CORPORATE GOVERNANCE AND FIRM VALUE

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ABSTRACT

This study examines corporate governance and firm value in Nigeria. The specific objectives of this study were to determine the relationship between board size, board independence, audit committee meeting, board meeting and firm value. To achieve this objective, secondary data were sourced from a sample of ten (10) quoted companies for a period of seven (7) years (2010 – 2016). The data were estimated using the Panel Least Square (PLS) regression technique with the aid of E-Views 8.0 software. At the end of the analysis, the empirical findings revealed board independence is positively and statistically significant with firm value, board size, audit committee meeting. Board meeting was found to be negative and statistically insignificant respectively. In line with these findings, we recommend that a board of 6-10 persons rather than the norm of 12-20 persons would make for more effective supervision and control. Company boards would be more effective with fewer but more committed members. Large-size boards diminish a sense of personal responsibility, with each board member taking refuge in the collective position.

Key Words: Board Size, Board Independence, Audit Committee Meeting, Board Meeting, Firm Value

INTRODUCTION

Corporate governance is the set of processes, customs, policies, laws, and institutions affecting the way a corporation (or company) is directed, administered or controlled. It comprises the long-term management and oversight of the company in accordance with the principles of responsibility and transparency (Khatab, Masood, Zaman, Saleem and Saeed, 2011). Al-Haddad, Alzurqan, Al_Sufy (2011) observe that, corporate governance is basically concerned with ways in which all parties interested in the well-being of the firm (the stakeholders) attempt to ensure that managers and other insiders are always taking appropriate measures or adopt mechanisms that safeguard the interests of the stakeholders. Such measures are necessitated because of the separation of ownership from management, an increasingly vital feature of the modern corporations.

Corporate governance is all about running an organization in a way that guarantees that its owners or stockholders receive a fair return on their investment, while the expectations of other stakeholders are also met (Magdi & Nedareh, 2002). It addresses the need for organizational stewards or managers to act in the best interest of the firm's core stakeholders, particularly, minority shareholders or investors, by ensuring that only actions that facilitate delivery of optimum returns and other favorable outcomes are taken at all times. This is typically facilitated by creating an operating milieu which promotes the observance of codes of conduct that espouse accountability, transparency, fairness, ethical behavior, responsibility and other values designed to act as safeguards against institutional corruption and the mismanagement of scarce organizational resources (Duke and Kankpang, 2011).

Dincer and Dincer (2013) opine that corporate governance has been a recent source of interest to investors, policy makers, and corporations. Especially after recent corporate scandals, investors have asked what must be done

to get corporations to maximize shareholder value. Consequently, researchers, corporate managers, and shareholders are interested in the relationship between corporate governance and firm value.

In Nigeria, the issue of corporate governance and its best practice is still generating heat especially since the financial crises and the collapse banks, private and public corporations in the past decades. Companies like Leventis Plc, Nigerian Coal Corporation, Asaba Textile Industry, Kaduna Textile Industry all failed because of poor corporate governance (Modum, Ugwoke & Oniyeanu, 2013). Since ever the collapse of the financial institutions in Nigeria, many researchers like (Sanda, Mikalu & Garba 2005; Kajola 2008; Babatunde & Olaniran, 2009; Semiu & Temitope, 2010) conducted research on corporate governance mechanisms and firm performance in the country. Other researchers examined the effectiveness of audit committee reporting in Nigeria (Okoye & Cletus, 2010; Owolabi & Ogbechia 2010; Madawaki & Amran 2013). None of these studies explored the relationship between board meetings and firm value. Board of directors is appointed by shareholders to oversee the affairs of the company and monitor management on their behalf. For the board of directors and its sub-committees to fulfill its function of monitoring management, boards must frequently meet. Boards that frequently meet have time to set strategy and monitor management (Vafeas, 1999). They are likely to perform their duties in the best interest of the shareholders. On the other hand, frequent meetings result in waste of managerial time, increase financial burden in terms of travel expenses and sitting allowance. Routine tasks also absorb most of the meeting without adequate time left for outside directors to exercise control over the management. According to Vafeas (1999) board meeting, are not useful because outside directors have limited time for meaningful exchange of ideas among themselves. Most corporate governance literatures focused on the size and composition of the board as a measure of it involvement in company financial performance (firm value) without considering the important of board meetings.

It is against this backdrop that this study therefore aims to find out the link between corporate governance and firm value among listed firms in Nigeria, using variables such as board size, board independence, audit committee meeting as well as board meeting.

Literature Review

Firm Value

Companies through good system of internal governance improve its operations, and at the same time provide useful information to shareholders (Hsiang-Tsai et al., 2005). Studies have shown that good corporate governance directly affect corporate performance. It is evidenced that good corporate governance directly related to company performance. Black, Jang and Kan (2002) found that the company with a good system of corporate always reported better financial performance than those without good corporate governance. Jensen and Meckling (1976) share the same opinion that good corporate governance system result in high financial returns. On the other hand, Daily and Dalton (1994) believe that poor corporate governance may likely result in bankruptcy while good corporate governance helps to increase investor`s confidence.

The previous researchers on corporate governance use different dimension to measure company performance. For example, Klein (1998) uses return on assets (ROA) and Lo (2003) uses return on equity (ROE) as performance indicators. Although other studies have used return on equity, in this study too, return on equity (ROE) is used as performance indicator. This indicator has severally been used by many researchers to examine the effect of board characteristics and company performance. (Heravi et al., 2011; Sanda et al., 2005; Haslindar & Fazilah, 2011; Dagsson, 2011). The use of ROE allows investors to assess how effective companies manage resources to generate income for the shareholders. It is also attractive to shareholders.

Board Size and Firm Value

The research of board size continues to draw attention due to the importance of board size to corporate organizations. Research not acknowledged a collective superlative board size.Akpan (2015) opine that board size

is the total number of executive and non-executive directors on board is known as board size. Researchers have empirically examined the issue of board size and firm value (performance) with their results inconsistent. Amarjit and Mathur (2011) examine the impact of board size and the CEO (Chief Executive Officer) duality on the value of Canadian manufacturing firms. The empirical results show that larger board size (large number of directors) has a negative impact on the value of Canadian manufacturing firms.

Bebeji, Mohammed and Tanko (2015) found that board size has significant negative impact on the performance of banks in Nigeria. This signifies that an increase in Board size would lead to a decrease in ROE and ROA. A study by Eyenubo (2015) found that there is a negative association between bigger board size and firm financial performance. In their study, Weterings and Swagerman (2014) observed a positive association between board size and firm value. Sanda, Mikailu and Garba (2005) report that firm performance is positively correlated with small, as opposed to large boards. Ehikioya (2009) observed a positive relationship between board size and firm value in Nigeria.

Another version of the study using sample from the NSE was conducted by Uadiale (2010) and reported the same results. It was further noticed that having a positive relationship between the two variables supports the notion of better performance when a company has greater access to the external business environment through increased board size.   The study of Cheng, Evans and Nagarajan (2008) using the passage of anti-takeover laws as the empirical setting indicated that firms with smaller board sizes perform better because of the presence of active corporate control. Rashid, De Zoysa, Lodh, and Rudkin (2010) added that board size significantly affects firm performance in a negative manner after using a set of accounting – based measures on Bangladesh companies.

Ujunwa (2012) investigates the relationship between board characteristics and the financial performance of Nigerian companies. The study uses data from 122 companies in Nigeria from 1991 to 2008. This study shows that board size have negative relationship with performance. From the foregoing literature, we formulate hypothesis that:

H_{o1}:   *There is no significant relationship between board size and firm value*

Board Independence and Firm Value

One of the key characteristic of board is the non-executive directors, the non-executive director is the one that is not involved in the day to day management of the organization, but he is involved in the decision making and the planning policies (Rimon, Aiman and Kyaw, 2014)

Literatures on board independence and firm value suggest that presence of non executive directors on the board ensures an effective oversight over the activities of the firm management which in turn leads to superior firm performance.

The empirical studies show mixed results concerning the role of independent directors. Yasser, Entebang, and Mansor (2011) found that presence of outside board member have a positive relationship with firm value. Resenstein and Wyatt (1990), Andres and Vallelado (2008), states that there is a positive relationship between board independence and firm performance.

In the study of Millstein and Macavoy (1998), an economic analysis of potential returns to shareholders sans causation studies revealed that independent boards whose active participation leads to better performance than those non-independent and passive boards. It, however, was contrasted in the study of Erickson, Park, Reising, and Shin (2005), where a negative relationship between board independence and firm value, measured in terms of performance, was observed to exist among listed companies in Canada from 1993 – 1997, Ehikioya (2000) and

Uadiale (2010) noted a positive relationship between board independence and firm performance among NSE – listed firms.

Pathan *et al* (2007) last explained that such association manifested because independent directors provide increased confidence on the oversight role which affect their reputation in the market. Vintilă and Gherghina (2013) found no significant evidence between the percentage of non-executive directors and firm value. From the foregoing literature, we formulate hypothesis that:

H_{o2}:   There is no significant relationship between board independence and firm value

Audit Committee Meeting and Firm Value

Audit Committee is one of the subcommittees that are established by the companies with the responsibility of supplying the assurance on financial and compliance issues. Its role includes choice and monitoring of accounting principles and policies, overseeing appointment, dismissal of external auditors, monitoring internal control process, discussing risk management policies and practice with management and overseeing the performance of internal audit function (Akpan, 2015).

In Nigeria, the audit committee is considered as a committee of representatives of both directors and shareholders charged with the responsibility to review the annual statements before being submitted to the board of directors. Audit committee that is active is expected to provide a monitoring mechanism that can improve the reliability and financial reporting of the company. In order to achieve this, must frequency of meetings. Advantages of meeting frequently are; it gives board time to oversee the financial reporting process, identify management risk, provides reliable information to shareholders through proper monitoring of internal control system (Anderson, Mansi, Reeeb, 2004).

Empirical evidence on the relationship between audit committee meetings and company performance are mixed. Anderson et al. (2004) found that the frequency of audit committee meeting reduced cost of debt. Hus (2007) found a positive relationship between audit committee and firm performance. Abbott, Parker, Peters (2004) posited that the audit committee that meets frequently reduced the possibility of financial fraud while Beasley, Carcello, Hermanson, Lapides (2000) found fraudulent earnings with fewer audit meetings.

Akpan (2015) result shows that audit committee meetings are positively significant with firm value. From the foregoing literature, we formulate hypothesis that:

H_{o2}:   There is no significant relationship between audit committee meeting and firm value

Board Meeting and Firm Value

Another stream of research examines the effect of Board of Director's activity of firm´s performance. Vafeas (1999) approximates the intensity of Board activity by the Board meeting frequency (*i.e*. the number of meetings of Board of Directors each fiscal year). Using a sample of 307 U.S. companies in 1990 – 1994, his results show that firms with a lower number of Board meetings exhibit the highest price to book value. The underlying rationale behind this finding is that too frequent meetings are a signal of less efficient Board members as well as some communication issues among Board members. Vafeas (1999) also shows that there is a positive relationship between the frequency of Board meetings and Board size. This supports the previous finding by Yermack (1996) that suggests higher firm´s value for small board sizes.

Every director is expected to attend all board meeting such attendance is one of the criteria for the re-nomination of a director except where there are cogent reasons that the board must notify the shareholders of at

annual general meeting (AGM) (SEC 2006). For board to effectively perform its oversight function and monitor management performance, the board must hold a regular meeting. Measuring the intensity and effectiveness of corporate monitoring and discharging is the frequency of board meetings (Jensen 1993). There are mixed views about the effect of board meetings and corporate performance. One supporting point is that the frequency of board meetings is a measure of board activities and effectiveness of its monitoring ability (Conger et al. 1998 and Vefeas 1999) frequent board meetings can result in higher qualities of management monitoring that in turn impact positively on corporate financial performance (Ntim, 2009). Conger et al. (1998) suggest that the board meeting be important resource in improving the effectiveness of the board. It helps directors to be informed and keep abreast with the development with the organization (Mangena and Tauringana 2008). Regular meetings also allow directors to sit and strategize on how to move the organization forward.

According to Lipton and Lorsch (1992) regular meetings enable directors to interact thereby creating and strengthening cohesive bonds among them. However, the opposing view of board meetings is that it is costly in terms of travel expenses, refreshments and sitting allowance to be paid to directors (Vafea, 1999). Board meetings are not necessarily useful because the limited time outside directors meet is not used for meaningful exchange of ideas among themselves and management (Jensen 1993) instead preoccupied with routine tasks and meetings formalities. This reduces the amount of time the board has to monitor management (Lipton and Lorsch 1992).

Empirical findings on the effect of frequent board meetings and corporate performance show mixed results. Vafeas (1999) reports a statistical significance and negative association between frequency board meetings and corporate performance. He also finds that operating performance significantly improves following a year of abnormal board activity. Karamandu and Vafeas (2005) find a positive association between frequency board meeting and management earnings forecasts, using a sample of 157 firms in Zimbabwe from 2001-2003; Mangena and Tauringans (2008) report a positive relationship between the frequency of board meetings and corporate performance. Similarly in a study of the sample of 169 listed corporations from 2002-2007 in South African, a statistical significant and positive association between the frequency of board meeting and corporate performance exist (Ntim and Osei 2011). This implies that the board of directors in South Africa that meet more frequently tend to generate higher financial performance. Another study conducted on public listed companies in Malaysia using five years data 2003 to 2007 of 328 companies, shows that the higher the number of meetings the worse the firm performance. (Amram, 2011).   Akpan (2015) result shows that the board meetings are negatively significant with firm value. From the foregoing literature, we formulate hypothesis that:

H_{o2}:   There is no significant relationship between board meeting and firm value

METHODOLOGY

This study examines corporate governance and firm value in Nigeria. To achieve the objectives of the study it employed a short period of seven (7) years (2010 – 2016) and a small unit of ten (10) companies quoted on the Nigerian Stock Exchange.

This study adopted a quantitative research approach where data was collected through secondary approach. The choice of ten (10) quoted companies as the sample size is based on the availability of data for all the variables for the year under review (i.e. 2010 – 2016).

Model Specification and Measurement

The model of this study is Panel Multiple Regression. The Independent variables for this study are: board size, board independence, audit committee meeting and board diligence (proxy by board meeting).

The dependent variable is firm value (proxy by share price). This is consisted with Hanoku (2008) and Wakefield and Castillo (2005). The assumption is that the independent variables are a linear function of the dependent variable. The functional form of the model is express as follows:

$$FVAL_{it} = \beta_0 + \beta_1 BSIZE_{it} + \beta_2 BOIND_{it} + B_3 ACMEET_{it} + \beta_4 BODMEET_t + e_t$$

Where:
FVAL   =   Firm Value
BSIZE   =   Board Size
BOIND =   Board Independence
ACMEET   =   Audit Committee Meeting
BODMEET   =   Board Meeting
e_t =   Error Terms
Apriori expectation: $\beta_1, \beta_2, \beta_3, \beta_4, \beta_5 > 0$

Operationalisation of Variables

Variables	Definition	Type	Operationalisation
FVAL	Firm Value (proxy by Share Price)	Dependent	is the price at which one unit of a company's stock is sold.
BSIZE	Board Size	Independent	is the total number of directors on board.
BOIND	Board Independence	Independent	is the number of independent directors on board.
ACMEET	Audit Committee Meeting	Independent	Number of audit committee meeting during the year
BODMEET	Board Meeting	Independent	This is measured by the number of board meetings attended by the board of directors

PRESENTATION AND ANALYSIS OF DATA

In analyzing the data, we adopted panel multiple regression to identify the possible effects of corporate governance and firm value in selected Nigerian quoted companies. To this end, Panel Least Square (PLS) was conducted. We also conducted some preliminary analysis, such as descriptive statistics and correlation matrix.

Table 1: Descriptive Statistics

	FVAL	ACMEET	BODMEET	BOIND	BSIZE
Mean	2011.092	3.628571	5.057143	0.743674	11.31429
Median	48.00000	4.000000	5.000000	0.645000	11.00000
Maximum	25107.00	5.000000	10.00000	1.800000	17.00000
Minimum	1.060000	2.000000	3.000000	0.250000	6.000000
Std. Dev.	6069.249	0.764643	1.473296	0.391898	2.300239
Skewness	2.913205	0.148250	1.462105	1.427618	0.129057
Kurtosis	9.945892	2.495390	5.136066	4.285314	2.556407
Jarque-Bera	239.7280	0.999086	38.24852	28.59617	0.768244
Probability	0.000000	0.606808	0.000000	0.000001	0.681048
Sum	140776.5	254.0000	354.0000	52.05720	792.0000
Sum Sq. Dev.	2541669	40.34286	149.7714	10.59732	365.0857
Observations	70	70	70	70	70

Source: Researchers Computation (E-Views 8) 2018

Table 4.1 shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and Jarque-Bera (JB) statistics (normality test). The results in Table 4.1 provided some insight into the nature of the selected Nigerian quoted companies that were used in this study. Firstly, the large difference between the maximum and minimum values of share price (SP) shows that the sampled quoted companies in this study are not dominated by either large or small share price companies. Secondly, it was observed that on the average over the six-year period (2010-2016), the sampled quoted companies in Nigeria were characterized by both large boards (15) and small boards (3).We also observed that the maximum number of females on the boards of our sampled firms was 4. This shows that none of our sampled companies had a large female board representation and this also indicate that woman are not well represented in the board of most quoted companies in Nigeria. A look at board independence (BIND) in table 4.1, shows that on the average over the six-year period, board independence of the sampled quoted companies was 0.21 while its maximum and minimum values clearly show that there is a wide dispersion in board independence of our sampled quoted companies. This confirms that our sample companies are heterogeneous and our selected estimation techniques most take into consideration the cross-section effect of each company. This therefore justifies our use of panel regression estimation techniques.

Lastly, in table 4.1, the Jarque-Bera (JB) which test for normality or the existence of outliers or extreme values among the variables, shows that all the variables are normally distributed at 1% level of significance except board size. This means that almost all the variables are not likely to distort our conclusion and are therefore reliable for drawing generalization. This also implies that a least square estimation can be used to estimate the panel regression models.

Correlation Analysis

In examining the association among the variables, we employed the correlation coefficient (correlation matrix) and the results are presented in Table 2.

Table 2: Correlation Analysis

Covariance Analysis: Ordinary
Date: 05/29/16   Time: 13:20
Sample: 2009 2015
Included observations: 70

Covariance Correlation	FVAL	ACMEET	BODMEET	BOIND	BSIZE
FVAL	36309564				
	1.000000				
ACMEET	796.6064	0.576327			
	0.174140	1.000000			
BODMEET	-1833.466	-0.150204	2.139592		
	-0.208016	-0.135264	1.000000		
BOIND	686.0066	-0.020921	-0.047741	0.151390	
	0.292596	-0.070827	-0.083884	1.000000	
BSIZE	4615.442	0.416735	0.324898	0.011520	5.215510
	0.335393	0.240368	0.097260	0.012964	1.000000

The use of correlation matrix in most regression analysis is to check for multicolinearity and to explore the association between the each explanatory variable and the dependent variable. Table 4.2 focuses on the correlation between share price (SP), and board characteristics (BSIZE, BIND, CEODU, BCOM and BGEND).

The findings from the correlation matrix table, shows that board size was negatively and weakly correlated with share prices (BSIZE, SP = -0.07). In the case of Board Independence (BIND, SP = -0.11) we observed that, board independence was negatively and weakly associated with share prices). A look at CEO duality (CEODU; SP=0.10), indicate that Share prices was positively and weakly correlated with CEO duality. We also observed that in the case of board gender diversity (BGEND, SP = 0.10), that the number of women on the board of companies had a positive and weak association with share prices (BGEND, SP = 0.10). The association between board members in committee (BCOM, SP=-0.08) was negative and weakly correlated with share prices.

In checking for multicolinearity, we notice that no two explanatory variables were perfectly correlated. This includes both corporate governance and our control variables. This means that there is the absence of multicolinearity problem in our model. Multicolinearity between explanatory variables may result to wrong signs or implausible magnitudes in the estimated model coefficients, and the bias of the standard errors of the coefficients.

Panel Multiple Regression Results

Dependent Variable: FVAL				
Method: Panel Least Squares				
Date: 05/29/16 Time: 13:17				
Sample (adjusted): 2010 2015				
Periods included: 6				
Cross-sections included: 10				
Total panel (balanced) observations: 60				
Convergence achieved after 8 iterations				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACMEET	-148.3394	222.7088	-0.666069	0.5082
BOADEL	-109.4900	159.6596	-0.685772	0.4958
BOIND	1295.561	755.0019	1.715970	0.0919
BSIZE	-104.6504	136.2652	-0.767991	0.4458
C	22092.74	61545.72	0.358965	0.7210
AR(1)	0.989797	0.031635	31.28756	0.0000
R-squared	0.949529	Mean dependent var		2122.663
Adjusted R-squared	0.944855	S.D. dependent var		6361.864
S.E. of regression	1493.949	Akaike info criterion		17.55087
Sum squared resid	1.21E+08	Schwarz criterion		17.76031
Log likelihood	-520.5262	Hannan-Quinn criter.		17.63279
F-statistic	203.1831	Durbin-Watson stat		1.633204
Prob(F-statistic)	0.000000			
Inverted AR Roots	.99			

From table 4.1 above, it can be seen that the R^2 statistic is 0.95 while the adjusted R^2 statistic is also 0.94%. This is an indication that about 94% of systematic variations in Firm Value (FVAL) are explained by changes in the explanatory variables of the model. Similarly, the F-statistic, 203.18 is statistically significant at the 1% level

(probability value of 0.0000). These statistics indicate that our model satisfies the overall goodness of fit statistical test.

The Durbin-Watson statistic of 1.63 shows the absence of autocorrelation. Thus, our econometric model meets both statistical and diagnostic criteria and represents a good and consistent estimator that can be useful for policy direction.

In addition to the above, the specific finding from each explanatory variable from the panel regression models is provided as followings:

Board Size (BSIZE), based on the coefficient -0.76 and p-value of 0.44, appears to have a negative influence on firm value and was statistically insignificant. This result, therefore, suggests that we should accept hypothesis one (H_1), which stated that large Board size and firm value are not significantly related. While the argument of positive relationship was based on premise that the larger the board sizes the better the chances that more quality ideas and better decisions would be made for the benefit of the shareholders. In Nigeria case, we argued from our findings that large board are not significantly useful for better predicting of firm value rather they lead to higher directors cost and decrease earnings performance which insignificantly negatively impact on firm value. This means that large board increase cost rather than improving cost efficiency in most Nigeria companies. This negates the finding of Ehikioya (2009), Uadiale (2010) which shows that there is a positive and significant relationship between board size and firm value but support the views Abdellatif (2009), Ujunwa (2012) that there is no significant relationship between board size and firm value.

Board Independence (BOIND), based on the coefficient of 1.71 and p-value of 0.09 was found to have a positive impact on firm value and this was statistically significant. This result, therefore, suggests that we should reject hypothesis two (H_2), which suggests that board independence is not significantly related to firm value in Nigeria. This findings negates the finding of Agrawal and Knoeber (1996) which shows that there is no significant relationship between and board independence and firm value, but support the views of Resenstein and Wyatt (1990), Andres and Vallelado (2008) which shows that there is a positive and significant relationship between board independence and firm value.

Audit Committee Meeting (ACMEET), based on the coefficient -0.66 and p-value of 0.50, appears to have a negative influence on our sampled quoted companies' firm value and was statistically insignificant. This result, therefore, suggests that we should accept hypothesis three (H_3), which stated that audit committee meeting and firm value are not significantly related.

Board Meeting (BODMEET), based on coefficient of -0.68 and p-value of 0.49 also appeared to have had a negative and insignificant influence on our sampled quoted companies' firm value This result, therefore, suggests that we should accept hypothesis four (H_4), which suggests that board meeting have no significant influence on firm value.

Conclusion

The aim of this research was to empirically investigate corporate governance and firm value in Nigeria. A sample of 10 quoted companies on the Nigerian Stock Exchange was drawn from the period 2010 to 2016. Results from this study show that among the variables examined only board independence have positive and significant association with firm value, while board size audit committee size and board meeting had no significant influence on firm value of quoted companies in Nigeria for the period under study. In line with the findings, the study recommends that a board of 6-10 persons rather than the norm of 12-20 would make for more effective supervision and control. Company boards would be more effective with fewer but more committed members. Large-size boards diminish a sense of personal responsibility, with each board member taking refuge in the collective position. This

makes it harder to restrain management and the cult of personality (Choudhry, 2011). As long as there are sufficient checks-and-balances, the ideals of business lines will be ensured with smaller board membership.

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APPENDIX

Dependent Variable: FVAL
Method: Panel Least Squares
Date: 05/29/16   Time: 13:16
Sample: 2009 2015
Periods included: 7
Cross-sections included: 10
Total panel (balanced) observations: 70

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACMEET	686.2023	894.3022	0.767305	0.4457
BODMEET	-845.5692	453.0283	-1.866482	0.0665
BOIND	4293.102	1677.036	2.559934	0.0128
BSIZE	873.3081	294.9941	2.960425	0.0043
C	-9276.205	4964.422	-1.868537	0.0662

R-squared	0.249872	Mean dependent var	2011.092
Adjusted R-squared	0.203711	S.D. dependent var	6069.249
S.E. of regression	5415.898	Akaike info criterion	20.10081
Sum squared resid	1.91E+09	Schwarz criterion	20.26142
Log likelihood	-698.5285	Hannan-Quinn criter.	20.16461
F-statistic	5.412979	Durbin-Watson stat	0.452569
Prob(F-statistic)	0.000798		

Dependent Variable: FVAL
Method: Panel Least Squares
Date: 05/29/16   Time: 13:17
Sample (adjusted): 2010 2015
Periods included: 6
Cross-sections included: 10
Total panel (balanced) observations: 60
Convergence achieved after 8 iterations

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACMEET	-148.3394	222.7088	-0.666069	0.5082
BODMEET	-109.4900	159.6596	-0.685772	0.4958
BOIND	1295.561	755.0019	1.715970	0.0919
BSIZE	-104.6504	136.2652	-0.767991	0.4458
C	22092.74	61545.72	0.358965	0.7210
AR(1)	0.989797	0.031635	31.28756	0.0000

R-squared	0.949529	Mean dependent var	2122.663
Adjusted R-squared	0.944855	S.D. dependent var	6361.864
S.E. of regression	1493.949	Akaike info criterion	17.55087
Sum squared resid	1.21E+08	Schwarz criterion	17.76031
Log likelihood	-520.5262	Hannan-Quinn criter.	17.63279
F-statistic	203.1831	Durbin-Watson stat	1.633204
Prob(F-statistic)	0.000000		

Inverted AR Roots	.99

Descriptive Statistics

	FVAL	ACMEET	BODMEET	BOIND	BSIZE
Mean	2011.092	3.628571	5.057143	0.743674	11.31429
Median	48.00000	4.000000	5.000000	0.645000	11.00000
Maximum	25107.00	5.000000	10.00000	1.800000	17.00000
Minimum	1.060000	2.000000	3.000000	0.250000	6.000000
Std. Dev.	6069.249	0.764643	1.473296	0.391898	2.300239
Skewness	2.913205	0.148250	1.462105	1.427618	0.129057
Kurtosis	9.945892	2.495390	5.136066	4.285314	2.556407
Jarque-Bera	239.7280	0.999086	38.24852	28.59617	0.768244
Probability	0.000000	0.606808	0.000000	0.000001	0.681048
Sum	140776.5	254.0000	354.0000	52.05720	792.0000
Sum Sq. Dev.	2.54E+09	40.34286	149.7714	10.59732	365.0857
Observations	70	70	70	70	70

Correlation

Covariance Analysis: Ordinary
Date: 05/29/16   Time: 13:20
Sample: 2009 2015
Included observations: 70

Covariance Correlation	FVAL	ACMEET	BODMEET	BOIND	BSIZE
FVAL	36309564				
	1.000000				
ACMEET	796.6064	0.576327			
	0.174140	1.000000			
BODMEET	-1833.466	-0.150204	2.139592		
	-0.208016	-0.135264	1.000000		
BOIND	686.0066	-0.020921	-0.047741	0.151390	
	0.292596	-0.070827	-0.083884	1.000000	
BSIZE	4615.442	0.416735	0.324898	0.011520	5.215510
	0.335393	0.240368	0.097260	0.012964	1.000000

	FVAL	ACMEET	BODMEET	BOIND	BSIZE
Mean	2011.092	3.628571	5.057143	0.743674	11.31429
Median	48.00000	4.000000	5.000000	0.645000	11.00000
Maximum	25107.00	5.000000	10.00000	1.800000	17.00000
Minimum	1.060000	2.000000	3.000000	0.250000	6.000000
Std. Dev.	6069.249	0.764643	1.473296	0.391898	2.300239
Skewness	2.913205	0.148250	1.462105	1.427618	0.129057
Kurtosis	9.945892	2.495390	5.136066	4.285314	2.556407
Jarque-Bera	239.7280	0.999086	38.24852	28.59617	0.768244
Probability	0.000000	0.606808	0.000000	0.000001	0.681048
Sum	140776.5	254.0000	354.0000	52.05720	792.0000
Sum Sq. Dev.	2541669	40.34286	149.7714	10.59732	365.0857
Observations	70	70	70	70	70