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Automatisch generierte Beschreibung

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Automatisch generierte Beschreibung

The gross domestic product (GDP) of a country is not only determined by the country's accessible capital stock. Other factors affect GDP as well. Population together with employment is associated with the available labour force of a country. The unemployment rate has effect on the inflation rate. Human capital is a factor which determines development and growth of an economy. Together with technology, it provides which goods and services are being produced/offered. These factors as well as additional ones have an impact on the GDP. Therefore, the regression has an omitted variable bias.

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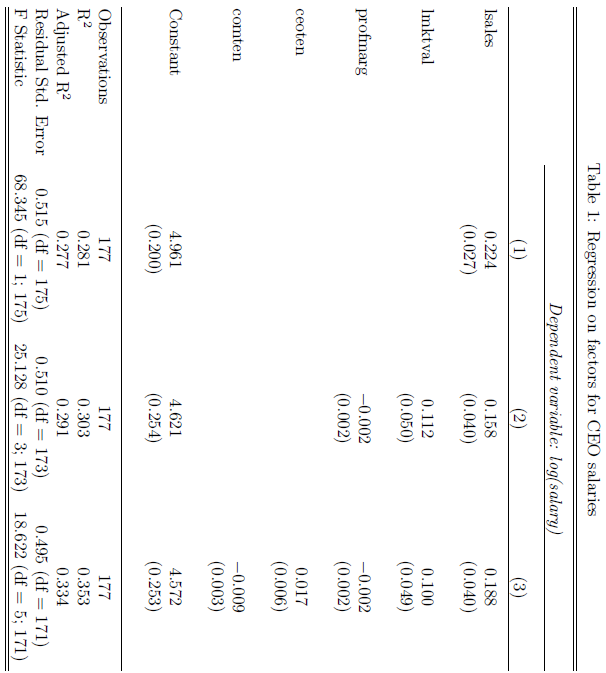
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Automatisch generierte Beschreibung



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Automatisch generierte Beschreibung

specification (2): A 1% increase in market value of the firm is associated with a 0.112% increase in CEO salary, all other variables held constant.



As we can reject at the 5% significance level. The market value of the firm has a statistically significant effect on CEO salary.

specification (3): A 1% increase in market value of the firm is associated with a 0.100% increase in CEO salary, all other variables held constant.

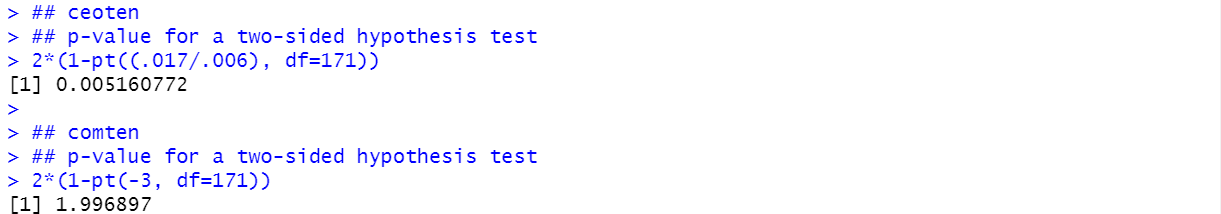


As we can reject at the 5% significance level. The market value of the firm has a statistically significant effect on CEO salary.

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Automatisch generierte Beschreibung

: A one year increase in being CEO with the current company is associated with a 1.7 increase in CEO salary, all other variables held constant.



As we can reject at the 1% significance level. The years as CEO with the current company has a statistically significant effect on CEO salary.

: A one year increase in total years of being with the company is associated with a 0.9 decrease in CEO salary, all other variables held constant.



As we can reject at the 1% significance level. The total years with the company has a statistically significant effect on CEO salary.

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Automatisch generierte Beschreibung

The critical value is 5.466 for a two-sided F test at the 1% significance level.



As we can reject at the 1% significance level. The years as CEO with the current company () and total years of being with the company () have a statistically significant effect on CEO salary.

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Automatisch generierte Beschreibung

There could be many reasons why employees have a long tenure with the company. When employees are satisfied with their profession, they have no incentives to leave the company. Other may have high responsibilities (also towards others) so they feel like they cannot change they job. When employees are risk-averse, they may do not want to ask for higher salary as they fear getting replaced.

Moreover, there may be differences in urban and rural area. In cities it is easier for person to change the company as they have more possibilities to find a profession that fits to their skills and know-how.

Dedication, loyalty as well as limited mobility may result in lower salary as the employers do not have incentives to increase their wage as the employees stay anyway.