Table S1. Exogeneity Test of Instrumental Variables

Variable	(1) Industry competition	(2) Industrial agglomeration	(3) Employee wage	(4) Market segmentation
Instrument	-0.020	-0.009	0.007	-0.005
	(0.020)	(0.013)	(0.075)	(0.028)
R&D	-0.005**	0.003	0.007	0.002
	(0.002)	(0.003)	(0.011)	(0.003)
Fin	0.001	-0.017	0.005	0.007
	(0.003)	(0.013)	(0.018)	(0.007)
lnPGDP	-0.025	-0.006	0.252**	0.014
	(0.022)	(0.016)	(0.095)	(0.034)
Urban	0.021***	0.014	0.003	0.004
	(0.007)	(0.009)	(0.032)	(0.010)
Industry	-0.002	-0.011	0.027	-0.012*
	(0.009)	(0.010)	(0.025)	(0.006)
Security	-0.010	0.106	0.009	-0.113
	(0.057)	(0.119)	(0.241)	(0.082)
Fis	-0.001	0.113	0.087	0.014
	(0.041)	(0.078)	(0.185)	(0.039)
Inf	-0.004**	-0.004	0.009	0.004
	(0.002)	(0.005)	(0.008)	(0.003)
Transport	0.008	-0.019	0.031	-0.017
	(0.008)	(0.016)	(0.029)	(0.017)
Hu-capital	-0.001	0.001	0.000	-0.002
	(0.001)	(0.001)	(0.005)	(0.001)
Agglo	0.020***	-0.001	-0.006	0.009
	(0.006)	(0.005)	(0.030)	(0.008)
House	-0.011	-0.009	0.095*	0.002
	(0.011)	(0.012)	(0.049)	(0.015)
_cons	0.263	0.490	6.959***	0.047
	(0.230)	(0.365)	(0.953)	(0.421)
Individual effect		Control		
Time effect		Control		
N	360	360	360	360
R^2	0.875	0.868	0.994	0.462

Note: Robust standard errors in parentheses. ***, ** and * denote statistical significance at the 1, 5 and 10% levels, respectively. Control variables are included in all models.