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**FACULTY OF SOCIAL AND MANAGEMENT SCIENCES**  
**DEPARTMENT OF ACCOUNTING, BANKING & FINANCE**  
**2016/2017 HARMATTAN SEMESTER EXAMINATION**

**COURSE CODE: ACC 311 TIME ALLOWED: 2HOURS**

**COURSE TITLE: INTRODUCTION TO ECONOMETRICS**

**INSTRUCTION: Answer any three Questions**

- cross sectional*  
*relation between the linear or more variables*
- (1a) Econometricians proceed in their analysis of an economic problem following basic classical methodology. This classical methodology still dominates empirical research in economics, Accounting, Finance and other social sciences. Explain using relevant examples various steps involve in the classical econometrics methodology
- (1b) The success of any econometric analysis ultimately depends on the availability of appropriate data. Three types of data may be available for empirical analysis. State and explain using relevant examples three kinds of data that can be used for econometrics analysis.  
*pooled data Time Series*
- (2a) Using relevant illustrations differentiate between simple linear regression model and multiple regression model.
- (2b) Specify an Econometrics model using the demand theory for normal good. Explain how an Econometrics model is different from a mathematical model using relevant examples?
- (3a) The Gaussian, Standard, or classical linear regression model (CLRM) which is the cornerstone of most econometric theory is based on certain assumptions. Provide a vivid elucidation on the CLRM assumptions.
- (3b) Coefficient of determination and coefficient of multiple determination are important criterion to evaluate regression estimates. Distinguish between coefficient of determination and coefficient of multiple determination.
- (4a) Explain the role of T-statistics, F-Statistics and P-Values in a regression model estimates
- (4b) Explain the rule of thumb guiding the overall significance of a regression model.
- (5a) Correlation is different from causation. List and explain two common methods of estimating correlation between variables.
- (5b) Multicollinearity and Heteroscedacity are important violations of the Classical regression assumptions. Explain using relevant examples the concepts of multicollinearity and Heteroscedacity and different methods of testing for these violations.
- model*  
*can*