HelloWorld

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7/21/2020

## R Markdown

This is an R Markdown document.

#**CEO SALARY, ANNUAL FIRM SALES, RETURN ON EQUITY AND RETURN ON COMPANY STOCKS**

##*How does the CEO’s salary change with a change in ROE, ROS and Sales?*

library(readxl)

## Warning: package 'readxl' was built under R version 3.6.3

read\_excel("C:\\Users\\mercy\\Documents\\INTRODUCTORY ECONOMETRICS\\CEOSAL1.xls")

## # A tibble: 209 x 12  
## salary pcsalary sales roe pcroe ros indus finance consprod utility  
## <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl>  
## 1 1095 20 27595 14.1 106. 191 1 0 0 0  
## 2 1001 32 9958 10.9 -30.6 13 1 0 0 0  
## 3 1122 9 6126. 23.5 -16.3 14 1 0 0 0  
## 4 578 -9 16246 5.90 -25.7 -21 1 0 0 0  
## 5 1368 7 21783. 13.8 -3 56 1 0 0 0  
## 6 1145 5 6021. 20 1 55 1 0 0 0  
## 7 1078 10 2267. 16.4 -5.90 62 1 0 0 0  
## 8 1094 7 2967. 16.3 -1.60 44 1 0 0 0  
## 9 1237 16 4570. 10.5 -70.2 37 1 0 0 0  
## 10 833 5 2830 26.3 -23.9 37 1 0 0 0  
## # ... with 199 more rows, and 2 more variables: lsalary <dbl>, lsales <dbl>

CEOSAL1=read\_excel("C:\\Users\\mercy\\Documents\\INTRODUCTORY ECONOMETRICS\\CEOSAL1.xls")  
head(CEOSAL1)

## # A tibble: 6 x 12  
## salary pcsalary sales roe pcroe ros indus finance consprod utility  
## <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl> <dbl>  
## 1 1095 20 27595 14.1 106. 191 1 0 0 0  
## 2 1001 32 9958 10.9 -30.6 13 1 0 0 0  
## 3 1122 9 6126. 23.5 -16.3 14 1 0 0 0  
## 4 578 -9 16246 5.90 -25.7 -21 1 0 0 0  
## 5 1368 7 21783. 13.8 -3 56 1 0 0 0  
## 6 1145 5 6021. 20 1 55 1 0 0 0  
## # ... with 2 more variables: lsalary <dbl>, lsales <dbl>

From the data obtained from CEOSAL1, we need to formulate an equation that explains the relationship between CEO’s salary(salary), the log of sales, Log(sales), return on equity(roe) and return of company stocks(ros). We set our dependent variable as salary and our independent variables as sales, roe and ros.

names(CEOSAL1)

## [1] "salary" "pcsalary" "sales" "roe" "pcroe" "ros"   
## [7] "indus" "finance" "consprod" "utility" "lsalary" "lsales"