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EFFECT OF OWNERSHIP STRUCTURE ON EARNINGS MANAGEMENT OF LISTED CONSUMER GOODS FIRMS IN NIGERIA

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Abstract

The study used panel multiple regression to determine the effect of ownership structure on earnings management of consumers' goods firm in Nigeria from 2009 to 2018 using ex-post facto research design. Ownership structure was measure by managerial ownership, institutional ownership and ownership concentration while earnings management was measure by modified Jones model and the population of the study comprises 21 listed consumer goods firms in Nigeria as at 31st December, 2018. It was discovered that managerial ownership and ownership concentration has negative significant effect on earnings management while institutional ownership has positive significant effect on earnings management thus, the study concludes that increase in managerial ownership and ownership concentration will decrease earnings management of consumer goods firms in Nigeria. Based on the conclusion, the study recommends that the managers of consumer goods firms should be allowed to own a substantial share in the company because they will align their interest to that of the organization hence, it will reduce earnings management practice in the organization.

Keywords: *Earnings management, Consumer goods, Corporate governance, Ownership Concentration*

JEL Classification Codes: *D12, G32, G33, G34*

1. INTRODUCTION

The ownership structure of the company has raised controversy and debate regarding its role in an effective control of the management behavior and the limitation of earnings management practices, since, the managers there will be in a position to use the methods and means that enable them to achieve their own interests, because there is no incentive for shareholders to closely monitor the company's activities in addition to the weak participation of shareholders in management decisions or policies.

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The agency theory posits that the separation of ownership and control leads to the conflicts of interests between managers and owners. These conflicts arise when managers seek to maximize their interests and engage in activities that are not in line with the objective of maximizing shareholder's wealth. In the current business ownership structure, separation of ownership from management of an organization is foreseeable particularly in large listed businesses where the owners are more detached among shareholders and the appointed management may have very nominal shareholding. In these firms, failure to observe the management may lead to inefficient resource distribution and cause business failure (Johari, Saleh, Jaffer & Hassan, 2008). An effective control system for the management is vital to make sure manager's action is in agreement with shareholder's interest. Conflict of interest between managers and shareholders becomes clear when there is a division between the people who own the organization and the people who manage the organization (Jensen & Meckling, 1976).

Information of high quality enables investors to make efficient investment decisions, as investment money can be directed where it is most productive. However, if the provisions for financial information remain unchecked, there is a good chance that the providers of such information will use it opportunistically and/or in a misleading manner to generate private gains, financial reports is so important to all users of Financial statement in making decision that the study of earnings management is expected to be very useful to them (Al-Khabash & Al-Thuneibal, 2009). Earnings management involves the manipulation of company earnings by managers towards pre-determined target. This target can be motivated by a preference for more stable earnings, in which case management is said to be carrying out income smoothing.

At the theoretical level, the ownership structure as a governance mechanism appears as a means to ensure a better quality of accounting information by reducing the earnings management and improving the earnings informativeness. But at the empirical level, previous studies do not lead to a consensus regarding the role of ownership structure in improving the quality of financial information. Though studies were conducted on the effect of ownership structure on earnings management such as Maswadeh, Parveen, Malik, Mahmood and Jan, Imoleayo, Eddy and Oluku, Oyedokun, Ayadi and Boujelbène (2014) but this studies cannot be generalized to conglomerate companies because they were conducted in other developed nations and other sectors in Nigeria, thus, the data used were not of conglomerate firms and as such conclusions cannot be applied to conglomerate firms in Nigeria.

More to that, the period covered in other studies were not up to 2018, which this study also want to take care of by extending the study to more recent work. The study of Parveen, Malik, Mahmood and Jan who determined the impact of ownership structure on firm's earning management was carried out in banking sector of Pakistan from 2000 to 2012. Considering the period of study, there is a gap between 2012 -2018 thus, this study will use conglomerate firms from 2009 to 2018. The study of Oyedokun was conducted in listed industrial goods companies in Nigeria from 2008 to 2017 while Ayadi and Boujelbène (2014) used 117 French companies belonging to the SBF 250 index during the period 2003-2011. Ogbonnaya, Ekwe and Ihendinihu (2016) investigate the effect of cooperate governance and ownership structure on earnings management of Brewery industries from 2004-2013 and Isenmila and Elijah (2012) examined the relationship between ownership structure and earnings management of 10 commercial banks in Nigeria from 2006-2010. Therefore, to the extent of studies reviewed, there is no research on

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consumer firms in Nigeria and also, there is no study that used 2018 data to draw conclusion on the relationship between ownership structure and earnings management in Nigeria

2. LITERATURE REVIEW

2.1 Conceptual Framework

2.1.1 Concept of Ownership Structure

According to Jensen and Meckling (1976), ownership structure is the distribution of equity with regard to votes amongst shareholders, capital and also by the identity of the equity owners. These structures are of major importance in corporate governance because they determine the incentives of managers and thereby the economic efficiency of the corporations they manage. It can also represent the degree of concentration of ownership in firms, which means large shareholders proportion in a firm. Zhang (2005) defined Ownership structure as stockholders ownership proportion.

Managerial ownership is a category of ownership in which members of the management of a company hold a large part of the shares of a company. This term is also known as insider ownership. Under this form of ownership, the owners of the company are also the managers of the company. Insider or managers of a firm act also as shareholders if they possess some portion of the company shares; this reduces the agency conflicts and aligning the interest of management and that of shareholders. Agency theory predicts that low insider ownership implies poor alignment of interest between managers and shareholders (Jensen & Meckling, 1976). This insider with low ownership manages earnings for better compensation, relax contractual constraint or avoid debt covenants (Healy, 1985). It is suggested that they will be more involve in the firm when they own larger ownership, thus, the need for outside monitoring will be reduced, as long as the interest of insider and outsider converge.

Institutional investors are large investors, other than natural person. Organizations which are considered as institutional investors are insurance companies (life and non-life), pension funds, investment trusts (including unit trusts), financial institutions (including banks, finance companies, building societies and credit cooperatives), investment companies, and other nominee companies associated with the above categories of institutions (Lang & McNichols, 1997). Institutional investors have the opportunity, resources and ability to monitor, discipline and influence a manager's decision in the firm (Monks & Minow, 1995). Managerial ownership might decrease the agency conflicts as the objectives of managers are lineup closely to the objectives of other shareholders. Institutional investors are large investor, who uses personnel judgment over investment of others. Organizations which are considered as institutional investors are insurance companies, pension funds, investment trusts, financial institutions, investment companies.

Ownership concentration is a measure of the existence of large block holders in a firm (Thomsen & Pedersan, 2000). Normally, a shareholder who holds 5% or more of a corporation common stock is considered a major shareholder or block holder. The shareholding of an owner should be significant enough to provide for monitoring the action of the management. The major shareholder can be an individual, a domestic foreign corporation, an institutional investor and or the state. Large block holders have greater incentive to monitor management as the costs

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involved in monitoring is less than the benefits to large equity holdings in the firm. Ownership concentration is a governance system that allows the major shareholder to boost power over board behavior and decisions. Concentrated ownership is common in countries with weak legal protection of minority shareholders. In these countries, getting authority over administration decreases issues of interests between managers and shareholders and thus reduces the agency conflicts. However, control by one shareholder over organization's activities produce agency problems between major shareholder and minority shareholders (Gedajlovic & Shapiro, 2002).

2.1.2 Concept of Earnings Management

Earnings management is recognized as attempts by management to influence or manipulate reported earnings by using specific accounting methods or accelerating expense or revenue transactions, or using other methods designed to influence short-term earnings. The term as generally understood refers to systematic misrepresentation of the true income and assets of corporations or other organizations (Beneish, 1999). Healy and Wahlen (1999) states that earnings management occurs when managers use judgment in financial reporting in structuring transactions to alter financial reports, to either mislead some stakeholders about the underlying economic performance of the company, or to influence contractual outcomes that depend on reported accounting".

Schipper (1989) defined earnings management as "a purposeful intervention in the external financial reporting process with extent of obtaining some private gain". Also, Dechow and Schrand (2004) provided two definitions that tend to be similar. Firstly, a high-quality earnings number is one that accurately reflects the company's current operating performance, is a good indicator of future operating performance, and is a useful summary measure for assessing firm value. Secondly, earnings quality refers to a situation when the earnings number accurately annuitizes the intrinsic value of the firm.

2.2 Theoretical Framework

2.2.1 Agency Theory

The debate about the impact of governance mechanisms on earnings management should be placed in the context of the agency problem arising from the ownership and control separation, creating interests asymmetries between managers and shareholders (Jensen & Meckling, 1979). When managers do not own the company, their behavior is affected by self-interest that put off their goals of maximizing company value and, consequently, the interests of the shareholders or owners (Ali, Salleh & Hassan, 2010). Agency Theory is a supposition that explains the relationship that exists between the principal or owner and the agent or manager in the business. The separation of ownership from management in a modern organization, provide background designed for the functions of agency theory. Contemporary corporations have generally isolated ownership, in the form of shareholders, who are not more often than not involved in the management of their entity. This good connection needs to be treated with the good faith of transparency and accountability by managers. It, therefore, connotes that stakeholder's interest is the most paramount compared to the manager's interest, as such managers must act to pursue stakeholder's interest.

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Consequently, agency theory suggests that a separation between ownership and control, leads to a divergence between manager and owner interests. Conflicts of interest among principles (shareholders) and agents (managers) frequently happen. The agency problem becomes more evident on both the managers and shareholders, because the presumption is that managers will not act in the best interest of the shareholders (Bukit & Iskandar, 2009). Thus, monitoring managerial decisions becomes essential to assure that shareholders' interests are protected (Fama & Jensen, 1983). In this sense, the separation between ownership and control is the main problem as to avoid possible opportunistic behavior of managers that tend to reduce the firm value.

Agency theory suggests that monitoring by institutional ownership can be an important governance mechanism (the efficient monitoring hypothesis). In fact, institutional investors can provide active monitoring that is difficult for smaller, more passive or less-informed investors (Almazan, Hartzell & Starks, 2005). Additionally, institutional investors have the opportunity, resources, and ability to monitor managers. Therefore, the efficient monitoring suggest that institutional ownership is associated with a better monitoring of management activities, reducing the ability of managers to opportunistically manipulate earnings. The efficient monitoring hypothesis suggests an inverse relationship between a firm's earnings management activity and its institutional share ownership (Ebrahim, 2007).

2.3 Empirical Review

Ayadi and Boujelbène (2014) used 117 French companies belonging to the SBF 250 index during the period 2003-2011 and investigate the relationship between ownership structure and earnings quality, proxied by earnings management and informativeness. Panel multiple regression for used for the analysis. The results of linear regressions show that managerial ownership has a positive impact on the earnings management and reveal that ownership concentration and institutional ownership have a positive impact on the earnings informativeness. In addition, the results of the study show the existence of non-linear relationship only for ownership concentration and institutional ownership. This study does not carried out a diagnostic test such as the variance inflation factor and heteroskedasticity test thus, there might exist multicollinearity between the individual variables thereby leading to ungeneralized result.

Imoleayo, Eddy and Oluku (2017) examined the effect of ownership structure on earnings management practices of 137 Nigerian companies. Earnings management was measured using the magnitude of the discretionary accruals. The OLS regression technique was used to measure the research model as well as the Pearson Moment Correlation Coefficient. The study shows that ownership structure has a significant relationship with earnings management practices in Nigeria. It further revealed that there is a positive significant relationship between management ownership and family ownership with earnings management. Also, there is a negative significant relationship between block ownership with earnings management practices in Nigeria. Imoleayo, Eddy and Oluku (2017) does not disclose the diagnostic test of the variables such as variance, heteroskedasticity test, normality test hence, the findings of the study may be spurious to drawn conclusion.

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Isenmila and Elijah (2012) examined the relationship between ownership structure and earnings management of 10 commercial banks in Nigeria from 2006-2010. The study used multivariate regression technique for the analysis. The ownership structure was disaggregated into insider ownership, institutional ownership and external block ownership respectively. The finding of the study revealed the existence of a positive and significant relationship between external block ownership and earnings management. The relationship between insider ownership and earnings management was also observed to be positive and statistically significant. A positive insignificance relationship was also observed between institutional Investors ownership and earnings management. The period considered by the study is too small thus, the study could have used longer duration.

Al-Fayoumi, Abuzayed and Alexander (2010) reported that insider ownership is significant and positively affect earnings management. The study determined the relationship between earnings management and ownership structure for 39 listed Jordanian industrial firms in Amman stock exchange between 2001 and 2005. The study proxied earnings management by discretionary accruals and the three types of ownership studied are; insiders, institutions and block-holders. This study used the Generalized Method of Moment (GMM). The study found that there is a positive and significant relationship between insiders' ownership and earnings management. Also, findings indicates that neither institutions nor block-holders have significant influences on earnings management.

Parveen, Malik, Mahmood and Jan (2016) determined the impact of ownership structure on firm s' earning management of 20 Banking sector of Pakistan from 2000 to 2012 and ownership structure was measured by ownership concentration and ownership mix. From the panel regression, the results showed that independent variables including major shareholders, directors, government and financial institutions negatively affect earnings management of banks. Ownership by local, foreign investors/companies and associated organizations' ownership positively affects earning management of banks. Considering the period of the study, it could have been better if the study extent the scope to 2015 since the study was conducted 2016 thus there was a lag between the two period.

Maswadeh (2018) investigate the effect of ownership structure measured by concentration ownership, institutional ownership and foreign ownership on earnings management while debt ratio and company size is used as control variables of the Jordanian industrial companies for the period 2012–2016. The study used multiple regression models for the analysis and it was found that a significant effect of the concentration ownership was found in the limitation of earnings management practices; while, there was no significant influence of institutional ownership and foreign ownership on the earnings management practices in Jordanian industrial companies. Generalisation of the result without diagnostic result seems to be misleading because there may be problem of heteroskedasticity and multicollinearity among the explanatory variables. Also, the data may have problem of non-normality which may require robust regression analysis instead of pooled regression analysis.

3. METHODOLOGY

The study used panel multiple regression for the analysis and ex-post facto research design was adopts to determine effect of ownership structure on earnings management of

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consumer goods firm in Nigeria. The population of the study comprises of 21 listed consumer goods firms in Nigeria as at 31st December, 2018 and the data was collected through secondary method. TH study also conduct descriptive statistics, correlation matrix, variance inflation factor, heteroskedasticity test.

The model for the study is thus:

$EM_{it} = \beta o + \beta_1 MGO_{it} + \beta_2 INO_{it} + \beta_3 OWNC_{it} + \beta_4 FS_{it} + e_{it}$

Where:

EM_{it}= Earnings management (Measured by Modified jones model for firm i at time t)

MGO_{it} = Managerial Ownership for firm i at time t (Proxy for ownership structure)

INO_{it}=Institutional ownership for firm i at time t (Proxy for ownership structure)

$OWNC_{it}$= Ownership concentration for firm i at time t (Proxy for ownership structure)

FS_{it} = Firm size for firm i at time t (Control variable)

β1 – β4 = Coefficient of explanatory variables

βo = Constant or Intercept

e = Error Term.

Table 1. Variable Measurement

Managerial ownership (MGO)	Percentage of Number of shares held by managers as a proportion of the number of shares outstanding (average across firms
Ownership concentration (OWNC)	Percentage of Number of shares held by shareholders as a proportion of the number of total shares
Institutional ownership (INO)	Percentage of Number of shares held by institutions as a proportion of the number of total shares
Firm size (FS)	Log of total asset

Source: Author's Compilation, (2019)

Earnings Management: Modified Jones Model (MJM)

$$\frac{TAi,t}{Ai,t-1} = \alpha \frac{1}{Ai,t-1} + \beta 1 \frac{(\Delta REVi.t - \Delta ARi.t)}{(Ai,t-1)} + \beta 2 \frac{PPEi.t + ei.t}{Ai,t-1}$$

Where,
$TAi,t =$ total accruals in period t,
$\Delta REVi.t =$ the change in revenue,
$\Delta ARi.t =$ the change in account receivable,

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$Ai, t-1 =$ total assets in period t-1,
$PPEi.t =$ the sum of property, plant and equipment,

4. FINDINGS AND DISCUSSIONS

Table 2 Descriptive Statistics

	EJM	MGO	INO	OWNC	FS
Mean	0.069347	0.129820	0.278438	1.441685	7.237654
Median	0.072578	0.018961	0.187782	0.328494	6.991050
Maximum	0.540639	0.976570	0.930640	0.516734	11.99400
Minimum	-0.327173	0.000359	0.000228	0.004660	4.060600
Std. Dev.	0.119157	0.223624	0.232652	7.296540	2.159475
Skewness	0.529607	2.075046	0.973246	7.321585	0.379096
Kurtosis	5.072252	6.595746	3.096281	56.29618	2.099316
Jarque-Bera	47.39144	263.8357	33.23336	26730.42	12.12826
Probability	0.000000	0.000000	0.000000	0.000000	0.002325
Observations	210	210	210	210	210

Source: Author's Computation, (2019)

The descriptive statistics of the study shows that earnings management has a mean of 0.069347 while the median is 0.072578. In the same way, the maximum and minimum earnings management is 0.540639 and -0.327173 while the maximum ownership by managers is 0.976570 while the minimum ownership by managers is 0.000359. Also, the average means owns by the managers in consumer goods firms in Nigeria is 0.129820 while the median is 0.018961. The institutional ownership mean n consumer goods firms in Nigeria is 0.278438 while the maximum and minimum institutional ownership is 0.930640 and 0.000228 while the ownership concentration by blockholders is maximum and minimum 0.516734 and 0.004660 respectively. In the same way, firm size maximum value is 11.99400 with minimum value of 4.060600 while the mean and median of firm size is 7.237654 and 6.991050 respectively.

Table 3 Correlation Matrix

	EJM	MGO	INO	OWNC	FS
EJM	1.000000	-0.238317	0.012139	-0.163904	-0.138573
MGO	-0.238317	1.000000	0.017195	-0.045684	0.485639
INO	0.012139	0.017195	1.000000	0.187403	0.127760
OWNC	-0.163904	-0.045684	0.187403	1.000000	-0.002610
FS	-0.138573	0.485639	0.127760	-0.002610	1.000000

Source: Author's Computation, (2019)

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The correlation result shows that managerial ownership, ownership concentration and firm size has negative correlation with earnings management variable while institutional ownership has positive correlation with earnings management.

Table 4 Variance Inflation Factor

Variance Inflation Factors			
Sample: 1 210			
Included observations: 210			
	Coefficient	Uncentered	Centered
Variable	Variance	VIF	VIF
MGO	0.001655	1.759555	1.314447
INO	0.001229	2.576554	1.056320
OWNC	1.23E-06	1.079742	1.038987
FS	1.80E-05	16.38500	1.333542
C	0.000893	14.24089	NA

Source: Author's Computation, (2019)

The multicollinearity test from the table above showed that all the VIF values are less than 10 and the tolerance values are not less than 0.1. The result depicted that there is no evidence of multicollinearity among the explanatory variables.

Table 5 Heteroskedasticity Test

Heteroskedasticity Test: Breusch-Pagan-Godfrey			
Null hypothesis: Homoskedasticity			
F-statistic	0.783078	Prob. F(4,205)	0.5373
Obs*R-squared	3.160420	Prob. Chi-Square(4)	0.5313
Scaled explained SS	5.745753	Prob. Chi-Square(4)	0.2190

Source: Author's Computation, (2019)

The result of Breusch-Pagan-Godfrey test for heteroskesdasticity test for the study shows that the Obs. R-square value is 3.160420 and the p- value is 0.5373 indicating that there is absence of heterosckedasticity and that of the homogeneity of data.

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Table 6: Summary of Random Model

Variable	Coefficient	T-statistics	p-value
MGO	-0.120377	-3.010507	0.0029
INO	0.028719	0.835810	0.4042
OWNC	-0.003044	-2.789123	0.0058
FS	-0.002191	-0.526948	0.5988
C	0.097223	3.097243	0.0022
R-Square	0.094548		
F-statistic	5.351566		
Prob(F-statistic)	0.000405		
Hausman P-value	0.8668		

Source: Author's Computation, (2019)

The cumulative R2, (0.097223) which is the combined coefficient of determination indicates the extent to which the independent variables explain the total variation in the dependent variable. Thus, it signifies that 10% of the total variation in the earnings management of consumer firms in Nigeria is caused by managerial ownership, institutional ownership and ownership concentration. The prob. of F-statistics is significant at 5% level indicates that the model of the study is fit. Furthermore, the study used the result of random model to test the stated hypotheses because the Prob. Value of Hausman is greater than 5%.

The result revealed that managerial ownership has negative significant effect on earnings management which means that any increase in managerial ownership of consumer goods firms in Nigeria, it will decrease earnings activities by -0.120377 while institutional ownership has positive but insignificant effect on earnings management with p-value greater than 5% level of confidence. Furthermore, ownership concentration has negative significant effect on earnings management of consumer goods firms in Nigeria with p-value less than 5% level of confidence hence, increase in ownership concentration will decrease earnings management of consumers' goods firms by -0.003044 while firm size has negative but insignificant effect on earnings management of consumer goods firms in Nigeria

5. CONCLUSION AND RECOMMENDATION

The study examined the effect of ownership structure on earnings management of consumer goods firm in Nigeria and it was discovered that managerial ownership and ownership concentration has negative significant effect on earnings management while institutional ownership has positive significant effect on earnings management thus, the study concludes that increase in managerial ownership and ownership concentration will decrease earnings management of consumer goods firms in Nigeria. Based on the conclusion, the study recommends that:

i. The managers of consumer goods firms should be allowed to own a substantial share in the company because they will align their interest to that of the organization hence, it will reduce earnings management practice in the organization.

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ii. The shareholders that owns more than 5% ownership in the organization should monitor the managers' activities because it will help to reduce earnings management activities by the firms.

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APPENDIX

HETEROSKEDASTICITY TEST

Heteroskedasticity Test: Breusch-Pagan-Godfrey
Null hypothesis: Homoskedasticity

F-statistic	0.783078	Prob. F(4,205)	0.5373
Obs*R-squared	3.160420	Prob. Chi-Square(4)	0.5313
Scaled explained SS	5.745753	Prob. Chi-Square(4)	0.2190

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 12/04/19 Time: 16:49
Sample: 1 210
Included observations: 210

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.023587	0.006565	3.592977	0.0004
MGO	0.004288	0.008940	0.479661	0.6320
INO	5.61E-05	0.007703	0.007287	0.9942
OWNC	-0.000104	0.000244	-0.427669	0.6693
FS	-0.001542	0.000932	-1.653736	0.0997

R-squared	0.015050	Mean dependent var	0.012848
Adjusted R-squared	-0.004169	S.D. dependent var	0.025157
S.E. of regression	0.025209	Akaike info criterion	-4.499711
Sum squared resid	0.130276	Schwarz criterion	-4.420018
Log likelihood	477.4696	Hannan-Quinn criter.	-4.467494
F-statistic	0.783078	Durbin-Watson stat	1.047686
Prob(F-statistic)	0.537337		

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POOLED REGRESSION

Dependent Variable: EJM
Method: Panel Least Squares
Date: 12/04/19 Time: 16:39
Sample: 2009 2018
Periods included: 10
Cross-sections included: 21
Total panel (balanced) observations: 210

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MGO	-0.123256	0.040685	-3.029547	0.0028
INO	0.028208	0.035056	0.804648	0.4220
OWNC	-0.003019	0.001109	-2.723501	0.0070
FS	-0.001863	0.004244	-0.438914	0.6612
C	0.095328	0.029875	3.190878	0.0016

R-squared	0.090776	Mean dependent var	0.069347
Adjusted R-squared	0.073035	S.D. dependent var	0.119157
S.E. of regression	0.114723	Akaike info criterion	-1.469074
Sum squared resid	2.698072	Schwarz criterion	-1.389381
Log likelihood	159.2528	Hannan-Quinn criter.	-1.436857
F-statistic	5.116718	Durbin-Watson stat	1.065207
Prob(F-statistic)	0.000598		

FIXED EFFECT MODEL

Dependent Variable: EJM
Method: Panel Least Squares
Date: 12/04/19 Time: 16:41
Sample: 2009 2018
Periods included: 10
Cross-sections included: 21
Total panel (balanced) observations: 210

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MGO	-0.119031	0.040152	-2.964539	0.0034
INO	0.028944	0.034457	0.840013	0.4019
OWNC	-0.003055	0.001097	-2.785231	0.0059
FS	-0.002343	0.004169	-0.562090	0.5747
C	0.098103	0.029300	3.348277	0.0010

Effects Specification

Period fixed (dummy variables)

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R-squared	0.175013	Mean dependent var	0.069347
Adjusted R-squared	0.120295	S.D. dependent var	0.119157
S.E. of regression	0.111760	Akaike info criterion	-1.480585
Sum squared resid	2.448100	Schwarz criterion	-1.257444
Log likelihood	169.4614	Hannan-Quinn criter.	-1.390377
F-statistic	3.198434	Durbin-Watson stat	0.996563
Prob(F-statistic)	0.000220		

RANDOM MODEL
Dependent Variable: EJM
Method: Panel EGLS (Period random effects)
Date: 12/04/19 Time: 16:41
Sample: 2009 2018
Periods included: 10
Cross-sections included: 21
Total panel (balanced) observations: 210
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
MGO	-0.120377	0.039986	-3.010507	0.0029
INO	0.028719	0.034360	0.835810	0.4042
OWNC	-0.003044	0.001091	-2.789123	0.0058
FS	-0.002191	0.004157	-0.526948	0.5988
C	0.097223	0.031390	3.097243	0.0022

Effects Specification		
	S.D.	Rho
Period random	0.036131	0.0946
Idiosyncratic random	0.111760	0.9054

Weighted Statistics

R-squared	0.094548	Mean dependent var	0.038797
Adjusted R-squared	0.076881	S.D. dependent var	0.115543
S.E. of regression	0.111013	Sum squared resid	2.526389
F-statistic	5.351566	Durbin-Watson stat	1.019480
Prob(F-statistic)	0.000405		

Unweighted Statistics

R-squared	0.090740	Mean dependent var	0.069347
Sum squared resid	2.698177	Durbin-Watson stat	1.066019

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HAUSMAN SPECIFICATION
Correlated Random Effects - Hausman Test
Equation: Untitled
Test period random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Period random	1.267948	4	0.8668

Period random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
MGO	-0.119031	-0.120377	0.000013	0.7121
INO	0.028944	0.028719	0.000007	0.9303
OWNC	-0.003055	-0.003044	0.000000	0.9213
FS	-0.002343	-0.002191	0.000000	0.6164

Period random effects test equation:
Dependent Variable: EJM
Method: Panel Least Squares
Date: 12/04/19 Time: 16:41
Sample: 2009 2018
Periods included: 10
Cross-sections included: 21
Total panel (balanced) observations: 210

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.098103	0.029300	3.348277	0.0010
MGO	-0.119031	0.040152	-2.964539	0.0034
INO	0.028944	0.034457	0.840013	0.4019
OWNC	-0.003055	0.001097	-2.785231	0.0059
FS	-0.002343	0.004169	-0.562090	0.5747

Effects Specification

Period fixed (dummy variables)

R-squared	0.175013	Mean dependent var	0.069347
Adjusted R-squared	0.120295	S.D. dependent var	0.119157
S.E. of regression	0.111760	Akaike info criterion	-1.480585

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Sum squared resid	2.448100	Schwarz criterion	-1.257444
Log likelihood	169.4614	Hannan-Quinn criter.	-1.390377
F-statistic	3.198434	Durbin-Watson stat	0.996563
Prob(F-statistic)	0.000220		

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