

Accepted Manuscript

How should we estimate value-relevance models? Insights from European data

Enrico Onali, Gianluca Ginesti, Chrysovalantis Vasilakis

PII: S0890-8389(17)30030-6

DOI: [10.1016/j.bar.2017.05.006](https://doi.org/10.1016/j.bar.2017.05.006)

Reference: YBARE 755

To appear in: *The British Accounting Review*

Received Date: 8 March 2016

Revised Date: 17 May 2017

Accepted Date: 22 May 2017

Please cite this article as: Onali, E., Ginesti, G., Vasilakis, C., How should we estimate value-relevance models? Insights from European data, *The British Accounting Review* (2017), doi: 10.1016/j.bar.2017.05.006.

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



How Should We Estimate Value-Relevance Models? Insights from European Data

Enrico Onali ^{a,+}, Gianluca Ginesti ^b, Chrysovalantis Vasilakis ^c

^a Aston Business School, Aston University, Birmingham, England, UK, Post code: B4 7ET.

^b Department of Economics, Management and Institutions, University of Naples “Federico II”, Monte S. Angelo University Campus, via Cinthia, 80126, Naples (Italy).

^c Bangor Business school and IRES, Universite Catholique de Louvain.

⁺ Corresponding author: e.onali@aston.ac.uk; Tel: +44(0)121 204 3060.

Abstract

We study the consequences of unobserved heterogeneity when employing different econometric methods in the estimation of two major value-relevance models: the Price Regression Model (PRM) and the Return Regression Model (RRM). Leveraging a large panel data set of European listed companies, we first demonstrate that robust Hausman tests and Breusch-Pagan Lagrange Multiplier tests are of fundamental importance to choose correctly among a fixed-effects model, a random-effects model, or a pooled OLS model. Second, we provide evidence that replacing firm fixed-effects with country and industry fixed-effects can lead to large differences in the magnitude of the key coefficients, with serious consequences for the interpretation of the effect of changes in earnings and book values per share on firm value. Finally, we offer recommendations to applied researchers aiming to improve the robustness of their econometric strategy.

Keywords: *Value-Relevance; Linear Information Model; IFRS; Price Regression Model; Return Regression Model; Panel Data.*

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات