiment – invited participants who chose not to enter the regulatory room. Because our treatment variable contains some invited participants who did not join, it can be considered a lower bound for the full effect of the Regulatory Room treatment if participation was mandatory. In fact, ITEs and treatment effects on the treated (TET) are likely to be very similar, as 79% of firms assigned to the treatment group attended a Regulatory Room session – an extraordinarily high compliance rate.<sup>6</sup>

The results from the ordered probit regression are displayed in Table 4.<sup>7</sup> Column 1 shows results without any control variables. Column 2 shows results when controls for blocking variables are added. Results from Column 3 also include dummies for the specific Regulatory Room session a firm attended to account for potential variation in the content discussed that may impact their views of the consultation process quality. The coefficient  $\beta_2$  for the treatment assignment is not statistically significant in all models suggesting that the views on the quality of consultation process are statistically balanced at the baseline for the control and the treatment groups. The coefficient of primary interest,  $\beta_3$ , on the interaction term is statistically significant

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<sup>5</sup> The responses are "Needs major improvement", "Needs minor improvement", "Satisfactory", "Good", and "Exceptional", where "Needs Improvement" takes a value of 0 up to "Exceptional" that takes the value of 4.

<sup>6</sup> Appendix C further addresses this non-participation issue by using 2SLS regressions to estimate the TET of participation in the Regulatory Room on outcomes of interest. The main thrust of empirical findings holds.

<sup>7</sup> Appendix E replicates the analysis using Ordinary Least Squares (OLS) regression and provides similar results.

at the 0.05 level for all models, which suggests that an invitation to participate in the Regulatory Room led to a positive change in SMEs perception of the consultation process quality.<sup>8</sup>

**Table 4: Difference-in-Differences Analysis of Improvement in Firms' View of Consultation Process Quality Between Rounds**

	Dependent Variable: SMEs' view of consultation process quality		
	No controls (1)	Control for blocking variables (2)	Fixed effects (3)
Treatment Assignment	0.069 (0.226)	0.070 (0.226)	0.094 (0.320)
Endline	0.258 (0.221)	0.264 (0.222)	0.265 (0.222)
Treatment Assignment x Endline	0.688** (0.322)	0.695** (0.323)	0.706** (0.323)
Female		-0.027 (0.168)	-0.039 (0.175)
Cut point 1	-1.287*** (0.195)	-1.188*** (0.279)	-1.205*** (0.281)
Cut point 2	-0.609*** (0.171)	-0.517** (0.261)	-0.530** (0.263)
Cut point 3	0.462** (0.171)	0.566** (0.260)	0.558** (0.261)
Cut point 4	1.554*** (0.193)	1.689*** (0.281)	1.694*** (0.283)
Region FE	No	Yes	Yes
Session FE	No	No	Yes
Observations	175	175	175
Pseudo R-squared	0.045	0.054	0.060

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

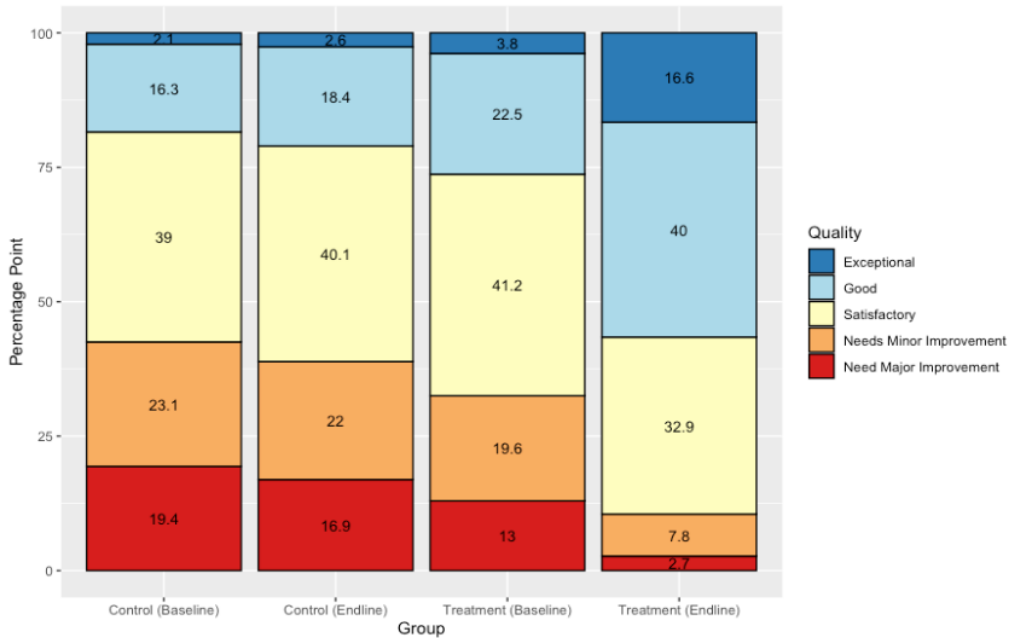
To interpret the coefficients from Table 4, Figure 1 provides the predicted probabilities using the model from Column 3 of Table 4.<sup>9</sup> The predicted probabilities of answering that the quality of the consultation process was “Good” or “Exceptional” are 21.0% (18.6 + 2.6%) at the baseline

<sup>8</sup> To test the impact of Regulatory Room participation on firms' perception on the notice and comment process quality, we use 2SLS regressions to estimate the treatment effects on the treated (TET) which is the estimate of the treatment effect among those who participated, in Appendix C. The direction and the statistical significance remain the same.

<sup>9</sup> Appendix D provides a table of the predicted probabilities as well as a table that calculates the changes in SMEs' view on the quality of the process between rounds of surveys.

and 56.7% (40.0 + 16.7%) at the endline for firms invited to participate in the Regulatory Room. The probability that respondents viewed the consultation process as “Good” or “Exceptional” increased by 35.7 percentage points between the two rounds for the treatment group. For firms that were not invited to participate, the probabilities of evaluating the quality of the consultation process as “Good” and “Exceptional” were 18.4% (16.3 + 2.1%) at the baseline and 26.3% (22.5 + 3.8%) at the endline. Among the control firms, the probability that respondents viewed the consultation process as “Good” or “Exceptional” increased by only 6.5 percentage points between the baseline and the endline surveys. Therefore, the improvement in firms’ view of the quality of the consultation process was clearly greater among firms that were provided with the opportunity to participate in the Regulatory Room compared to firms that were invited to submit comments, but did not receive an invitation to participate in the Regulatory Room. This result provides strong evidence that the opportunity to participate in the Regulatory Room enhances the positive impact of participation in the notice and comment process, in and of itself, on firms’ perception of consultation process quality, which is an important condition for the procedural justice framework.

**Figure 1: Predicted Probabilities of Firms’ Evaluation of the Consultation Process Quality**



*SMEs' Perceived Understanding of the Regulation and SMEs' Expected Likelihood of Government's Comprehension of Submitted Comments*

The survey questions used to assess H2 could only be asked in the endline survey, as it pertains to the respondent's perceived understanding of the regulation under study. To measure firms' perceived level of understanding of the proposed regulation, we asked firms to rate their understanding of the draft.<sup>10</sup> We used ordered probit regression with the following specification is used for both hypotheses:

$$Outcome_i = \beta_0 + \beta_1 Z_i + X_i \gamma + \pi + \varepsilon_i$$

where  $Outcome_i$  is firm  $i$ 's response to each of the three survey items mentioned above.  $Z_i$  is the treatment status of firm  $i$  where the variable takes a value of 1 if a firm is invited to participate in the Regulatory Room and 0 otherwise.  $X_i$  is a vector of control variables that includes the two blocking variables: gender and region.  $\pi$  is Regulatory Room session fixed effects.  $\varepsilon_i$  is the error term. Standard errors are clustered at the provincial level. Again, we focus on the ITE of the full group of those invited to participate.

Table 5 presents the results of the ordered probit regression for both outcomes of interest.<sup>11</sup> Columns 1 and 4 do not include any control variables or fixed effects, while Columns 2 and 5 control for blocking variables. Columns 3 and 6 are the fully specified models with control variables and fixed effects. The coefficient for the outcome on firms' perceived understanding of the regulation is positive and statistically significant at the 0.05 level in the first two models, but its level of statistical significance drops to the 0.1 level when fixed effects are added. Similarly, the coefficient for the outcome on firms' expected likelihood that their comment will be understood by the government agency is positive and statistically significant at the 0.05 level for the first two models, but the level of statistical significance falls to the 0.1 level when fixed effects are added. Finally, the coefficient for the outcome on firms' expected likelihood that their comment will be used by the government agency is statistically significant at the 0.1 level only in the model with block variable controls, and not statistically significant in the other two models.<sup>12</sup>

In summary, there is consistent evidence that an invitation to participate in the Regulatory Room leads firms to have a higher level of perceived understanding of the regulation under study.<sup>13</sup>

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<sup>10</sup> The responses range from "Not at all" = 0 to "Fully Understand" = 4.

<sup>11</sup> Appendix E replicates the analysis using Ordinary Least Squares (OLS) regression and provides similar results.

<sup>12</sup> To test the impact of participation in the Regulatory Room on these two outcomes, we use 2SLS regressions to estimate treatment effects on the treated (TET) in Appendix C.

<sup>13</sup> The predicted probabilities for the two outcomes of interest from Table 5 are provided in Appendix D.

**Table 5: Ordered Probit Regression Analysis for Firms' Understanding of the Draft Regulation**

	Dependent Variable: Understand the regulation		
	No controls	Blocking Variable Controls	Fixed Effects
	(1)	(2)	(3)
Treatment	1.060*** (0.249)	1.097*** (0.252)	0.733* (0.413)
Female		0.176 (0.246)	0.113 (0.254)
Cut point 1	-1.756*** (0.318)	-1.935*** (0.436)	-1.982*** (0.440)
Cut point 2	-0.813*** (0.196)	-0.993*** (0.353)	-1.037*** (0.357)
Cut point 3	0.534*** (0.182)	0.387 (0.343)	0.354 (0.345)
Cut point 4	2.219*** (0.286)	2.133*** (0.406)	2.126*** (0.412)
Region FE	No	Yes	Yes
Session FE	No	No	Yes
Observations	90	90	90
Pseudo R-squared	0.086	0.105	0.111

## *SMEs' Views on Government's Regulatory Legitimacy*

To evaluate H4, we again use a difference-in-differences analysis, because the question could be asked at both baseline and endline. To minimize the risk of preference falsification by respondents, we employ a question similar to the one used by Malesky and Taussig (2019) to measure SMEs' view of the government's regulatory legitimacy: "Government agencies have sufficient understanding of businesses like this one to effectively carry out their regulatory duties." We use an ordered probit regression with the following specification.

$$Legitimacy_{it} = \beta_0 + \beta_1 Endline_t + \beta_2 Z_i + \beta_3 Endline_t \times Z_i + \mathbf{X}_i \gamma + \varepsilon_{it}$$

Here,  $Legitimacy_{it}$  is individual  $i$ 's answer to the question on the legitimacy of the government's regulatory authority at time  $t$ .  $Endline_t, Z_i, \mathbf{X}_i, \pi, \varepsilon_i$  are defined in the same way as in the model used to test H1.

Table 6 shows the results from the ordered probit regression with firms' views of the government's regulatory legitimacy as the outcome variable.<sup>14</sup> Column 1 displays the results with no control variables, while Column 2 includes the controls for blocking variables. Column 3 adds the Regulatory Room session fixed effects. The coefficient  $\beta_2$  on treatment assignment lacks statistical significance in all models suggesting that control and treatment firms do not have a different view of the government's regulatory legitimacy at the baseline. The coefficient of interest,  $\beta_3$  for the interaction term, is statistically significant at the 0.1 level across all specifications.<sup>15,16</sup> This provides supporting evidence that providing SMEs with the opportunity to participate in the Regulatory Room enhances the impact of participation in the digital notice and comment process on firms' views of the government's regulatory legitimacy, albeit with weak statistical significance.

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<sup>14</sup> Appendix E replicates the analysis using Ordinary Least Squares (OLS) regression and provides similar results.

<sup>15</sup> The small sample size reduces the power of the study, and thus the ability to detect the effect of participation in Regulatory Room on views on government regulatory legitimacy.

<sup>16</sup> Appendix C provides the TET estimates for the impact of firms' participation in the Regulatory Room on their views on government's regulatory legitimacy.

**Table 6: Difference-in-Differences Analysis of Improvement in Firms' View of Government's Regulatory Legitimacy Between Rounds**

	Dependent Variable: SMEs' view of government's regulatory legitimacy		
	No controls	Control for blocking variables	Fixed Effects
	(1)	(2)	(3)
Treatment Assignment	-0.150 (0.342)	-0.142 (0.357)	-0.007 (0.339)
Endline	0.142 (0.124)	0.138 (0.128)	0.139 (0.226)
Treatment Assignment x Endline	0.581* (0.324)	0.601* (0.329)	0.598* (0.330)
Female		-0.144 (0.201)	-0.131 (0.179)
Cut point 1	-1.558*** (0.190)	-1.287*** (0.151)	-1.279*** (0.289)
Cut point 2	-0.720*** (0.196)	-0.432** (0.175)	-0.418 (0.266)
Cut point 3	0.703*** (0.196)	1.029*** (0.180)	1.043*** (0.272)
Cut point 4	2.101*** (0.338)	2.481*** (0.353)	2.495*** (0.335)
Region FE	No	Yes	Yes
Regulatory Room Session FE	No	No	Yes
Observations	174	174	174
Pseudo R-squared	0.024	0.043	0.044

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

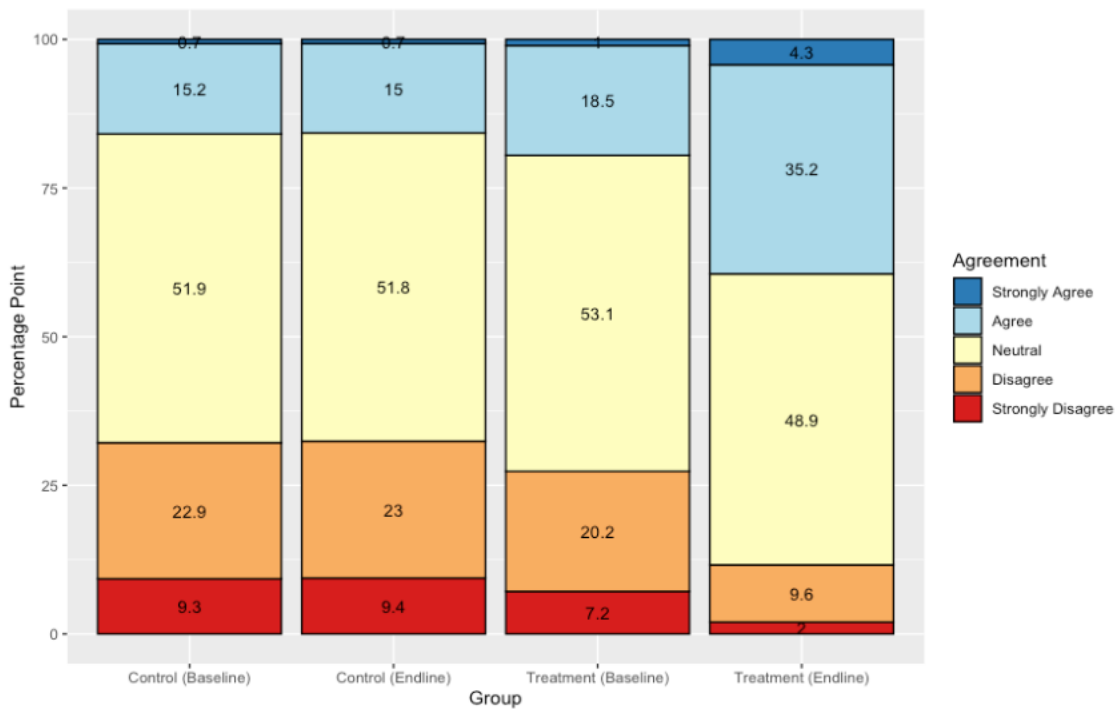
Predicted probabilities using the results from Column 3 of Table 6 are shown in Figure 2.<sup>17</sup> Among firms invited to participate in the Regulatory Room, the predicted probability of providing an “Agree” or a “Strongly Agree” response to the statement on government’s regulatory legitimacy is 15.7% (15.0 + 0.7%) at the baseline and 39.5% (35.2 + 4.3%) at the endline. Among treated firms, the proportion of firms that expressed agreement or strong agreement with the statement on government’s regulatory legitimacy increased by 23.8 percentage points between rounds. The predicted probability that a firm not invited to

<sup>17</sup> Appendix D provides a table of the predicted probabilities as well as a table that calculates the changes in SMEs’ view on the government’s regulatory legitimacy between rounds of surveys.



participate in the Regulatory Room answered “Agree” or “Strongly Agree” on the statement on the government’s regulatory legitimacy is 15.9% (15.2 + 0.7%) at the baseline and 19.5% (18.5 + 1.0%) at the endline. There was only a 3.6 percentage point increase in the proportion of control firms having a favorable view of the government’s regulatory legitimacy between the baseline and the endline rounds. Therefore, the improvement in treatment firms’ view of the government’s regulatory legitimacy between rounds is 20.2 percentage points larger than the improvement in control firms’ view of regulatory legitimacy. Although there is somewhat weaker statistical significance, these predicted probabilities suggest that firms that were invited to participate in the Regulatory Room experience a larger improvement in their views on the government’s regulatory legitimacy than firms that were invited to submit comments only.

**Figure 2: Predicted Probabilities of Firms' Agreement with Statement on Government's Regulatory Legitimacy**



Because we expect to observe H1 to H3 regardless of the pathways that connect Regulatory Room participation to improved views of the government’s regulatory legitimacy, these findings provide preliminary evidence in support of both proposed pathways. To differentiate the second pathway from the first, we examine the impact of Regulatory Room on the likelihood of comment submission, the quality of comments, and firms' anticipation that their comments will be understood and used in the revision process. If Regulatory Room participation alone fails to create a sense of engagement, we anticipate a positive impact of Regulatory Room participation on the four aforementioned activities.

### *SMEs' Comment Submission*

If the positive link between Regulatory Room participation and an improved views of the government's regulatory legitimacy found requires firms to also expect their comments to be understood and utilized by the government, a clear behavioral observable implication of this link would be a greater rate of comment submission among the treatment firms. In this section, we assess the impact of the opportunity to participate in the Regulatory Room on firms' submission of a comment on the draft regulation. Probit regression with the following specification is used:

$$\Pr(\text{Submit}_i = 1) = \beta_0 + \beta_1 Z_i + \mathbf{X}_i \gamma + \pi + \varepsilon_i$$

where  $\text{Submit}_i$  is a binary variable that takes a value of 1 if firm  $i$  submitted a comment to the online system.  $Z_i$  is the treatment status of firm  $i$  where the variable takes a value of 1 if a firm is invited to participate in the Regulatory Room and 0 otherwise.  $\mathbf{X}_i$  is a vector of control variables that includes the two blocking variables, gender and region.  $\pi$  is Regulatory Room session fixed effects.  $\varepsilon_i$  is the error term.

Table 7 presents the marginal effects from the probit regression analysis for the comment submission outcome.<sup>18</sup> Column 1 displays the unadjusted model, while controls for blocking variables are added to the model in Column 2. Column 3 is the full model with fixed effects included. The coefficient of interest ( $\beta_1$ ) is statistically significant at the 0.05 level for the first two models. It is still sizable and positive, but lacks statistical significance once Regulatory Room session fixed effects are added.<sup>19</sup> For the model from Column 2, an invitation to participate in the Regulatory Room increases the probability that a firm will submit a comment by 34.2%. Although there is some evidence that an invitation to participate in the Regulatory Room can increase firms' willingness to submit comments on top of just inviting firms to submit comments, the lack of robustness tests means further investigation is needed.

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<sup>18</sup> Appendix E replicates the analysis using Ordinary Least Squares (OLS) regression and provides similar results.

<sup>19</sup> TET estimates from 2SLS regression are shown in Appendix C.

**Table 7: Marginal Probabilities from Probit Regression Analysis of Firms' Comment Submission**

	Dependent Variable: Submitting a comment to the online platform		
	(1)	(2)	(3)
Treatment	0.320*** (0.095)	0.342*** (0.097)	0.106 (0.183)
Female		-0.138 (0.105)	-0.183 (0.108)
Region FE	No	Yes	Yes
Regulatory Room Session FE	No	No	Yes
Observations	90	90	90

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

### *Quality of Comments Submitted by Firms*

For firms to develop a more positive view of the government's legitimacy as a result of the expectation that their comments will be used in the revision process, there first has to be an improvement in the quality of comments as higher quality comments increase the likelihood that the comments will be used. To quantitatively evaluate the impact of Regulatory Room on the quality of comments submitted, we asked a legal expert to conduct a blinded review of the submitted comments. The reviewer read and rated each comment without knowing the identity and the treatment status of the firms. The reviewer was asked to evaluate the quality of each comment on three criteria on a five-point scale: 1.) relevance; 2.) comprehensibility; and 3.) feasibility.<sup>20</sup> In total, there were 31 submitted comments.

To evaluate the impact of the Regulatory Room on the quality of comment on the three criteria, we calculate the mean score for the control and the treatment group for each criterion. We then conduct a t-test to compare the means of the control and the treatment on each criterion. The results from the t-test are show in Table 8. For the comprehensibility of the comments, the mean score for the control firms is 2.33 and the mean score for the treatment firms is 3.09. The difference in means between the scores is 0.76 and statistically significant at the 95 percent level. Looking at the score on relevance, the mean scores are 2.44 for the control group and 3.00 for the treatment group. The difference in means is 0.56 and is statistically significant at the 95 percent level. Finally, the mean scores for the feasibility criterion are 2.00 for the control group and 2.73 For the treatment group. The difference in means is 0.73 which is statistically significant at the

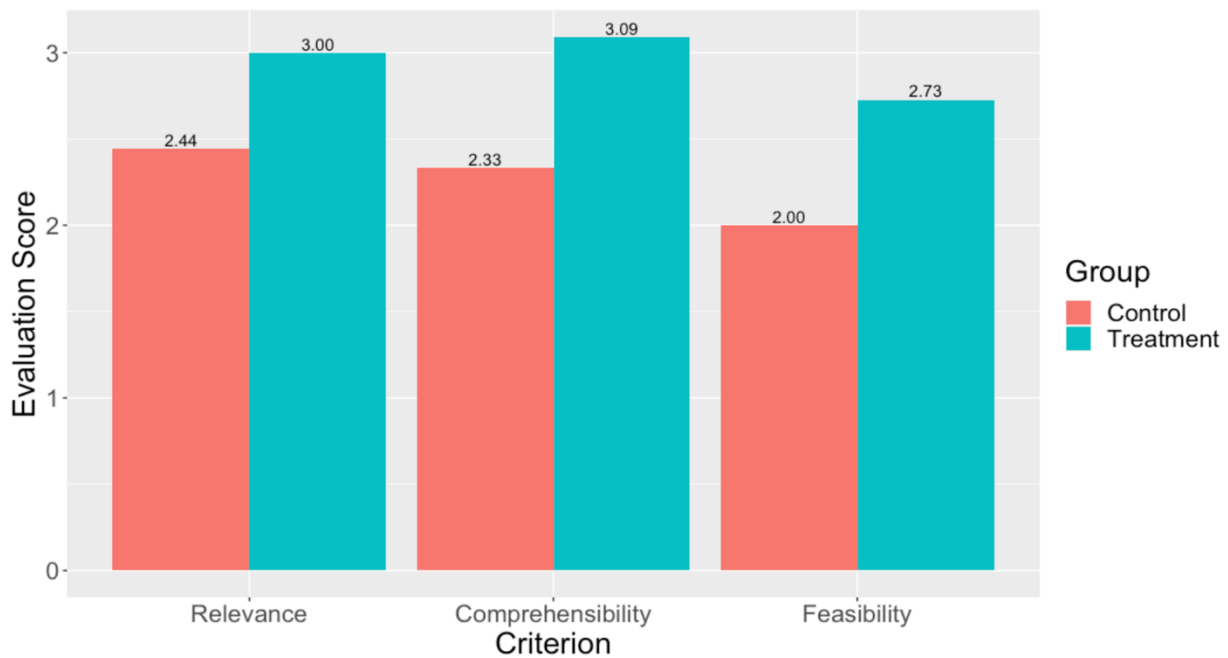
<sup>20</sup> For relevance, the reviewer was asked to rate the following statement: "This comment discusses content that are relevant to the content of the regulation under consideration." In rating comprehensibility, the reviewer was asked to rate the following statement: "The comment is coherent and easy to understand.". Finally, the reviewer was asked to rate the following statement on feasibility: "Government agencies can take substantive actions during the revision process based on the comment". The option the reviewer has a for all three categories range from "Strongly Disagree" = 0 to "Strongly Agree" = 4.

95 percent level. Figure 3 displays a bar graph that portrays the differences in mean scores between the control and treatment groups across the three criteria.

**Table 8: t-test for the Comment Quality Assessment**

Quality Criterion	Means		Difference-in-Means	t-test	
	Control	Treatment		T-statistics	p-value
Relevance	2.44	3.00	0.56	2.53	0.02
Comprehensibility	2.33	3.09	0.76	2.66	0.02
Feasibility	2.00	2.73	0.73	2.46	0.02

**Figure 3: Assessment of Comment Quality by Legal Experts**



To sum up, there is preliminary evidence that advice from legal experts have a positive impact on the actual quality of the comments submitted. The analysis suggests significant positive differences in the quality of comments submitted by treatment firms compared to that of the control firms. Comments from firms assigned to the treatment group scored higher on the comprehensibility criteria meaning that advice from legal experts help firms write comments such that they can easily be understood by readers. The comments submitted by the treatment firms are also evaluated to be more relevant to the regulation on under consideration. Finally, the comments submitted by the treatment firms are more actionable. where government

agencies are more likely to be able to utilize the information provided in the comments during subsequent drafting.

### *SMEs' Expectation of the Comprehension and Utilization of Comments by the Government*

The model specification for these analyses is identical to the specification that was used to test H2. To measure firms' perceived likelihood that the agency in charge of the regulation will understand their comments (H6), firms were asked to rate the following statement: "The Department of Provincial Administration fully understands the content of the comments that your firm submitted".<sup>21</sup> To measure the perceived likelihood that their comments will be utilized (H7), respondents were asked to rate the following: "The Department of Provincial Administration will use comments submitted by your firm to make changes to the draft regulation".<sup>22</sup>

Table 9 displays the results of the ordered probit analysis of the impact of Regulatory Room participation on the expectation of comment comprehension and utilization by Thai drafters.<sup>23,24</sup> The results show relatively strong evidence that firms believe officials will understand the comments. Predicted probabilities using the results from Column 3 of Table 9 are shown in Figure 4. The predicted probability a treatment firm rated the statement of government's comprehension as "Agree" or "Strongly Agree" is 69.4%, while the predicted probability of the same outcome is only 49.6%. Therefore, the probability that a treatment firm held a strong expectation of government's comprehension is 19.8 percentage points larger than that of a control firm.

There is only weak supporting evidence that an invitation to participate in the Regulatory Room improved firms' expectation that their comments will be used by the government agency. Although all three models suggest a positive impact of Regulatory Room participation on firms' expectation that their comments will be utilized by the government, the results are not robust, with a statistical significance at the 0.1 level for only one model. Figure 5 displays the predicted probabilities derived from the model in Column 6 of Table 9. Among treatment firms, the probability of answering "Agree" or "Strongly Agree" to a statement on expected comment utilization is 46.9%. For control firms, the combined probability of providing these two responses is 41.7%. As such, the difference in the predicted probability of a positive response on comment utilization is only 5.2 percentage points. Therefore, we cannot conclude with confidence that Regulatory Room participation improved firms' expectation of comment utilization by the government.

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<sup>21</sup> The responses range from "Strongly Disagree" = 0 to "Strongly Agree" = 4.

<sup>22</sup> The responses range from "Strongly Disagree" = 0 to "Strongly Agree" = 4.

<sup>23</sup> Appendix E replicates the analysis using Ordinary Least Squares (OLS) regression and provides similar results.

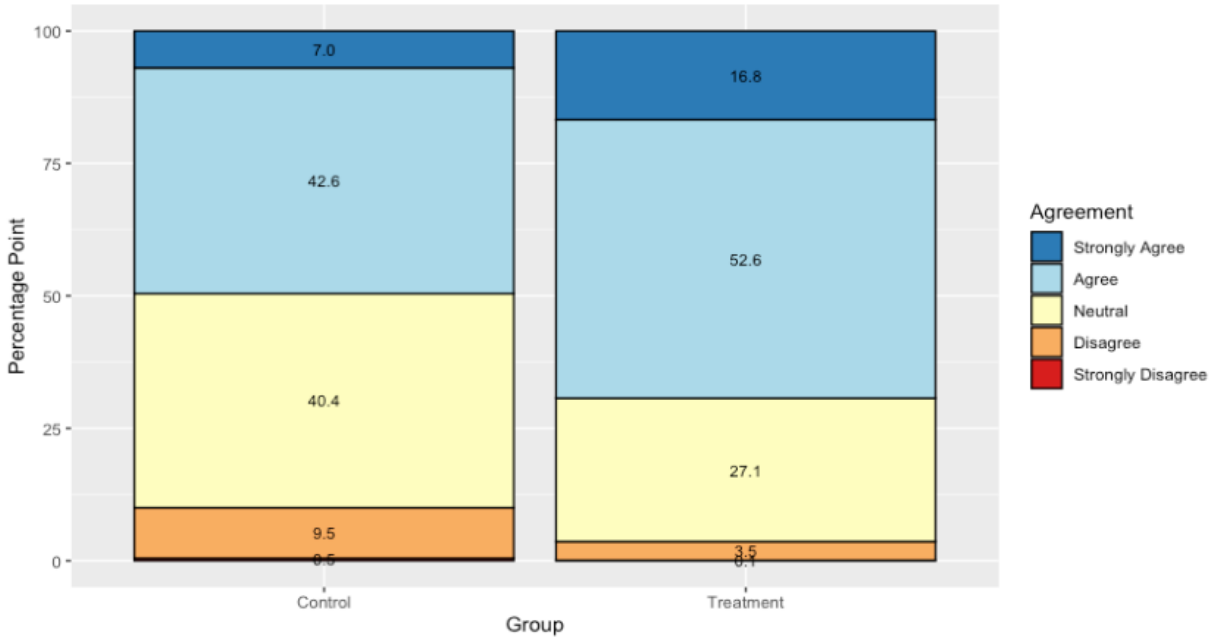
<sup>24</sup> The predicted probabilities for the two outcomes of interest from Table 9 are provided in Appendix D.

**Table 9: Ordered Probit Regression Analysis for Outcomes on Understanding and Utilization of Submitted Comments**

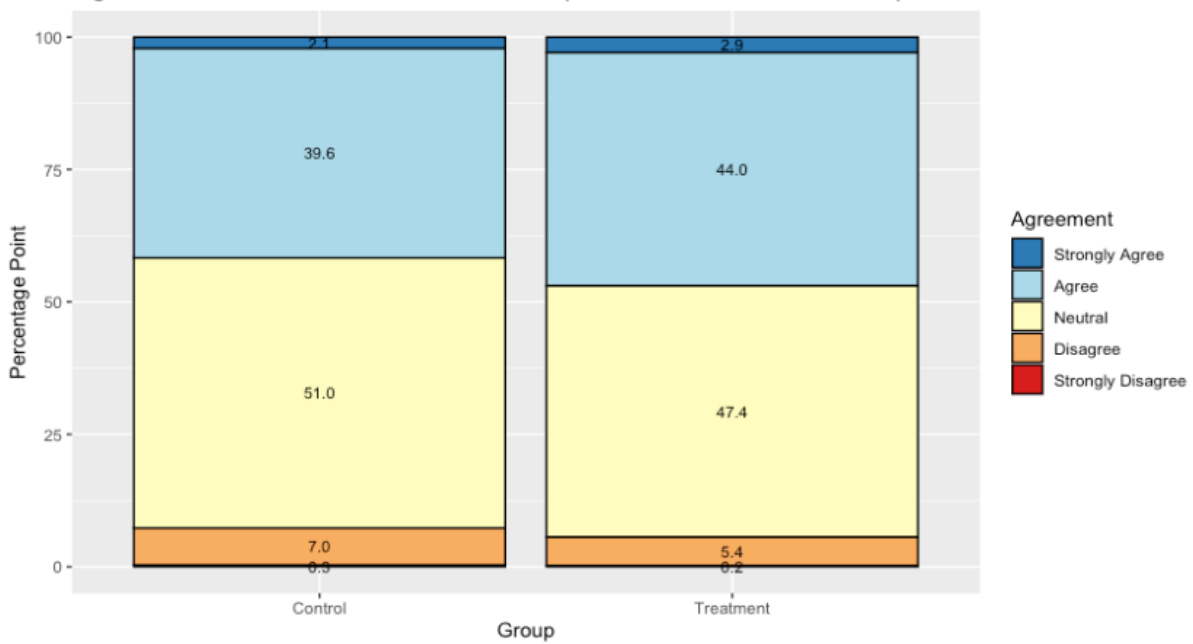
	Government officials understand comment			Government officials use comment in revision		
	No controls	Blocking Variable Controls	Fixed Effects	No controls	Blocking Variable Controls	Fixed Effects
	(4)	(5)	(6)	(7)	(8)	(9)
Treatment	0.752*** (0.237)	0.760*** (0.240)	0.563* (0.302)	0.381 (0.235)	0.396* (0.236)	0.133 (0.412)
Female		-0.093 (0.243)	-0.103 (0.330)		0.240 (0.247)	0.074 (0.257)
Cut point 1	-2.048*** (0.403)	-2.156*** (0.501)	-2.161*** (0.372)	-1.834*** (0.306)	-1.450*** (0.413)	-1.543*** (0.415)
Cut point 2	-0.856*** (0.197)	-0.851** (0.356)	-0.830*** (0.288)	-0.597*** (0.177)	-0.204 (0.333)	-0.288 (0.341)
Cut point 3	0.329** (0.177)	0.433 (0.337)	0.468 (0.308)	0.950*** (0.192)	1.370*** (0.357)	1.376*** (0.363)
Cut point 4	1.731*** (0.242)	1.895*** (0.383)	1.940*** (0.348.)	2.523*** (0.418)	3.029*** (0.555)	3.193*** (0.595)
Region FE	No	Yes	Yes	No	Yes	Yes
Session FE	No	No	Yes	No	No	Yes
Observations	88	88	88	89	89	89
Pseudo R-squared	0.046	0.087	0.094	0.013	0.029	0.068

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

**Figure 4: Predicted Probabilities of Firms' Agreement with Statement on Government's Comprehension of Submitted Comments**



**Figure 5: Predicted Probabilities of Firms' Agreement with Statement on Government's Utilization of Submitted Comments**



Based on the data from the pilot project, we remain inconclusive on the mechanism that explains how Regulatory Room participation leads to an improvement in firms' views of the government's regulatory legitimacy. We find statistically significant evidence of a positive increase in the likelihood of comment submission and an improvement in the quality of

comments submitted by treatment firms, but do not find robust evidence that firms expect their comments to be utilized by the government. Therefore, we cannot claim with confidence that the mechanism that led participating firms to have an improved view of the government's regulatory legitimacy is the second pathway proposed, where an improvement in comment quality leads to firms' stronger belief that their comments will be used by the government and thereby a better view of the government's regulatory legitimacy. Further investigation is needed to conclude the mechanism link between Regulatory Room participation and positive change in firms' views of the government's regulatory authority.

### **Firms' Comments from Open-Ended Questions**

Among the 90 firms in the study, only 28 firms provided at least one comment on the open-ended questions asked. Of those 28 firms, 17 were in the treatment group and 11 were in the control group. The demographic and background information on the firms that provided an answer to at least one open-ended question are shown in Appendix F.

Because both control and treatment firms were invited to access and submit comments on the online N&C portal, firms from both groups were asked to provide any comments and feedback they have regarding the online N&C portal during the endline survey. However, only treatment firms were asked for comments and feedback on the Regulatory Room. Additionally, survey team also asked both control and treatment firms open-ended questions on firms' opinion of the overall quality of the consultation process and their views of the government's regulatory legitimacy.

#### *Feedback on the Online Notice and Comment Portal*

##### 1.) Firms' Feedback on the Design of the Online Comment Submission Process

In general, firms expressed positive feedback on the questions asked on the comment form, where each question solicits opinions from firms on a particular clause of the regulation, because it helped direct them to what they should be thinking about when they were submitting a comment. However, one representative saw a problem with the comment form that asked firms to submit comments clause by clause because it gave firms less flexibility in comment submission (F-15). A particular comment may not always fall under a particular clause on the regulation. Therefore, it is vital that the government agency always includes a question that asks for any general comments that firms may have.<sup>25</sup>

Another concern that firms shared was the lack of face-to-face interaction with government officials on the online platform. Firms see two benefits from face-to-face interactions with government officials. First, firms said that they can potentially get instant reactions and responses from government officials with an in-person consultation process. These instant

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<sup>25</sup> Government agency in charge of the regulation under consultation is able to select any questions they want to solicit comments on.



reactions and responses allow firms to better set expectations of the requirements that will be in the final regulation, giving them more time to prepare their operations to comply with the regulation than if they learn about the requirements only when the final regulation has been released (F-53, F-90).

Second, firms said that they know with certainty that someone from the relevant government agency has heard and learned about their comments when the consultation process is in-person, regardless of whether the government agency will use their comments. In contrast, firms said they cannot be sure that their comments will reach the relevant government agency or that the government agency will read their comments once they press the submit button on the online platform (F-16, F-45, F-58, F-62). The latter point suggests that firms value government's responsiveness to their comments - even just an acknowledgement that the comments have been received and read by the government agency.

## 2.) Firms' Opinions on the Impact of the Online N&C Process on the Overall Quality of Consultation Process

When asked for feedback about their views of the online N&C portal, the majority of the firm representatives provided responses that are hopeful and see an online notice and comment platform as a positive progress in the government's consultation process. Many firms, both from the control and the treatment groups, shared the sentiment that the online portal provided an alternative and easily accessible pathway that allowed the public to submit their comments to the government (e.g. F-5, F-9, F-11, F-15, F-24, F-38, F-65, F-87). These firms viewed the online system as a practical and efficient one as it allowed more firms like theirs to provide opinions about the regulation, given that the primary target, small lodging accommodations, are spread throughout the country and traveling to Bangkok to submit comments is unviable (e.g. F-5, F-24, F-38, F-65).

By making the process more accessible and allowing more firms to voice their opinions on the draft regulation, an invitation to submit comments online improved both control and treatment firms' opinion of the overall quality of the consultation process. Firms from both groups provided feedback that the digital platform would provide the government agency with more information and varying perspectives when revising the draft regulation (e.g. F-24, F-34, F-48, F-67). In addition, the perception of improvement was also a product of firms' ability to write and submit a more detailed comment to the government agency. Compared to an in-person consultation where there is a time limit and firms need to make sure that their comments are concise so that they do not encroach on other participants' time, firms submitting comments on the online system face fewer time constraints as they can spend as much time and be as detailed as they want in their comments (F-4, F-15, F-83). Based on this feedback, it appears that firms in both the control and treatment groups saw online notice and comment platform as having the potential to improve the quality of the consultation process.

*Feedback on the Regulatory Room*

## 1.) Firms' Feedback on the Design of the Regulatory Room Process

Several firms admitted that they were unsure what a "Regulatory Room" is and what they were supposed to do in it (e.g. F-4, F-32, F-80). Although they received communications explaining that this would be an opportunity for firm representatives to meet with legal experts to get clarifications on the regulation and advice on how to improve their comments, the Regulatory Room is new, and firms were not sure of what to expect and what was expected of them. Although none of the firms reported feeling uncomfortable participating in the session, a firm representative said that she may have prepared more questions if she had a better sense beforehand of what a Regulatory Room is (F-16). Therefore, it might be useful to provide more detailed information to potential participants on what they should expect in the Regulatory Room so that they can prepare the right types of questions for the session.

Firm representatives had diverging views on the number of participants in an advice session. Several representatives said that a group session was useful to them, as they believed that it was good to "know about how other entrepreneurs that own a different type of lodging think about the ministerial regulation" as this information "gives them new perspectives" and "points to potential conflicts" between different types of lodgings (F-24, F-77). For instance, there was a conflict between firms on the proposed requirement that lodgings are required to have a device that allows guests to lock the room. Owners of tent lodgings viewed this requirement as one that is difficult to comply with, as installing locks on tents can be cumbersome or impossible. However, other firms believed that the requirement should remain on the regulation for the safety of guests, while others argue that the requirement should even be stricter, where a deadbolt should be required for each room. By learning how firms of different types think about the regulation, firms can learn about the constraints faced by government agencies when revising the regulation. Firm representatives viewed this exchange of information to be useful to potentially understand why the final regulation does not turn out the way that a firm expects it to.

A group Regulatory Room session, however, was not preferred by all participating firms. Four firm representatives preferred a personal session with the regulatory expert. Although there was nothing that firm representatives were uncomfortable saying with regard to this regulation, they thought that there might be future cases where they might not be comfortable sharing their opinions about the regulations to other firms (F-16, F-21, F-32, F-53). Two firm representatives also believed that a private Regulatory Room session would be more time-efficient because firms could just get answers to the questions that they have, without having to listen to questions and comments from other firms (F-32, F-53).

A firm representative suggested that the Regulatory Room should have an option for firms to follow up with legal experts on questions that may arise after the Regulatory Room session (F-77). The representative said that one of the suggestions he received was unclear, and he had a clarifying question after the session. He suggested that it could potentially be useful to

introduce a system that allows firms to send follow-up questions, either through email or a private messaging system, without having to schedule a new Regulatory Room session with the legal expert in case the firm only has a few additional questions. Another firm suggested that it would be useful for firms to be able to submit their comments and questions prior to the meeting (F-53). This would give legal experts time to prepare and conduct additional research before meeting with the firm representatives, allowing for more detailed and effective advice from the experts.

## 2.) Firms' Opinions on How Participation in the Regulatory Room Improves the Overall Quality of Consultation Process

As evidence suggestive of both proposed pathways, several treatment firms explained that they believe that the inclusion of a Regulatory Room helps promote the overall quality of the consultation process by helping firms submit comments and suggestions that are more informed, substantive, and direct-to-the-point (F-16, F-77). Firms expected higher quality comments to increase the likelihood that their comments would be understood by the government agency in charge of the regulation. This expectation made firms feel that they were being heard by the government and that their time was being respected, even if their comments were not expected to be used. Below is a more detailed discussion on how participation in the Regulatory Room improved firms' opinion on the quality of the consultation process.

### 2.1) *Firms' Understanding of the Regulation*

At the beginning of each Regulatory Room session, the legal expert provided a 20-minute explanation of the government's intent for this ministerial regulation and a simplified explanation of each clause in the regulation, as well as the actionable implications of each clause. As a result of the information provided by the legal expert at the beginning of the Regulatory Room session along with new information received through along with advice received through the session, firms in the treatment groups said that they now have a better understanding of "the government's objective and intention in attempt to implement" this ministerial regulation and have a "general idea on what actions are expected of them if the regulation is enacted" (F-32 , F-77, F-83).

To illustrate the former point, a treated firm said that prior to participation in the Regulatory Room session, the firm was unsure about the purpose of this new regulation, and they expected the government to use it to get more firms to formally register and thereby allow them to extract more tax from smaller firms (F-77). The firm said that the legal expert explained that formal registration does not only mean that they are obligated to pay taxes, but they will also qualify and gain access to the government's benefits program. The firm representative said that this explanation led them to have a more favorable opinion of the regulation after participation. As for the latter point, a camping resort operating tents in central Thailand said that they now have to adjust "lighting and fire safety" to ensure that they meet the regulation's requirements (F-65).

Although all firms in the study received a document explaining the regulation and its actionable implications, a representative treatment hostel from Bangkok claimed that reading the document is not "as good as talking to a legal expert," as they would not be able to ask clarifying questions about certain points on which the document is unclear (F-4). Feedback from these firms provides evidence in support of the quantitative findings that firms' access to a legal expert improves their understanding of the regulation beyond just providing them with a non-interactive document with information about the regulation.

A better understanding of the regulation helped firms to better identify the parts of the regulation they find potentially problematic, which allowed for more "informed" and "useful" comments for the government agencies (F-16, F-21, F-24). Being able to submit comments that are informed and substantive is an important component of a high-quality consultation process, according to a firm representative from a hotel in the central region, who said that effort is required from both sides for the consultation process to be meaningful (F-66). Firms themselves have to try to provide thoughtful comments or else they cannot expect the government to take them seriously.

### 3.) Firms' Opinions on the Government's Regulatory Legitimacy After Participation in the Regulatory Room

Qualitative comments from firms provided mixed evidence for the impact of participation in the Regulatory Room on improving firms' view of the government's regulatory legitimacy. One treated hotel from the south said that the government has the rightful authority to pass and enforce the regulation under study, and is willing to comply with the final regulation even if the firm does not fully agree with it (F-21). The acceptance of the government's regulatory authority can be seen as an outcome of a meaningful process that results from Regulatory Room participation, where firms believe that government officials have listened to objective opinions of various stakeholders during the consultation process, understood the potential impact on various stakeholders, and are thus better informed to make decisions that limit harm to stakeholders.

Another hostel owner from the north remained on the fence, believing that the government is the appropriate body to design and enforce regulations and can occasionally be effective at regulating firms. The government is the appropriate regulatory body when the regulation under consideration does not involve those with "large capital backing" (F-80). Once money gets involved, the firm felt that the government becomes a partial regulatory body and may no longer act in the public interest. Otherwise, this firm representative believed that a government agency will pass regulations with the public interest in consideration and still be a legitimate body.

On the opposite end, one treated hotel from the central region was highly critical of the government's regulatory power and views the government's regulatory authority as a way to

extract benefits from firms and “make money” (F-51). Government officials are able to elicit bribes from business owners to obtain permits or obtain them in a timely manner. These officials may also extract bribes, so that they would not enforce certain regulations. Therefore, this firm viewed the government’s regulatory legitimacy with cynicism and expressed wariness of the government’s attempts to pass new regulations, even after participation in the Regulatory Room.

#### 4.) Improvement in the Quality of Submitted Comments

The qualitative evidence discussed thus far provides some evidence of a positive effect of the Regulatory Room on the government’s regulatory legitimacy. To distinguish whether participation alone is sufficient to make firms feel engaged or expectation that their comments will be used is also needed for firms to feel engaged and thereby develop positive views of the government’s regulatory legitimacy, we further investigate the impact of Regulatory Room participation in improving the quality of comments submitted by firms and their expectations that the submitted comments will be used by the government.

In discussing how participation in the Regulatory Room improve the quality of comments, we illustrate how advice from legal experts can improve the relevance, comprehensibility, and feasibility of the comments submitted.

##### *4.1) Improving Relevance of the Comments Submitted*

During a Regulatory Room session, a representative from a hostel in the North said that he wanted to submit a comment on the tax rate for hotels. He stated that the tax rate for small hotels is still too high, and the government should lower the current tax rate for small hotels even further. However, the regulation under study does not discuss or have any direct implications on tax. As such, any comments about tax will likely be discarded by the government agency as the Department of Provincial Administration has no authority to adjust tax rates. The legal expert provided the firm representative with an explanation during the Regulatory Room session about the Department of Provincial Administration’s lack of authority over tax reforms.

In the final comment submitted by this firm, the particular firm representative did not ask for a reduced tax rate. This case provides suggestive evidence that participation in the Regulatory Room helps firms screen out content on the regulation that is irrelevant to the regulation under consultation. Because irrelevant comments are unlikely to be addressed by government officials, firms that submit comments unrelated to the regulation under consultation may perceive the government as unresponsive and disrespectful of their time. However, by participating in the Regulatory Room, firms can be informed of the irrelevance of their comments, which can help them understand why the government does not act on their suggestions. This can help reduce the likelihood that firms will negatively view the consultation process and the government’s regulatory legitimacy.

#### *4.2) Improving Comprehensibility of the Comments Submitted*

During a Regulatory Room session, a firm representative who owns a resort with rafts discussed how he had encountered obstacles in obtaining permission to operate his hotel over a body of water. He explained that the Department of National Parks, Wildlife, and Plant Conservation (DNP) had barred him from operating his rafts as hotels, even with a permit from the Marine Department. As such, he was unsure whether his lodging meets the requirements set forth by the Department of Provincial Administration for obtaining a small-hotel license, given that the draft regulation only states that a lodging operating over a body of water needs permission based on the Navigation in the Thai Waters Act or other relevant laws. He questioned whether the inclusion of “or” means that he needs to meet the requirements set forth by one law and receive permission from that government agency in charge of that law or did he need to receive permissions from all government agencies in charge of the relevant laws. The firm representative came into the Regulatory Room without a clear idea of how to craft a comment that could clearly communicate his problem to the Department of Provincial Administration.

The legal expert helped in reframing the comments by clearly defining the problem statement. In particular, the legal expert suggested that the firm representative frame his problem as one of overlapping jurisdictions between DNP and the Marine Department over the operation of a raft in a particular body of water. The Marine Department has authority over structures that are moving in waterways, while DNP has authority over building structures over a body of water within a national park. Because a raft doubles as a vehicle that moves and a building structure for lodging, it is not immediately clear which permit is needed for operating a raft. The firm representative should then ask the Department of Provincial Administration to clearly identify which department has legal precedence and thus what permit from which organization (or both) is needed for the firm to qualify and obtain a formal license from the Department of Provincial Administration.

If the firm representative were to only describe his failure to obtain permission from the DNP, the Department of Provincial Administration may not fully understand the cause and the full scope of the problem. Advice from the legal expert helped the firm representative devise a comment that clearly states the crux of the problem, thereby improving the chance that the government agency will understand the point that the firm is trying to communicate. Better comprehensibility not only makes it easier for the government agency to take actions, but it also improves the agency’s efficiency given that less time will be spent trying to decipher and understand the point that a comment is trying to communicate.

#### *4.2) Likelihood of Comprehension by Government Officials*

A better understanding makes firms more confident that the comments they submit will be “to-the-point” and “clear,” which improves the probability that government officials will read and

understand their comments (F-4, F-32, F-77). The improvement in the quality of the comments and the subsequent improved chance that the comments will be read is not only due to firms' better grasp of the regulation's content but also from legal experts' advice on how to improve the relevance, comprehensibility, and feasibility of the comments, which will be discussed in greater detail in the next section. One hotel from the South expressed that if a comment lacks substance or shows a lack of clear understanding of the regulation, government officials "may not even finish reading the comment" and thus the consultation process becomes a "useless" process (F-50).

Six treatment firms provided feedback during the endline that pointed to the belief that better comprehension of the comments by government officials improves the quality of the consultation process. Expectations that their comments will be read improve firms' evaluation of the process quality because these firms feel that the government agency is "listening to them" and that the process is meaningful and of better quality (F-4). A firm said that the government agency will, at least, know about their concerns, even if they do not wish to act on it, and thus they have achieved something in the consultation process (F-21).

#### *4.3) Improving the Feasibility of the Comments Submitted*

Four firm representatives concurred across Regulatory Room sessions that the wording on the requirement for "sufficient lighting" is vague and not actionable by the firm. The firms wanted to submit a comment that say the "sufficient lighting" requirement is unclear. To improve the feasibility of the comments, the legal experts suggested that the firm submit a comment that directly asks the government agency to specify the minimum level of lighting in a measurement unit such as lux such that firms can have a clear benchmark that will help firms install the correct lighting to meet the government's requirement. Similarly, firms were also concerned about the number of fire extinguishers that they are required to install. Although the draft regulation includes the size of the fire extinguisher that a lodging is required to have, the draft regulation does not currently specify how many. Rather than just writing a comment saying that the requirement is unclear, the legal expert suggested that firms be more specific by submitting a comment that directly asks the government agency to specify the quantity of fire extinguishers per square meter.

The expert's recommended changes, which ask the government agency to state the regulatory requirements in specific units, are expected to increase the feasibility of comments for the Department of Provincial Administration to act upon during regulation revisions. When firms only state that a requirement is unclear without specifying how the agency can make it more precise, government agencies may either not address it because they do not know how or may address it ineffectively, resulting in revisions that do not facilitate compliance by firms. Therefore, improved feasibility of the comments is expected to improve not only the likelihood that the government agency will take actions on the comments, but also the likelihood that the agency will address it more effectively and in a manner that promote firms' regulatory compliance.

### 5.) *Likelihood of Utilization by Government Officials*

In general, firms were not confident that their comments will be utilized by government officials in the revision process. Seven firms in the treatment and five control group expressed reservations, saying that based on their “past experiences,” the government agency “looks over,” “disregards” small lodgings like theirs, and that their voices are “not as loud” vis-à-vis big corporations, and officials are more partial towards the interest of larger firms (e.g. F-51, F-53, F-65). Only two treatment firms and none of the control firms provided feedback that is suggestive of the belief that the comments submitted will be used by the government agency (F-4, F-21). One hotel owner from the south noted that when government officials can understand the comments submitted by stakeholders, they are more likely to take them into account when developing the final regulation (F-21). For the other firm, the respondent said that they do not expect their comments to have an impact during the revision process of this regulation, but they still hold onto the hope that this “new system [the Regulatory Room]” will bring about some changes because firms can submit higher quality comments that may be more useful to government agencies (F-4).

Firms were pessimistic, on the whole, about the likelihood that the government will use the comments submitted in the revision process. Past experiences with the government’s disregard of small firms’ opinions have made firms skeptical about the Department of Provincial Administration’s chance of using the comments submitted in a meaningful way when revising the final regulation. Qualitative feedback provides mixed evidence on the positive impact of Regulatory Room participation on firms’ expectation that their comments will be used.

In summary, the qualitative data also do not provide us with conclusive evidence of the pathway that connects Regulatory Room participation to improved views of the government’s regulatory legitimacy. Although we have documented evidence of an improvement in the quality of comments submitted, the evidence on expectations of comment utilization remain mixed.

### **Conclusion**

Many developing countries face the challenge of low regulatory compliance by firms. Previous work has shown that providing firms with the opportunity to participate in a notice and comment process can help improve their view of the government’s regulatory legitimacy and alleviate the problem of low regulatory compliance. The previous study, however, did not examine the potential backlash that is expected to be salient in the digital N&C context. When firms feel ignored and disengaged during the consultation process, an invitation to participate in N&C may have a negative impact on firms’ views of the government’s regulatory legitimacy and subsequent willingness to comply with regulations. This project takes the first step in addressing this shortcoming by piloting the Regulatory Room, an online space that connects firms to legal experts who can assist them in improving the relevance, comprehensibility, and



feasibility of their comments. By providing firms with the opportunity to participate in the Regulatory Room, they are expected to feel more engaged in the consultation process and subsequently have a positive view of the government's regulatory authority.

Based on the findings of the RCT, we find robust evidence that firms provided with the opportunity to participate in the Regulatory Room had a more positive improvement in their view of the quality of the consultation process than firms that were only given the opportunity to submit comments, but were not invited to participate in the Regulatory Room. To clarify the factors that led firms in the treatment groups to have a more favorable view of the consultation process, we find evidence that firms in the treatment group were more likely to have a better perceived understanding of the regulation under consideration. Although we find consistent evidence that the opportunity to participate in the Regulatory Room led to a larger positive change in firms' views of the government's regulatory legitimacy than the views of firms that were not offered this opportunity, the statistical significance of this outcome was weaker.

We also did some further investigation to identify whether participation alone is sufficient for firms to develop improved views of the government's regulatory legitimacy. Data from the pilot project show that treatment firms are more likely to submit a comment and the comment submitted are of higher quality than the control firms. They also believe officials are more likely to understand their comments. However, the positive association between an invitation to participate in the Regulatory Room and an expectation that the comments will be used during the revision process while present in some models, is not robust. Therefore, we are unable to conclude with perfect confidence that firms develop a positive view of the government's regulatory legitimacy because they expect their comments to be utilized.

In future work, we plan to expand this pilot study in several ways. First, this pilot study is sector-specific, as we only looked at the leisure sector. It is possible that firms in other sectors may react differently to the Regulatory Room, and thus, the results found in this study may not necessarily apply to other sectors. To address this, we plan to examine regulations that impact other business sectors to see if the impact of participation in the Regulatory Room found in this pilot study applies across sectors. Second, future work will attempt to objectively evaluate the quality of comments submitted by firms. Although we examined firms' and experts' perceptions of the quality of their comments, we plan to utilize machine learning and natural language processing to objectively evaluate the quality of comments. For example, data science tools can help us identify comments with content that pertains to the regulation under consideration and thus have high relevance. Third, we will also evaluate whether participation in the Regulatory Room impacts firms' willingness to participate in future regulatory design activities by tracking participating firms' activities on the notice and comment platform and future Regulatory Room participation. Finally, future work will investigate the impact of digital consultation processes and the moderating roles of the quality of the consultation process on the actual downstream compliance of firms. We expect that an invitation to participate in the Regulatory Room will enhance the positive impact of the consultation process on compliance compared to just inviting firms to participate in the notice and comment process alone.

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3. กรณีที่กำหนดให้ “อาคารสำหรับใช้เป็นโรงแรมที่มีลักษณะเป็นเดินท์ กระจกโคม เพิง หรืออาคารอื่นใดที่มีลักษณะคล้ายคลึงกัน ต้องจัดให้มีแสงสว่างอย่างเพียงพอในห้องพัก และบริเวณทางเดินระหว่างอาคารนั้นกับสถานที่อื่นใดภายในบริเวณโรงแรมอย่างไร” \*

ท่านมีความเห็นอย่างไร ?

- เห็นด้วย
- ไม่เห็นด้วย

3.1 จากข้อ 3. ท่านเห็นด้วยหรือไม่เห็นด้วยเพราะอะไร ? \*

คำตอบของคุณ

4. กรณีที่กำหนดให้ “ห้องพักที่ให้บริการแบบห้องพักรวมตามกฎหมายว่าด้วยการควบคุมอาคารโดยคิดค่าบริการเป็นรายคนต้องจัดให้มีเลขที่ประจำเตียงกำกับไว้ทุกเตียงเป็นเลขอารบิกโดยให้แสดงไว้บริเวณที่สามารถมองเห็นได้อย่างชัดเจนและมีให้นำข้อกำหนดเรื่องการจัดให้มีเลขที่ประจำห้องพักกำกับไว้ทุกห้องมาใช้บังคับกับห้องพักลักษณะดังกล่าว” \*

ท่านมีความเห็นอย่างไร ?

- เห็นด้วย
- ไม่เห็นด้วย

4.1 จากข้อ 4. ท่านเห็นด้วยหรือไม่เห็นด้วยเพราะอะไร ? \*

คำตอบของคุณ

5. กรณีที่กำหนดให้ “ห้องพักในเดินท์ กระจกโคม เพิง หรืออาคารอื่นใดที่มีลักษณะคล้ายคลึงกัน ต้องจัดให้มีอุปกรณ์ที่สามารถล็อกห้องพักจากภายในและภายนอก และมีให้นำข้อกำหนดเรื่องประตูห้องพักให้มีช่องหรือวิธีการอื่นที่สามารถมองจากภายในสู่ภายนอกห้องพักได้และมีกลอนหรืออุปกรณ์อื่นที่สามารถล็อกจากภายในห้องพักทุกห้องมาใช้บังคับกับที่พักลักษณะดังกล่าว” \*

ท่านมีความเห็นอย่างไร ?

- เห็นด้วย
- ไม่เห็นด้วย

5.1 จากข้อ 5. ท่านเห็นด้วยหรือไม่เห็นด้วยเพราะอะไร ? \*

คำตอบของคุณ

6. กรณีที่กำหนดให้ "อาคารสำหรับใช้เป็นโรงแรมที่ตั้งอยู่ในท้องที่ที่มี  
กฎหมายว่าด้วยการควบคุมอาคารใช้บังคับ ต้องมีหลักฐานแสดงว่าได้รับ  
อนุญาตให้ใช้อาคารเป็นโรงแรมตามกฎหมายว่าด้วยการควบคุมอาคาร  
และอาคารสำหรับใช้เป็นโรงแรมที่มีลักษณะเป็นแพ สิ่งปลูกสร้างลอยน้ำ  
ที่อยู่ประจำที่ หรือสิ่งปลูกสร้างรูก้ำสำน้ำต้องมีหลักฐานแสดงว่า ได้รับ  
อนุญาตให้ใช้อาคารสถานที่เป็นโรงแรมตามกฎหมาย ว่าด้วยการเดินเรือ  
ในน่านน้ำไทย หรือกฎหมายอื่นที่เกี่ยวข้อง"

ท่านมีความเห็นอย่างไร ?

- เห็นด้วย
- ไม่เห็นด้วย

6.1 จากข้อ 6. ท่านเห็นด้วยหรือไม่เห็นด้วยเพราะอะไร ? \*

คำตอบของคุณ

7. ท่านเห็นว่าหน่วยงานรัฐควรมีมาตรการกำกับดูแลประกอบกิจการที่ได้  
แจ้งเป็นสถานที่พักที่ไม่เป็นโรงแรม เพื่อความปลอดภัยของผู้พักและ  
รักษาความสงบเรียบร้อยในสังคม (โดยมีมาตรการกำกับดูแลในลักษณะที่  
คล้ายกับการกำกับดูแลการประกอบธุรกิจโรงแรม) หรือไม่อย่างไร ?

- เห็นด้วย
- ไม่เห็นด้วย

7.1 จากข้อ 7 ท่านเห็นด้วยหรือไม่เห็นด้วยเพราะอะไร ? \*

คำตอบของคุณ

8. ท่านเห็นว่าควรมีการกำหนดกฎกระทรวงสำหรับสถานที่พักที่ไม่เป็น  
โรงแรมแยกจากกฎกระทรวงกำหนดประเภทและหลักเกณฑ์การประกอบ  
ธุรกิจโรงแรม พ.ศ. 2551 หรือไม่อย่างไร ?

- เห็นด้วย
- ไม่เห็นด้วย

8.1 จากข้อ 8. ท่านเห็นด้วยหรือไม่เห็นด้วยเพราะอะไร ? \*

คำตอบของคุณ

กลับ

ส่ง

หน้า 2 จาก 2

ล้างแบบฟอร์ม

ห้ามสงวนลิขสิทธิ์ใน Google ฟอร์ม

แบบฟอร์มนี้ถูกสร้างขึ้นภายใน PIGM Consulting Co., Ltd. ราชอาณาจักรไทย

Google ฟอร์ม

## Appendix B: Description of Variables

**Head of firm gender:** A binary variable indicating the gender of the head of firm (CEO/managing director, etc.) where it takes the value 1 if the head of firm is female and 0 if male.

**Respondent was head of firm:** A binary variable that takes a value of 1 if the respondent was the head of firm and 0 otherwise.

**Respondent level of education:** A variable indicating the highest level of education attained by the respondent. The variable has the following categories: 1.) Did not graduate high school, 2.) High school, 3.) Vocational college, 4.) Bachelor's degree, 5.) Master's degree, 6.) Doctoral degree.

**Previous employment in government:** A binary variable that takes the value of 1 if the respondent has worked on a government position, and 0 otherwise.

**Years in business:** A variable that indicates the number of years the business has been in operation.

**Capital size:** A 8-point scale that indicates the size of the firm's total equity capital ranging from: 1.) under 500,000 Thai baht, 2.) between 500,000 to 1 million Thai baht, 3.) between 1 and 5 million Thai baht, 4.) between 5 and 10 million Thai baht, 5.) between 10 million and 50 million Thai baht, 6.) between 50 to 200 million Thai baht, 7.) between 200 to 500 million Thai baht, and 8.) more than 500 million Thai baht.

**Previous year performance:** A variable that indicates the respondent's evaluation of the firm's performance from the previous year. The response can range from: 1.) large losses, 2.) small losses, 3.) breakeven, 4.) small profits, 5.) large profits.

**Rural location:** A binary variable that takes the value of 1 if the firm is located in a rural location, and 0 if the business operates in an urban area.

**Region:** The regions are binary variables that take the value of 1 if the firm is located in that region and 0 otherwise.

**Firm type:** The firm types are binary variables that take the value of 1 if the firm is of that type and 0 otherwise.

**View of consultation process quality:** Firms were asked to answer the following question: "How would you rate the quality of government agencies' consultative process?". The possible answers range from 1.) needs major improvement, 2.) needs minor improvement, 3.) satisfactory, 4.) good, and 5.) exceptional.



**Understanding of the draft:** Firms were asked the following question: “Could you rate your understanding of the draft regulation on the following scale?”. The possible responses are: 1.) not at all, 2.) slightly, 3.) average, 4.) well, 5.) fully.

**Government’s understanding of the submitted comment:** Firms were asked to rate the following statement: “The Department of Provincial Administration fully understands the content of the comment that your firm submitted”. The possible response are: 1.) strongly disagree, 2.) disagree, 3.) neutral, 4.) agree, 5.) strongly agree.

**Government’s use of the submitted comment:** Firms were asked to rate the following statement: “The Department of Provincial Administration will use the comment submitted by your firm to make changes in the draft regulation”. The possible responses are: 1.) strongly disagree, 2.) disagree, 3.) neutral, 4.) agree, 5.) strongly agree.

**Government’s regulatory legitimacy:** Firms were asked to rate the following statement to evaluate their view government’s regulatory legitimacy: “Government agencies have sufficient understanding of business like this one to effectively carry out their regulatory duties”. The possible responses are: 1.) strongly disagree, 2.) disagree, 3.) neutral, 4.) agree, 5.) strongly agree.

**Submission:** A binary variable that takes the value of 1 if the firm submits a comment online and 0 otherwise.

## Appendix C: TET Estimates of the Impact of Regulatory Room Participation on Various Outcomes of Interest

### Firms' Perception on Consultation Process Quality

Because some firms assigned to the treatment arm did not actually participate in the Regulatory Room, we will also calculate the treatment effect on the treated (TET) which is the estimate of the treatment effect among the compliers. To calculate TET for H1, we conduct 2SLS regression on the following equations for H1:

$$D_i = \alpha_0 + \alpha_1 \text{Endline}_t + \alpha_2 Z_i + \alpha_3 \text{Endline}_t \times Z_i + \mathbf{X}_i \gamma + \pi + \varepsilon_{it}$$

$$\text{Quality}_{it} = \beta_0 + \beta_1 \text{Endline}_t + \beta_2 D_i + \beta_3 \text{Endline}_t \times D_i + \mathbf{X}_i \gamma + \pi + \varepsilon_{it}$$

$Z_i$  is the treatment assignment that is defined in the same way as above.  $D_i$  is the treatment status of firm  $i$  where the variable takes a value of 1 if the firm actually participates in the Regulatory Room and 0 otherwise.  $\text{Quality}_{it}$ ,  $\text{Endline}_t$ ,  $\mathbf{X}_i$ ,  $\pi$ ,  $\varepsilon_i$  are defined in the same way as the equation for the ITE estimate.

Table C1 presents the results from the second stage of the 2SLS regression. Column 1 are the estimate when there are no control variables. In Column 2, the blocking variables are controlled for. Column 3 includes Regulatory Room session fixed effects. The positive coefficient on the interaction term ( $\beta_3$ ) in all three columns provides robust evidence that participation in the Regulatory Room has a positive effect on how compliers view the quality of the digital consultation process. The coefficient is statistically significant at the 0.05 level across all specifications. For the most rigorous model in Column 3, participation in the Regulatory Room led to a 0.790 increase in a firm's view of the quality of the consultation process on a 5-point scale for the compliers.

**Table C1: 2SLS Regression Results for the Impact of Regulatory Room Participation on Firms' View of Consultation Process Quality**

	Dependent Variable: SMEs' view of consultation process quality		
	No controls (1)	Control for blocking variables (2)	Fixed Effects (3)
Treatment	0.061 (0.277)	0.069 (0.280)	-0.198 (0.305)
Endline	0.283 (0.213)	0.286 (0.214)	0.284 (0.213)
Treatment x Endline	0.792** (0.391)	0.788** (0.393)	0.790** (0.392)
Female		-0.089 (0.164)	-0.086 (0.165)
Intercept	2.000*** (0.151)	1.973*** (0.239)	2.033*** (0.236)
Region FE	No	Yes	Yes
Session FE	No	No	Yes
R <sup>2</sup>	0.110	0.129	0.147
Adjusted R <sup>2</sup>	0.095	0.082	0.090
Observations	175	175	175
F-statistic	163.875	162.459	102.309
p-value	0	0	0

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

**Firms' Perceived Understanding of the Regulation, Firms' Belief on Government's Comprehension of the Comment, and Firms' Belief on Government's Utilization of the Comment**

The 2SLS regression is utilized to estimate the TET using the following equations:

$$D_i = \alpha_0 + \alpha_1 Z_i + \mathbf{X}_i \gamma + \pi + \varepsilon_i$$

$$Outcome_i = \beta_0 + \beta_1 D_i + \mathbf{X}_i \gamma + \pi + \varepsilon_i$$

$Z_i$  and  $D_i$  are binary variables for the treatment assignment and the treatment status of firm  $i$ , respectively.  $Outcome_i$ ,  $\mathbf{X}_i$ ,  $\pi$ ,  $\varepsilon_i$  are defined identically to the equation as the ITE estimate.

The 2SLS results testing H2a, H2b, and H2c are displayed in Table C2. Columns 1, 4, and 7 are unadjusted models for each outcome. Columns 2, 5, and 8 add control variables. Columns 3, 6, and 9 include both control and fixed effects. The coefficient for the outcome that looks at the firm's perceived understanding of the regulation is statistically significant at the 0.05 level and is robust across all specifications. For the most rigorous model in Column 3, participation in the Regulatory Room is associated with a 0.752 increase in the firm's perceived understanding of the regulation on a five-point scale for compliers. The coefficient for the outcome on the firm's expected likelihood that the government will read their submitted comment is statistically significant at the 0.05 level for the first two models, but statistical significance dropped to the 0.1 when fixed effects are added. Regulatory Room participation is associated with a 0.636 increase in firm's expectation that their comment will be understood by the government on a five-point scale, for the most rigorous model. For the firm's belief that their comment will be used by the government in the revision process, the coefficient is not statistically significant for any of the model specifications. The lack of statistical significance suggests that even when firms felt that they had a better grasp of the regulation and believed that their submitted comment can be understood by the government, firms may still think that the government has been captured by other interest groups and will not use the comments from smaller firms like them.

In summary, TET estimates provides consistent evidence that participation in the Regulatory Room led firms that are compliers to have a better perception of their understanding of the regulation and more likely to believe that the relevant government agency will read and understand their comment. Participation in the Regulatory Room, however, do not lead firms to have a stronger belief that their comment will be used by the relevant government agency.

**Table C2: 2SLS Regression Results for the Impact of Regulatory Room Firms' Understanding of the Regulation, Firms' Belief that Government Officials Understand their Submitted Comment, and Firms' Belief that Government Officials Use their Submitted Comment in the Revision Process**

	Understand the Regulation			Gov't officials understand comment			Gov't officials use comment in revision		
	No controls	Blocking Variable Controls	Fixed Effects	No controls	Blocking Variable Controls	Fixed Effects	No controls	Blocking Variable Controls	Fixed Effects
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment	0.919*** (0.200)	0.929*** (0.207)	0.658*** (0.250)	0.718*** (0.186)	0.688*** (0.190)	0.637* (0.327)	0.314 (0.201)	0.319 (0.197)	0.628* (0.290)
Female		0.002 (0.187)	0.014 (0.183)		-0.146 (0.254)	-0.119 (0.191)		0.112 (0.135)	0.049 (0.169)
Intercept	2.064*** (0.101)	2.252*** (0.253)	2.307*** (0.233)	2.200*** (0.117)	2.218*** (0.188)	2.235*** (0.248)	1.872*** (0.082)	1.636*** (0.164)	1.619*** (0.220)
Region FE	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Session FE	No	No	Yes	No	No	Yes	No	No	Yes
R <sup>2</sup>	0.153	0.186	0.201	0.093	0.183	0.196	0.053	0.080	0.134
Adjusted R <sup>2</sup>	0.143	0.116	0.111	0.083	0.111	0.092	0.042	0.001	0.022
Observations	90	90	90	88	88	88	89	89	89
F-statistic	21.240	20.140	6.929	14.970	13.110	3.797	2.448	2.627	4.678
p-value	8.082x10 <sup>-5</sup>	0.0001	0.010	0.0006	0.001	0.055	0.129	0.116	0.034

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

### Firms' Views of Government's Regulatory Legitimacy

The following equations are used to estimate the TET for the impact of Regulatory Room participation on firms' views of government's regulatory legitimacy:

$$D_i = \alpha_0 + \alpha_1 \text{Endline}_t + \alpha_2 Z_i + \alpha_3 \text{Endline}_t \times Z_i + \mathbf{X}_i \gamma + \varepsilon_{it}$$

$$\text{Legitimacy}_{it} = \beta_0 + \beta_1 \text{Endline}_t + \beta_2 D_i + \beta_3 \text{Endline}_t \times D_i + \mathbf{X}_i \gamma + \varepsilon_{it}$$

As before,  $Z_i$  and  $D_i$  are binary variables for the treatment assignment and the treatment status of firm  $i$ .  $\text{Legitimacy}_{it}$ ,  $\mathbf{X}_i$ ,  $\varepsilon_{it}$  are defined in the same way as when the ITE estimate is obtained for H3.

The results from the 2SLS regression are presented in Table C3. Like in previous analyses, Column 1 excludes all controls and fixed effects, Column 2 includes control variables, and Column 3 includes control variables and fixed effects. Similar to the ITE analysis,  $\beta_3$  is statistically significant at the 0.1 level across all specifications. Participation in the Regulatory Room leads to a 0.550 increase in a firm's evaluation of the government's regulatory legitimacy on a 5-point scale for compliers. Consistent with the ITE analysis, there is an evidence that SMEs' participation in the Regulatory Room results in improved views of government's regulatory legitimacy, albeit with weaker statistical significance.

**Table C3: 2SLS Regression Results for the Impact of Regulatory Room Participation on Firms' View on Government's Regulatory Legitimacy**

	Dependent Variable: SMEs' view of government's regulatory legitimacy		
	No controls	Control for blocking variables	Fixed Effects
	(1)	(2)	(3)
Treatment	-0.157 (0.225)	-0.144 (0.224)	-0.237 (0.250)
Endline	0.131 (0.176)	0.127 (0.175)	0.131 (0.175)
Treatment x Endline	0.561* (0.320)	0.561* (0.318)	0.549* (0.319)
Female		-0.131 (0.134)	-0.125 (0.137)
Intercept	1.956*** (0.125)	1.742*** (0.195)	1.769*** (0.194)
Region FE	No	Yes	Yes
Session FE	No	No	Yes
R <sup>2</sup>	0.062	0.107	0.111
Adjusted R <sup>2</sup>	0.046	0.058	0.050
Observations	174	174	174
F-statistic	162.917	161.535	1634.646
p-value	0	0	0

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

### Submission of Comment on the Draft Regulation

We use the following specification to estimate the TET for the impact of Regulatory Room participation on firms' views of government's regulatory legitimacy:

$$D_i = \alpha_0 + \alpha_1 Z_i + \mathbf{X}_i \gamma + \pi + \varepsilon_i$$

$$Submit_i = \beta_0 + \beta_1 D_i + \mathbf{X}_i \gamma + \pi + \varepsilon_i$$

$Z_i$  and  $D_i$  are binary variables for the treatment assignment and the treatment status of firm  $i$ .  $Submit_i$  is a binary variable that takes a value of 1 if firm  $i$  submitted a comment and 0 otherwise.  $\mathbf{X}_i$ ,  $\varepsilon_i$  are defined in the same way as for the ITE estimation.

Table C4 displays the results from the 2SLS regressions. Column 1 excludes control variables and fixed effects. Controls for blocking variables are added to Column 2. Finally, both control variables and fixed effects are added to Column 3. The coefficient of interest,  $\beta_1$ , is statistically significant at the 0.05 level for all three models. For the most rigorous model, participation in the Regulatory Room is associated with a 41.4 percentage point increase in the probability that a firm will submit a comment on the draft regulation. Results from these 2SLS regressions provide robust evidence that participation in the Regulatory Room increases the likelihood that a firm will submit a comment to the digital notice and comment system.

**Table C4: 2SLS Regression Results for the Impact of Regulatory Room Participation on Firms' Comment Submission**

	Dependent Variable: Submitting a comment to the online platform		
	No controls (1)	Blocking Variable Controls (2)	Fixed Effects (3)
Treatment	0.405*** (0.118)	0.411*** (0.134)	0.323** (0.140)
Female		-0.175** (0.071)	-0.181* (0.102)
Intercept	0.195*** (0.048)	0.081* (0.048)	0.094 (0.130)
Region FE	No	Yes	Yes
Regulatory Room Session FE	No	No	Yes
Size FE	No	No	Yes
R <sup>2</sup>	0.120	0.210	0.215
Adjusted R <sup>2</sup>	0.110	0.143	0.127
Observations	90	90	90
F-statistic	11.720	9.457	5.326
p-value	0.002	0.005	0.024

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

## Appendix D: Predicted Probabilities from Analysis of Regulatory Room Impact on Various Outcomes of Interest

**Table D1: Predicted Probabilities from Analysis of SMEs' View on the Consultation Process Quality**

Round	Regulatory Room Treatment	Needs Major Improvement	Needs Minor Improvement	Satisfactory	Good	Exceptional
Baseline	No	19.4%	23.1%	39.0%	16.3%	2.1%
Baseline	Yes	16.9%	22.0%	40.1%	18.4%	2.6%
Endline	No	13.0%	19.6%	41.2%	22.5%	3.8%
Endline	Yes	2.7%	7.8%	32.9%	40.0%	16.7%

**Table D2: Changes in SMEs' View on the Consultation Process Quality Between Rounds of Surveys (Endline Percentage Point – Baseline Percentage Point)**

Group	Needs Major Improvement	Needs Minor Improvement	Satisfactory	Good	Exceptional
Control	-6.4%	-3.5%	2.2%	6.2%	1.7%
Treatment	-14.2%	-14.2%	-7.2%	21.6%	14.1%

**Table D3: Predicted Probabilities from Analysis of SMEs' Perceived Understanding of the Draft Regulation**

Regulatory Room Treatment	Not at all	Slightly	Average	Well	Fully
No	2.0%	11.5%	47.9%	36.6%	2.0%
Yes	0.3%	3.1%	29.6%	57.9%	9.2%

**Table D4: Predicted Probabilities from Analysis of SMEs' View on the Government's Regulatory Legitimacy**

Round	Regulatory Room Treatment	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Baseline	No	9.3%	22.9%	51.9%	15.2%	0.7%
Baseline	Yes	9.4%	23.0%	51.8%	15.0%	0.7%
Endline	No	7.2%	20.2%	53.1%	18.5%	1.0%
Endline	Yes	2.0%	9.6%	48.9%	35.2%	4.3%



**Table D5: Changes in SMEs' View on the Government's Regulatory Legitimacy Between Rounds of Surveys (Endline Percentage Point – Baseline Percentage Point)**

Group	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Control	-2.1%	-2.7%	2.6%	3.3%	0.3%
Treatment	-7.4%	-13.4%	-2.9%	20.2%	3.6%

**Table D6: Predicted Probabilities from Analysis of SMEs' Perception of Government Comprehension of Comments**

Regulatory Room Treatment	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No	0.5%	9.5%	40.4%	42.6%	7.0%
Yes	0.1%	3.5%	27.1%	52.6%	16.8%

**Table D7: Predicted Probabilities from Analysis of SMEs' Perception of Government Utilization of Comments**

Regulatory Room Treatment	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No	0.3%	7.0%	51.0%	39.6%	2.1%
Yes	0.2%	5.4%	47.4%	44.0%	2.9%

## Appendix E: Replication of Table 4, 5, 6, and 9 Using OLS Regressions

**Table E1: OLS Regressions for the Impact of Regulatory Room on SMEs' View of Consultation Process Quality**

	Dependent Variable: SMEs' view of consultation process quality		
	No controls	Control for blocking variables	Fixed effects
	(1)	(2)	(3)
Treatment Assignment	0.048 (0.216)	0.052 (0.218)	0.105 (0.309)
Endline	0.283 (0.211)	0.286 (0.213)	0.286 (0.213)
Treatment Assignment x Endline	0.622** (0.304)	0.619** (0.307)	0.619** (0.307)
Female		-0.035 (0.161)	-0.042 (0.167)
Region FE	No	Yes	Yes
Session FE	No	No	Yes
Observations	175	175	175

\*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

**Table E2: OLS Regressions for the Impact of Regulatory Room on SMEs' View on the Quality and Utilization of Submitted Comment**

	Understand the regulation			Gov't officials understand comment			Gov't officials use comment in revision		
	No controls	Blocking Variable Controls	Fixed Effects	No controls	Blocking Variable Controls	Fixed Effects	No controls	Blocking Variable Controls	Fixed Effects
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Treatment	0.727*** (0.162)	0.731*** (0.165)	0.500* (0.293)	0.567*** (0.176)	0.541*** (0.174)	0.366 (0.307)	0.247 (0.157)	0.249 (0.160)	0.078 (0.274)
Female		0.108 (0.174)	0.066 (0.183)		-0.068 (0.182)	-0.087 (0.192)		0.150 (0.169)	0.039 (0.171)
Region FE	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes
Regulatory Room Session FE	No	No	Yes	No	No	Yes	No	No	Yes
Size FE	No	No	Yes	No	No	Yes	No	No	Yes
Observations	90	90	90	88	88	88	89	89	89

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

Note: The three outcomes of interest are: a.) Firms' Understanding of the Regulation, b.) Firms' Belief that Government Officials Understand their Submitted Comment, and c.) Firms' Belief that Government Officials Use their Submitted Comment in the Revision Process

**Table E3: OLS Regressions for the Impact of Regulatory Room on SMEs' View of the Government's Regulatory Legitimacy**

	Dependent Variable: SMEs' view of government's regulatory legitimacy		
	No controls	Control for blocking variables	Fixed Effects
	(1)	(2)	(3)
Treatment Assignment	-0.126 (0.181)	-0.117 (0.180)	0.005 (0.262)
Endline	0.131 (0.176)	0.128 (0.175)	0.128 (0.176)
Treatment Assignment x Endline	0.444* (0.255)	0.444* (0.253)	0.441* (0.255)
Female		-0.113 (0.134)	-0.100 (0.139)
Region FE	No	Yes	Yes
Regulatory Room Session FE	No	No	Yes
Size FE	No	No	Yes
Observations	174	174	174

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

**Table E4: OLS Regressions for the Impact of Regulatory Room on SMEs' Comment Submission**

	Dependent Variable: Submitting a comment to the online platform		
	(1)	(2)	(3)
	Treatment	0.320*** (0.096)	0.323*** (0.095)
Female		-0.129* (0.100)	-0.171 (0.104)
Region FE	No	Yes	Yes
Regulatory Room Session FE	No	No	Yes
Size FE	No	No	Yes
Observations	90	90	90

\* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01

## Appendix F: List of Firms that Submit Answer(s) to Open-Ended Question(s)

Code	Hotel Type	Control / Treatment Assignment	Owner Gender	Firm Type	Region
F-4	Homestay	Treatment	Male	Limited Partnership	North
F-5	Homestay	Control	Male	Limited Company	Central
F-9	Resort	Control	Male	Sole Proprietorship	North
F-11	Hotel	Treatment	Female	Limited Partnership	Northeast
F-15	Resort and Camping	Control	Male	Limited Company	Northeast
F-16	Hotel	Treatment	Female	Sole Proprietorship	West
F-21	Camping	Treatment	Male	Limited Partnership	South
F-23	Homestay	Treatment	Female	Limited Partnership	South
F-24	Homestay	Treatment	Male	Limited Company	South
F-32	Resort	Treatment	Male	Limited Company	Northeast
F-34	Resort	Control	Male	Limited Company	Northeast
F-38	Hostel	Control	Male	Limited Company	East
F-45	Hostel	Treatment	Male	Sole Proprietorship	East
F-48	Hotel	Control	Male	Sole Proprietorship	North
F-50	Resort	Treatment	Male	Limited Company	South
F-51	Hotel	Treatment	Female	Limited Company	South
F-53	Resort	Treatment	Male	Limited Company	South
F-58	Bungalow	Control	Female	Limited Partnership	South
F-62	Resort	Control	Female	Limited Company	South
F-65	Raft	Treatment	Female	Limited Company	West
F-66	Camping	Treatment	Male	Sole Proprietorship	Central
F-67	Resort	Control	Male	Limited Company	South
F-73	Resort	Treatment	Male	Sole Proprietorship	North
F-77	Camping	Treatment	Male	Limited Company	Central
F-80	Resort	Treatment	Male	Limited Partnership	South
F-83	Hotel	Treatment	Male	Limited Company	Central
F-87	Resort	Control	Male	Limited Company	West
F-90	Resort	Control	Female	Limited Company	East

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