Example 4-3

September 12, 2020

```
[ ]: # install the following package and library
     install.packages("plm")

     library("plm")
```

```
[2]: ##--------------------------------Block 1--------------------------------

     #### Example 4-3 ####

     ## ---------------------------------------------------------------------
     data("RiceFarms", package="plm")
     Rice <- pdata.frame(RiceFarms, index = "id")
     fm <- log(goutput) ~ log(seed) + log(totlabor) + log(size)

     # Wooldridge's test for unobserved individual effects
     pwtest(fm, Rice)
```

```
Wooldridge's test for unobserved individual effects

data:  formula
z = 2.9251, p-value = 0.003444
alternative hypothesis: unobserved effect
```