

## Appendix

**Table 1: More descriptive statistics**, where  $TACC_{BS}$  are the total accruals calculated through the balance sheet method,  $NDACC_{BS}$  are the non-discretionary accruals calculated through the balance sheet method,  $DACC_{BS}$  are the absolute discretionary accruals calculated through the use of balance sheet method,  $TACC_{CF}$  are the total accruals calculated through the cash flow method,  $NDACC_{CF}$  are the non-discretionary accruals calculated through the cash flow method,  $DACC_{CF}$  are the absolute discretionary accruals calculated through the use of the cash flow method,  $Size$  is the natural logarithm of total assets,  $Leverage$  is the ratio of total debt to total assets,  $Ocf$  is the absolute value of operating cash flow divided by total assets.

	$TACC_{BS}$		$NDACC_{BS}$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	-0.032	0.021	0.026	0.026
<i>Standard Deviation</i>	0.470	0.463	0.043	0.042
<i>Skewness</i>	0.111	0.071	-0.929	-5.004
<i>Kurtosis</i>	-0.836	-0.804	55.156	112.755
	$DACC_{BS}$		$TACC_{CF}$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	0.057	0.005	-0.071	-0.073
<i>Standard Deviation</i>	0.258	0.254	0.102	0.107
<i>Skewness</i>	0.107	0.081	-2.639	-2.278
<i>Kurtosis</i>	-0.848	-0.83	19.53	15.239
	$NDACC_{CF}$		$DACC_{CF}$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	-0.024	-0.023	0.047	0.049
<i>Standard Deviation</i>	0.025	0.023	0.091	0.094
<i>Skewness</i>	-4.848	-2.278	-2.673	-2.382
<i>Kurtosis</i>	50.936	48.021	20.653	16.397
	$Size$		$Leverage$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	12.72	13.06	0.30	0.41
<i>Standard Deviation</i>	1.29	1.31	0.18	.021
<i>Skewness</i>	-0.06	-0.17	0.98	0.88
<i>Kurtosis</i>	-0.9	-0.85	0.7	0.57
	$Ocf$			
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>		
<i>Mean</i>	0.06	0.02		
<i>Standard Deviation</i>	0.08	0.12		
<i>Skewness</i>	4.55	2.07		
<i>Kurtosis</i>	7.57	4.77		

**Table 2: Descriptive statistics of the variables used for the calculation of  $TACC_{BS}$  and  $TACC_{CF}$ , where  $\Delta CA$  is the change in current assets,  $\Delta CL$  is the change in current liabilities,  $\Delta Cash$  is the change in cash and cash equivalents,  $\Delta Debt$  is the change in the current maturities of long-term debt and other short-term debt included in current liabilities,  $Dep$  is the depreciation and amortization expense, and  $EBXT$  are the earnings before extraordinary items and discontinued operations divided by total assets.**

	$\Delta CA$		$\Delta CL$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	0.087	0.136	0.103	0.141
<i>Standard Deviation</i>	0.424	0.478	0.467	0.500
<i>Skewness</i>	0.789	0.733	0.574	0.401
<i>Kurtosis</i>	5.807	5.618	4.37	4.247
	$\Delta Cash$		$\Delta Debt$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	0.052	0.112	0.104	0.143
<i>Standard Deviation</i>	0.635	0.591	0.584	0.622
<i>Skewness</i>	0.404	0.421	0.567	0.430
<i>Kurtosis</i>	2.860	3.131	3.374	2.980
	$Dep$		$EBXT$	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	0.031	0.033	0.022	0.086
<i>Standard Deviation</i>	0.030	0.026	0.398	0.328
<i>Skewness</i>	4.194	4.253	8.287	3.860
<i>Kurtosis</i>	33.964	48.086	120.033	47.317

**Table 3: Regression results using the Hausman specification test to test for endogeneity** where, *IAS* is a dummy variable coded 1 when companies adopted IAS/IFRS and 0 otherwise, *Leverage* is the ratio of total debt to total assets, *Size* is the natural logarithm of total assets, *Ocf* is the absolute value of operating cash flow divided by total assets, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, *thirteenth* are dummies for the different industries, *Growth* is the market to book ratio, *DACC<sub>BS</sub>* are the absolute discretionary accruals calculated using the balance sheet method and *DACC<sub>CF</sub>* are the absolute discretionary accruals calculated using the cash flow method .

**Panel A: linear regression** using as dependent variable the *IAS* variable.

Linear regression		Number of obs= 1448				
		F( 17, 1430) = 0.59				
		Prob > F = 0.9014				
		R-squared = 0.0071				
		Root MSE = .50058				
Robust						
IAS	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Leverage	.0333911	.0732482	0.46	0.649	-.1770766	.1102945
Size	.0010249	.0071079	0.14	0.885	-.0149679	.0129182
Ocf	.1740191	.1280102	1.36	0.174	-.0770888	.4251271
first	-.1616604	.2573999	-0.63	0.530	-.6665823	.3432616
second	.0171169	.0664817	0.26	0.797	-.1132953	.1475291
third	.0377698	.1509193	0.25	0.802	-.2582772	.3338168
fourth	-.0086637	.0683794	-0.13	0.899	-.1427984	.125471
fifth	.0050341	.0466287	0.11	0.914	-.0864338	.096502
sixth	.0009761	.0644152	0.02	0.988	-.1253823	.1273344
seventh	.0114365	.047528	0.24	0.810	-.0817956	.1046687
eighth	.2938414	.2380709	1.23	0.217	-.1731643	.7608471
ninth	.0105516	.0448181	0.24	0.814	-.0773647	.098468
tenth	.0025914	.0560734	0.05	0.963	-.1074035	.1125864
eleventh	.0107012	.1251016	0.09	0.932	-.2347011	.2561036
twelfth	.009002	.0580075	0.16	0.877	-.1047869	.122791
thirteenth	-.0171343	.0271	-0.63	0.527	-.0702943	.0360257
Growth	-.0296071	.1576538	-0.19	0.851	-.3388645	.2796504
_cons	.5771608	.1128148	5.12	0.000	.3558606	.7984609

**Panel B1: Linear regression** using  $DACC_{BS}$  as the dependent variables and the saved residuals  $r$  of regression in table 1 as an additional variable.

Linear regression		Number of obs= 1448				
		F( 18, 1429) = 1.58				
		Prob > F = 0.0586				
		R-squared = 0.0198				
		Root MSE = .4629				
Robust						
$DACC_{BS}$	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-.8913605	4.025488	-0.22	0.825	-7.005139	8.78786
Leverage	-.0554289	.1494071	-0.37	0.711	-.3485097	.2376519
Size	-.0054875	.0078563	-0.70	0.485	-.0099236	.0208986
Ocf	.0087819	.7023001	0.01	0.990	-1.368868	1.386432
first	.4213657	.6975245	0.60	0.546	-.946916	1.789647
second	-.0937217	.0935968	-1.00	0.317	-.2773236	.0898801
third	-.065516	.1984658	-0.33	0.741	-.4548316	.3237996
fourth	.1758699	.0752688	2.34	0.020	.0282208	.3235191
fifth	.0668495	.047185	1.42	0.157	-.0257098	.1594089
sixth	-.0177262	.0561175	-0.32	0.752	-.1278078	.0923554
seventh	.0581971	.0633107	0.92	0.358	-.0659949	.1823891
eighth	.0961023	1.202109	0.08	0.936	-2.261985	2.454189
ninth	.0557762	.0585693	0.95	0.341	-.0591148	.1706672
tenth	.0437431	.0534254	0.82	0.413	-.0610575	.1485438
eleventh	-.1383559	.1203474	-1.15	0.250	-.3744323	.0977206
twelfth	.0934636	.063744	1.47	0.143	-.0315783	.2185055
thirteenth	.0032189	.0743563	0.04	0.965	-.1426403	.1490781
residuals	-.8422671	4.024302	-0.21	0.834	-8.736441	7.051907
_cons	-.6378621	2.318719	-0.28	0.783	-5.186321	3.910597

**Panel C1: Hausman specification test**

. test	r	
( 1)	r =	0
	F(	1, 1429)= 0.04
	Prob > F=	0.8342

**Panel B2: Linear regression** using  $DACC_{CF}$  as the dependent variables and the saved residuals  $r$  of regression in table 1 as an additional variable.

Linear regression		Number of obs= 1448				
		F( 18, 1429) = 3.58				
		Prob > F = 0.0000				
		R-squared = 0.0463				
		Root MSE = .10048				
Robust						
$DACC_{CF}$	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-.9465143	.6690652	-1.41	0.157	-2.25897	.365941
Leverage	-.0267941	.0254932	-1.05	0.293	-.0768023	.023214
Size	-.0012747	.0016061	-0.79	0.428	-.0044253	.001876
Ocf	.169457	.1158058	1.46	0.144	-.0577107	.3966246
first	-.3235091	.1261129	-2.57	0.010	-.5708953	-.0761229
second	.051028	.0203003	2.51	0.012	.0112064	.0908495
third	.0703483	.0349087	2.02	0.044	.0018705	.1388261
fourth	.0100349	.0100984	0.99	0.321	-.0097745	.0298442
fifth	.0021931	.0076509	0.29	0.774	-.0128151	.0172014
sixth	-.0199453	.0103443	-1.93	0.054	-.0402369	.0003464
seventh	.0263764	.0131527	2.01	0.045	.0005757	.0521772
eighth	.3071995	.21074	1.46	0.145	-.1061934	.7205923
ninth	.0017678	.0105252	0.17	0.867	-.0188788	.0224144
tenth	-.0247724	.0159146	-1.56	0.120	-.055991	.0064461
eleventh	.0285741	.0147739	1.93	0.053	-.0004069	.057555
twelfth	.0110301	.0095531	1.15	0.248	-.0077095	.0297697
thirteenth	-.0146034	.012659	-1.15	0.249	-.0394355	.0102288
residuals	.9420137	.6690232	1.41	0.159	-.3703592	2.254387
_cons	.5171898	.3843013	1.35	0.179	-.2366654	1.271045

**Panel C2: Hausman specification test**

. test	r		
( 1)	r =	0	
F(	1, 1429)	=	1.98
	Prob > F	=	0.1593

**Table 4: Regression results using the balance sheet method for calculating accruals,** where  $DACC_{BS}$  are the absolute discretionary accruals calculated using the balance sheet method,  $IAS$  is a dummy variable coded 1 when companies adopted IAS/IFRS and 0 otherwise,  $Leverage$  is the ratio of total debt to total assets,  $Size$  is the natural logarithm of total assets,  $Ocf$  is the absolute value of operating cash flow, *first, second, third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, twelfth*, thirteen are dummies for the different industries.

Linear regression		Number of obs = 1448				
		F( 17, 1428) = 1.69				
		Prob > F = 0.0388				
		R-squared = 0.195				
		Root MSE = .46206				
Robust						
DACC <sub>BS</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-.0469963	.0244743	-1.92	0.055	-.0010132	.0950058
Leverage	-.0017605	.0068015	-0.26	0.796	-.0151025	.0115815
Size	-.0761912	.0436632	-1.74	0.081	-.1618421	.0094596
Ocf	.2179742	.1061166	2.05	0.040	.009813	.4261354
first	.2904193	.2371364	1.22	0.221	-.1747537	.7555923
second	-.0803038	.0617097	-1.30	0.193	-.2013552	.0407476
third	-.0184443	.1346243	-0.14	0.891	-.2825269	.2456383
fourth	-.1470341	.1047634	-1.40	0.161	-.3525408	.0584725
fifth	.0022059	.0064551	0.34	0.733	-.0104566	.0148684
sixth	-.011543	.0560221	-0.21	0.837	-.1214373	.0983514
seventh	.0751323	.0426658	1.76	0.078	-.0085621	.1588266
eighth	.3442426	.2142102	1.61	0.108	-.0759578	.764443
ninth	.0675779	.0401549	1.68	0.093	-.011191	.1463468
tenth	.0358462	.0520266	0.69	0.491	-.0662106	.137903
eleventh	-.1332001	.1099125	-1.21	0.226	-.3488073	.0824072
twelfth	.0988632	.0575345	1.72	0.086	-.013998	.2117245
thirteenth	-.0099798	.0242486	-0.41	0.681	-.0575466	.0375869
_cons	.166472	.0670984	2.48	0.013	.0348501	.298094

**Table 5: Regression results using the cash flow method for calculating accruals**, where  $DACC_{CF}$  are the absolute discretionary accruals calculated using the cash flow method. The rest of the variables have been defined in table 4.

Linear regression		Number of obs = 1448				
		F( 17, 1428) = 3.79				
		Prob > F = 0.0000				
		R-squared = 0.1457				
		Root MSE = .10053				
Robust						
$DACC_{CF}$	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-.0349093	.0174845	-2.00	0.046	.0006113	.0692073
Leverage	-.0001421	.0009627	-0.15	0.883	-.0020305	.0017462
Size	-.0210723	.0102938	-2.05	0.041	-.0412649	-.0008798
Ocf	.0181576	.0080826	2.25	0.025	.0023025	.0340127
first	-.0261305	.0222896	-1.17	0.241	-.0698544	.0175935
second	-.0046814	.0052913	-0.88	0.376	-.0150609	.005698
third	.0363333	.0251903	1.44	0.149	-.0130808	.0857473
fourth	.0092241	.0191213	0.48	0.630	-.0282848	.0467329
fifth	-.0001188	.0014047	-0.08	0.933	-.0028743	.0026368
sixth	.0026063	.0071195	0.37	0.714	-.0113596	.0165721
seventh	.0151822	.0094903	1.60	0.110	-.0034343	.0337986
eighth	.0294025	.0476572	0.62	0.537	-.0640831	.1228882
ninth	-.0082229	.0087292	-0.94	0.346	-.0253463	.0089005
tenth	-.0266873	.0157991	-1.69	0.091	-.0576793	.0043046
eleventh	.0181102	.0133566	1.36	0.175	-.0080905	.0443108
twelfth	.0037914	.0088907	0.43	0.670	-.0136489	.0212318
thirteenth	.0017188	.0054585	0.31	0.753	-.0089886	.0124263
_cons	-.1709803	.0697464	-2.45	0.014	-.3077968	-.0341638

**Table 6: Regression run for robustness** using the multiplication of *IAS* variable with the explanatory variables of Size (*iassize*), Leverage (*levias*) and operating cash flows (*ocfias*)

Linear regression							Number of obs = 1448
							F( 20, 1425) = 1.79
							Prob > F = 0.0175
							R-squared = 0.220
							Root MSE = .46197
Robust							
DACC <sub>BS</sub>	Coef.	Std. Err	t	P>t	[95% Conf.	Interval]	
IAS	-.0704102	.0303661	-2.32	0.021	.0108431	.1299773	
Leverage	-.0091683	.0049523	-1.85	0.064	-.0188828	.0005462	
Size	-.0476148	.0617288	-0.77	0.441	-.1687039	.0734743	
Ocf	.2744096	.1508915	1.82	0.069	-.0215838	.570403	
first	.2825328	.2375517	1.19	0.234	-.1834559	.7485214	
second	-.077695	.0618226	-1.26	0.209	-.198968	.043578	
third	-.0196359	.135058	-0.15	0.884	-.2845697	.2452979	
fourth	-.1668906	.1048653	-1.59	0.112	-.3725975	.0388162	
fifth	.0030353	.0063845	0.48	0.635	-.0094887	.0155593	
sixth	-.0138498	.0558828	-0.25	0.804	-.1234711	.0957715	
seventh	.0731691	.0427546	1.71	0.087	-.0106997	.1570379	
eighth	.3428804	.2142468	1.60	0.110	-.0773927	.7631534	
ninth	.068894	.0401017	1.72	0.086	-.0097707	.1475588	
tenth	.036856	.0519588	0.71	0.478	-.065068	.1387799	
eleventh	-.1391447	.1097999	-1.27	0.205	-.3545315	.076242	
twelfth	.1003409	.057923	1.73	0.083	-.0132827	.2139644	
thirteenth	-.0108681	.0243185	-0.45	0.655	-.058572	.0368359	
levias	.0234286	.011205	2.09	0.037	.0014486	.0454086	
iassize	-.0505523	.0780047	-0.65	0.517	-.2035686	.1024641	
ocfias	-.1271231	.2079997	-0.61	0.541	-.5351416	.2808953	
_cons	.1687059	.0674312	2.50	0.012	.0364309	.3009809	



**Table 7: Regression run for robustness.** All the variables have been defined in tables 4 and 5.

Linear regression		Number of obs = 1448				
		F( 20, 1425) = 3.32				
		Prob > F = 0.0000				
		R-squared = 0.1621				
		Root MSE = .10061				
Robust						
DACC <sub>CF</sub>	Coef.	Std. Err .	t	P>t	[95% Conf.	Interval]
IAS	-.00323	.006371	-0.51	0.612	-.0157276	.0092675
Leverage	.0003512	.000999	0.35	0.725	-.0016085	.002311
Size	-.0033533	.0084388	-0.40	0.691	-.0199071	.0132005
Ocf	.0207897	.027476	0.76	0.449	-.0331079	.0746874
first	-.1707095	.0697866	-2.45	0.015	-.307605	-.0338141
second	.0348043	.0174921	1.99	0.047	.0004912	.0691173
third	.0352039	.024994	1.41	0.159	-.0138251	.0842329
fourth	-.026939	.022503 2	-1.20	0.231	-.0710825	.0172033
fifth	-.0001242	.0014107	-0.09	0.930	-.0028914	.0026431
sixth	-.0210172	.0103218	-2.04	0.042	-.0412648	-.0007697
seventh	.0152101	.0094935	1.60	0.109	-.0034126	.0338328
eighth	.0317582	.0480072	0.66	0.508	-.0624141	.1259306
ninth	-.0082655	.0087252	-0.95	0.344	-.0253811	.0088501
tenth	-.0266812	.01583	-1.69	0.092	-.0577339	.0043715
eleventh	.01826	.0133736	1.37	0.172	-.0079741	.044494
twelfth	.0040582	.008938	0.45	0.650	-.0134748	.0215911
thirteenth	.0016973	.0054588	0.31	0.756	-.0090108	.0124054
levias	-.0005999	.0018064	-0.33	0.740	-.0041433	.0029435
iassize	.0110672	.0129891	0.85	0.394	-.0144126	.0365471
ocfias	-.0233146	.0384881	-0.61	0.545	-.098814	.0521848
_cons	.0189358	.0080956	2.34	0.019	.0030552	.0348165

**Table 8: Results for robustness using the five metrics**

**Panel A: Results for the first and second metric**, where  $\Delta NP$  is the change in net profit scaled by total assets,  $\Delta CF$  is the change in operating cash flows scaled by total assets

	<i>Greek GAAP</i>	<i>IAS</i>
	<i>Standard Deviation</i>	<i>Standard Deviation</i>
<i>Volatility of <math>\Delta NP</math></i>	2.0875	2.2238
<i>Volatility of <math>\Delta NP/\Delta CF</math></i>	8.7425	19.5814

**Panel B: Results for the third metric**

Correlation between accruals and operating cash flow before the adoption of IAS/IFRS

Number of obs =	772
Spearman's rho =	-0.0949
Test of Ho: $TACC_{CF}$ and $Ocf$ are independent	
Prob > t =	0.0087

Correlation between accruals and operating cash flow after the adoption of IAS/IFRS

Number of obs =	676
Spearman's rho =	-0.0647
Test of Ho: $TACC_{CF}$ and $Ocf$ are independent	
Prob > t =	0.0911

**Panel C: Results for the fourth metric**, where  $TACC_{CF}$  are the accruals,  $IAS$  is a dummy variable coded 1 for all those numbers reported under IAS/IFRS and 0 otherwise,  $Ocf$  is the operating cash flows,  $Size_{lnmv}$  is the natural logarithm of market value,  $Profitability_{opm}$  is the operating profit margin, and  $Leverage_{ilsf}$  is the total liabilities to shareholders' funds.

	$TACC_{CF}$
$IAS$	-0.158
	(0.022)
$Ocf$	-0.115
	(0.000)
$Size_{lnmv}$	0.074
	(0.025)
$Profitability_{opm}$	0.022
	(0.085)
$Leverage_{ilsf}$	0.013
	(0.571)
$cons$	-0.089
	(0.001)
$R^2$	0.184
$N$	1448

**Panel D: Extract for small profits (logistic regression for the fifth metric)**, where  $Spos$  is the dummy variable coded 1 when the net profit scaled by total assets is between 0 and 0.01 and 0 otherwise.

	$IAS$
$Spos$	-0.098
	(0.04)

**Table 9: Descriptive statistics** where *Size* is the natural logarithm of total assets, *Leverage* is the ratio of total debt to total assets, *Growth* is the market to book value ratio, *Volatility<sub>Δear</sub>* is the change in earnings and *CoD* is the cost of debt calculated as the ratio of interest expenses to the total debt at the end of the previous year.

	<b>Size</b>		<b>Leverage</b>	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	12.72	13.06	0.3	0.41
<i>Standard Deviation</i>	1.29	1.31	0.18	0.21
<i>Skewness</i>	-0.06	-0.17	0.98	0.88
<i>Kurtosis</i>	-0.9	-0.85	0.7	0.57
	<b>Growth</b>		<b>Volatility<sub>Δear</sub></b>	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
<i>Mean</i>	3.73	2.48	-0.35	0.10
<i>Standard Deviation</i>	10.73	3.88	4.57	2.17
<i>Skewness</i>	2.4	5.97	-2.48	-3.54
<i>Kurtosis</i>	8.2	4.84	4.12	2.58
	<b>CoD</b>			
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>		
<i>Mean</i>	0.05	0.04		
<i>Standard Deviation</i>	0.07	0.06		
<i>Skewness</i>	1.32	1.47		
<i>Kurtosis</i>	0.20	0.76		

**Table 10: Regression results**, where *CoD* is the cost of debt calculated as the ratio of interest expenses to the total debt at the end of the previous year, *Size* is the natural logarithm of total assets, *Leverage* is the total debt to total assets, *Growth* is the market to book value, *Volatility<sub>Δear</sub>* is the change in earnings, *Loss* is a dummy variable coded 1 when companies report negative earnings and 0 otherwise, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, *thirteen* are dummies for the different industries and *Baserate* is the variable used to capture the changes in base rate.

**Panel A: Linear Regression**

Linear regression		Number of obs = 1448				
		F( 20, 1427) = 56.60				
		Prob > F = 0.0000				
		R-squared = 0.4714				
		Root MSE = .05223				
Robust						
CoD	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-.3704992	.0447391	-8.28	0.000	-.4582607	-.2827378
Size	-.0271419	.0154391	-1.76	0.079	-.0574276	.0031438
Leverage	.2587292	.1021333	2.53	0.011	.0583818	.4590767
Growth	-.0108044	.0117624	-0.92	0.358	-.0338779	.0122691
Volatility <sub>Δear</sub>	.0191569	.0076956	2.49	0.013	.0040609	.0342529
Loss	-.0480419	.0349126	-1.38	0.169	-.1165274	.0204436
first	-.0255671	.0265063	-0.96	0.335	-.0775626	.0264283
second	.0062181	.0069349	0.90	0.370	-.0073856	.0198218
third	-.0155694	.017015	-0.92	0.360	-.0489466	.0178078
fourth	-.0129487	.0067483	-1.92	0.055	-.0261864	.0002889
fifth	-.0085329	.004666	-1.83	0.068	-.0176858	.0006201
sixth	-.0007106	.0079508	-0.09	0.929	-.0163071	.0148858
seventh	-.0079931	.00498	-1.61	0.109	-.017762	.0017758
eighth	.0560986	.0262732	2.14	0.033	.0045605	.1076368
ninth	-.0054394	.0045418	-1.20	0.231	-.0143488	.00347
tenth	-.0074511	.0060682	-1.23	0.220	-.0193547	.0044526
eleventh	-.0011272	.0198839	-0.06	0.955	-.0401319	.0378776
twelfth	-.0033832	.0038752	-0.87	0.383	-.0109848	.0042185
thirteenth	.0005879	.002798	0.21	0.834	-.0049007	.0060764
Baserate	.2358341	.0222968	10.58	0.000	.1920961	.2795721
_cons	.0585936	.0138024	4.25	0.000	.0315185	.0856688

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448				
Group variable: year		Number of groups = 8				
R-sq: within = 0.4723		Obs per group: min = 181				
between = 0.6147		avg = 181.0				
overall = 0.4534		max = 181				
F(20,1420) = 55.87						
corr(u_i, Xb) = -0.2754		Prob > F = 0.0000				
Robust						
CoD	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
IAS	-.3563398	.0488042	-7.30	0.000	-.4520758	-.2606038
Size	-.1147173	.0612274	-1.87	0.061	-.2348231	.0053885
Leverage	.4093991	.2110972	1.94	0.053	-.0046967	.823495
Growth	-.0117306	.0114684	-1.02	0.307	-.0342275	.0107663
Volatility <sub>Δear</sub>	.0185463	.0079984	2.32	0.021	.0028564	.0342362
Loss	-.0476574	.0354461	-1.34	0.179	-.1171898	.0218749
first	-.0286849	.0262857	-1.09	0.275	-.0802479	.0228781
second	.007589	.0068306	1.11	0.267	-.0058101	.0209881
third	-.0136709	.0166221	-0.82	0.411	-.0462775	.0189357
fourth	-.0131876	.0067361	-1.96	0.050	-.0264013	.0000261
fifth	-.0090539	.0046073	-1.97	0.050	-.0180918	-.000016
sixth	-.0008124	.0079769	-0.10	0.919	-.0164602	.0148353
seventh	-.0081688	.004984	-1.64	0.101	-.0179455	.0016079
eighth	.0556711	.0261252	2.13	0.033	.0044229	.1069192
ninth	-.0055403	.0045413	-1.22	0.223	-.0144487	.0033681
tenth	-.0083679	.0061045	-1.37	0.171	-.0203426	.0036069
eleventh	-.0002908	.0200012	-0.01	0.988	-.0395259	.0389443
twelfth	-.0045234	.0037785	-1.20	0.231	-.0119356	.0028887
thirteenth	.0006406	.0027972	0.23	0.819	-.0048466	.0061278
Baserate	.3350231	.0748236	4.48	0.000	.1882464	.4817998
_cons	-.0147437	.0480926	-0.31	0.759	-.1090839	.0795966
sigma_u .01177201						
sigma_e .05215403						
rho .04847793 (fraction of variance due to u_i)						

<b>Panel C: Random-effects Regression</b>						
Random-effects GLS regression			Number of obs = 1448			
Group variable: year			Number of groups = 8			
R-sq: within = 0.4711			Obs per group: min = 181			
between = 0.5678			avg = 181.0			
overall = 0.4714			max = 181			
Random effects u_i ~ Gaussian			Wald chi2(21) = 1423.39			
corr(u_i, X) = 0 (assumed)			Prob > chi2 = 0.0000			
(Std. Err. adjusted for clustering on year)						
Robust						
CoD	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
IAS	-.3704992	.0447391	-8.28	0.000	-.4581863	-.2828122
Size	-.0271419	.0154391	-1.76	0.079	-.0574019	.0031181
Leverage	.2587292	.1021333	2.53	0.011	.0585517	.4589068
Growth	-.0108044	.0117624	-0.92	0.358	-.0338583	.0122496
Volatility $\Delta_{ear}$	.0191569	.0076956	2.49	0.013	.0040737	.03424
Loss	-.0480419	.0349126	-1.38	0.169	-.1164693	.0203855
first	-.0255671	.0265063	-0.96	0.335	-.0775185	.0263842
second	.0062181	.0069349	0.90	0.370	-.007374	.0198103
third	-.0155694	.017015	-0.92	0.360	-.0489182	.0177795
fourth	-.0129487	.0067483	-1.92	0.055	-.0261751	.0002777
fifth	-.0085329	.004666	-1.83	0.067	-.017678	.0006123
sixth	-.0007106	.0079508	-0.09	0.929	-.0162938	.0148726
seventh	-.0079931	.00498	-1.61	0.108	-.0177537	.0017675
eighth	.0560986	.0262732	2.14	0.033	.0046042	.1075931
ninth	-.0054394	.0045418	-1.20	0.231	-.0143412	.0034624
tenth	-.0074511	.0060682	-1.23	0.219	-.0193446	.0044425
eleventh	-.0011272	.0198839	-0.06	0.955	-.0400989	.0378445
twelfth	-.0033832	.0038752	-0.87	0.383	-.0109784	.004212
thirteenth	.0005879	.002798	0.21	0.834	-.004896	.0060718
Baserate	.2358341	.0222968	10.58	0.000	.1921332	.279535
_cons	.0585936	.0138024	4.25	0.000	.0315414	.0856458
sigma_u	0					
sigma_e	.05215403					
rho	0 (fraction of variance due to u_i)					

**Panel D: Hausman Test** for the determination of the best technique

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	-.3563398	-.3704992	.0141595	.0195002
Size	-.1147173	-.0271419	-.0875754	.0592488
Leverage	.4093991	.2587292	.1506699	.1847453
Growth	-.0117306	-.0108044	-.0009262	.
Volatility <sub>Δear</sub>	.0185463	.0191569	-.0006106	.0021797
Loss	-.0476574	-.0480419	.0003845	.0061269
first	-.0286849	-.0255671	-.0031177	.
second	.007589	.0062181	.0013709	.
third	-.0136709	-.0155694	.0018985	.
fourth	-.0131876	-.0129487	-.0002389	.
fifth	-.0090539	-.0085329	-.000521	.
sixth	-.0008124	-.0007106	-.0001018	.000645
seventh	-.0081688	-.0079931	-.0001757	.0001991
eighth	.0556711	.0560986	-.0004276	.
ninth	-.0055403	-.0054394	-.0001009	.
tenth	-.0083679	-.0074511	-.0009168	.0006639
eleventh	-.0002908	-.0011272	.0008363	.0021633
twelfth	-.0045234	-.0033832	-.0011403	.
thirteenth	.0006406	.0005879	.0000527	.
Baserate	.3350231	.2358341	.099189	.0714243
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(20) = (b-B)'[(V_b-V_B) <sup>(-1)</sup> ](b-B)				
= 3.18				
Prob>chi2 = 1.0000				
(V_b-V_B is not positive definite)				



**Table 11: Regression results using the Hausman specification test to test for endogeneity** where, *IAS* is a dummy variable coded 1 when companies adopted IAS/IFRS and 0 otherwise, *Size* is the natural logarithm of total assets, *Leverage* is the total debt to total assets, *Growth* is the market to book value, *Volatility<sub>Δear</sub>* is the change in earnings, *Loss* is a dummy variable coded 1 when companies report negative earnings and 0 otherwise, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, *thirteenth* are dummies for the different industries, *Baserate* is the variable used to capture the changes in base rate, *Ocf* is the operating cash flow divided by total assets and *cod* is the cost of debt calculated as the ratio of interest expenses to the total debt at the end of the previous year.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 20, 1427) = 171.68				
		Prob > F = 0.0000				
		R-squared = 0.6195				
		Root MSE = .02399				
Robust						
IAS	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Size	.0055989	.0095794	0.58	0.559	-.0243902	.0131924
Leverage	.0511631	.0380285	1.35	0.179	-.125761	.0834347
Growth	-.0401841	.0074216	-5.41	0.000	-.0547426	-.0256256
Volatility <sub>Δear</sub>	.0181199	.0050287	3.60	0.000	.0082554	.0279844
Loss	-.0135054	.0149263	-0.90	0.366	-.0427852	.0157744
first	.026252	.0126239	2.08	0.038	.0014886	.0510155
second	-.0071207	.0032513	-2.19	0.029	-.0134985	-.0007429
third	.0062423	.0083928	0.74	0.457	-.0102212	.0227058
fourth	.0109024	.0038581	2.83	0.005	.0033343	.0184706
fifth	.0094548	.0022037	4.29	0.000	.005132	.0137776
sixth	.0021106	.0022794	0.93	0.355	-.0023608	.006582
seventh	.0034526	.0021	1.64	0.100	-.0006669	.0075721
eighth	.0152546	.0126817	1.20	0.229	-.0096221	.0401314
ninth	-.003517	.0021203	-1.66	0.097	-.0076762	.0006421
tenth	.0150662	.0032716	4.61	0.000	.0086485	.0214839
eleventh	.0123519	.0069988	1.76	0.078	-.0013771	.0260809
twelfth	.004163	.0031353	1.33	0.184	-.0019872	.0103132
thirteenth	-.0033348	.0015632	-2.13	0.033	-.0064012	-.0002683
Baserate	-.1681876	.0115027	-14.62	0.000	-.1907516	-.1456236
Ocf	-.0059804	.0045407	-1.32	0.188	-.0148875	.0029267
_cons	-.1507694	.0079681	-18.92	0.000	-.1664	-.1351389

**Panel B: Linear Regression**

Linear regression		Number of obs = 1448				
		F( 21, 1426) = 53.94				
		Prob > F = 0.0000				
		R-squared = 0.4714				
		Root MSE = .05224				
Robust						
CoD	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-1.069708	1.677316	-0.64	0.524	-4.359979	2.220563
Size	.0307361	.0171923	1.79	0.074	-.0644609	.029888
Leverage	.2230785	.1296724	1.72	0.086	-.0312905	.4774476
Growth	-.0393409	.0695359	-0.57	0.572	-.1757446	.0970627
Volatility $\Delta_{ear}$	.0317456	.0309564	1.03	0.305	-.0289792	.0924705
Loss	-.0570593	.0406371	-1.40	0.161	-.1367743	.0226556
first	-.0069659	.0516775	-0.13	0.893	-.108338	.0944062
second	.0012006	.0138191	0.09	0.931	-.0259074	.0283086
third	-.0108901	.021301	-0.51	0.609	-.0526749	.0308946
fourth	-.0054442	.019329	-0.28	0.778	-.0433605	.0324721
fifth	-.0020409	.0161481	-0.13	0.899	-.0337175	.0296358
sixth	.0007764	.0084466	0.09	0.927	-.0157926	.0173454
seventh	-.0056004	.0073804	-0.76	0.448	-.020078	.0088772
eighth	.0660589	.0338329	1.95	0.051	-.0003087	.1324265
ninth	-.0078324	.0070821	-1.11	0.269	-.0217248	.00606
tenth	.0030384	.0256838	0.12	0.906	-.0473437	.0534205
eleventh	.0074296	.0269202	0.28	0.783	-.0453779	.0602371
twelfth	-.000621	.0075311	-0.08	0.934	-.0153943	.0141523
thirteenth	-.0017205	.0059215	-0.29	0.771	-.0133363	.0098952
Baserate	.117784	.2851859	0.41	0.680	-.4416449	.6772128
res	.6997961	1.677144	0.42	0.677	-2.590137	3.989729
_cons	-.0467008	.251951	-0.19	0.853	-.5409353	.4475337
. test res						
( 1) res = 0						
F( 1, 1426) = 0.17						
Prob > F = 0.6766						

**Table 12: Descriptive statistics**, where *Size* is the natural logarithm of sales and *Volatility<sub>SD</sub>* is the standard deviation of net income before extraordinary items divided by total assets.

Variable	Obs	Mean	Standard Deviation	Min	Max
Size	1448	1.405	0.233	0.775	1.924
Volatility <sub>SD</sub>	1448	-0.002	0.050	-1.722	0.032

**Table 13: Regression results for robustness.** All the variables are defined in tables 11 and 12.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 20, 1427) = 56.06				
		Prob > F = 0.0000				
		R-squared = 0.4716				
		Root MSE = .05222				
Robust						
CoD	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	-.3658579	.0447619	-8.17	0.000	-.453664	-.2780517
Size	-.0191647	.0099432	-1.93	0.054	-.0386695	.0003401
Leverage	.3772575	.0938664	4.02	0.000	.1931266	.5613883
Growth	-.0098695	.0116873	-0.84	0.399	-.0327957	.0130566
Volatility <sub>SD</sub>	1.897679	.7651648	2.48	0.013	.3967103	3.398647
Loss	-.0484881	.0351093	-1.38	0.167	-.1173595	.0203832
first	-.0272434	.0267134	-1.02	0.308	-.0796451	.0251583
second	.0064152	.0069679	0.92	0.357	-.0072531	.0200835
third	-.0162765	.0171789	-0.95	0.344	-.0499751	.0174221
fourth	-.0129206	.0067209	-1.92	0.055	-.0261044	.0002633
fifth	-.0084091	.0046702	-1.80	0.072	-.0175702	.0007521
sixth	-.0006557	.0079769	-0.08	0.935	-.0163033	.014992
seventh	-.0079613	.0049719	-1.60	0.110	-.0177143	.0017916
eighth	.0553875	.0263833	2.10	0.036	.0036332	.1071418
ninth	-.0053999	.0045439	-1.19	0.235	-.0143134	.0035136
tenth	-.0072422	.0060308	-1.20	0.230	-.0190724	.004588
eleventh	-.000457	.0198989	-0.02	0.982	-.0394913	.0385772
twelfth	-.0030417	.0038804	-0.78	0.433	-.0106537	.0045703
thirteenth	.0006158	.0028032	0.22	0.826	-.0048829	.0061146
Baserate	.2122114	.0123844	17.14	0.000	.1879178	.236505
_cons	.0748478	.0077195	9.70	0.000	.0597051	.0899906

<b>Panel B: Fixed-effects regression</b>						
Fixed-effects (within) regression	Number of obs = 1448					
Group variable: year	Number of groups = 8					
R-sq: within = 0.4732	Obs per group: min = 181					
between = 0.0489	avg = 181.0					
overall = 0.4086	max = 181					
F(20,1420) = 54.98						
corr(u_i, Xb) = -0.3266	Prob > F = 0.0000					
Robust						
CoD	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
IAS	-.3644003	.0457773	-7.96	0.000	-.4541987	-.274602
Size	-.1619943	.0736031	-2.20	0.028	-.3063769	-.0176118
Leverage	.2949763	.2110493	1.40	0.162	-.1190255	.7089782
Growth	-.0115931	.0115427	-1.00	0.315	-.0342356	.0110495
Volatility <sub>SD</sub>	1.939927	.7834623	2.48	0.013	.4030595	3.476795
Loss	-.0493794	.0350757	-1.41	0.159	-.1181852	.0194264
first	-.0332971	.027021	-1.23	0.218	-.0863025	.0197082
second	.0085733	.006984	1.23	0.220	-.0051267	.0222732
third	-.0133566	.0169219	-0.79	0.430	-.0465512	.0198381
fourth	-.0130747	.0067346	-1.94	0.052	-.0262855	.000136
fifth	-.0086859	.0046191	-1.88	0.060	-.0177469	.0003751
sixth	-.0008837	.0078971	-0.11	0.911	-.016375	.0146076
seventh	-.0081661	.0050227	-1.63	0.104	-.0180189	.0016867
eighth	.0565367	.0264233	2.14	0.033	.0047037	.1083696
ninth	-.0056353	.0045784	-1.23	0.219	-.0146164	.0033459
tenth	-.0086226	.0059463	-1.45	0.147	-.0202871	.0030419
eleventh	-.0014069	.0196948	-0.07	0.943	-.0400409	.037227
twelfth	-.0047032	.0037972	-1.24	0.216	-.012152	.0027456
thirteenth	.0004851	.0028077	0.17	0.863	-.0050226	.0059927
Baserate	.2707896	.0358219	7.56	0.000	.20052	.3410592
_cons	.0332322	.0203555	1.63	0.103	-.0066978	.0731623
sigma_u .0209877						
sigma_e .0521093						
rho .13957632 (fraction of variance due to u_i)						

**Panel C: Random-effects regression**

Random-effects GLS regression	Number of obs = 1448					
Group variable: year	Number of groups = 8					
R-sq: within = 0.4712	Obs per group: min = 181					
between = 0.5597	avg = 181.0					
overall = 0.4716	max = 181					
Random effects u_i ~ Gaussian	Wald chi2(21) = 1429.18					
corr(u_i, X) = 0 (assumed)	Prob > chi2 = 0.0000					
(Std. Err. adjusted for clustering on year)						
Robust						
CoD	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
IAS	-.3658579	.0447619	-8.17	0.000	-.4535896	-.2781262
Size	-.0191647	.0099432	-1.93	0.054	-.0386529	.0003235
Leverage	.3772575	.0938664	4.02	0.000	.1932828	.5612321
Growth	-.0098695	.0116873	-0.84	0.398	-.0327762	.0130371
Volatility <sub>SD</sub>	1.897679	.7651648	2.48	0.013	.3979834	3.397374
Loss	-.0484881	.0351093	-1.38	0.167	-.117301	.0203248
first	-.0272434	.0267134	-1.02	0.308	-.0796007	.0251138
second	.0064152	.0069679	0.92	0.357	-.0072415	.0200719
third	-.0162765	.0171789	-0.95	0.343	-.0499465	.0173935
fourth	-.0129206	.0067209	-1.92	0.055	-.0260932	.0002521
fifth	-.0084091	.0046702	-1.80	0.072	-.0175625	.0007443
sixth	-.0006557	.0079769	-0.08	0.934	-.0162901	.0149787
seventh	-.0079613	.0049719	-1.60	0.109	-.017706	.0017834
eighth	.0553875	.0263833	2.10	0.036	.0036771	.1070979
ninth	-.0053999	.0045439	-1.19	0.235	-.0143058	.0035061
tenth	-.0072422	.0060308	-1.20	0.230	-.0190624	.004578
eleventh	-.000457	.0198989	-0.02	0.982	-.0394582	.0385441
twelfth	-.0030417	.0038804	-0.78	0.433	-.0106472	.0045638
thirteenth	.0006158	.0028032	0.22	0.826	-.0048783	.0061099
Baserate	.2122114	.0123844	17.14	0.000	.1879384	.2364844
_cons	.0748478	.0077195	9.70	0.000	.0597179	.0899777
sigma_u	0					
sigma_e	.0521093					
rho	0 (fraction of variance due to u_i)					

**Panel D: Hausman Test**

hausman fixed

---- Coefficients ----

	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
fixed	.		Difference	S.E.
IAS	-.3644003	-.3658579	.0014576	.0095882
Size	-.1619943	-.0191647	-.1428296	.0729284
Leverage	.2949763	.3772575	-.0822811	.1890262
Growth	-.0115931	-.0098695	-.0017236	.
Volatility <sub>SD</sub>	1.939927	1.897679	.0422487	.1683334
Loss	-.0493794	-.0484881	-.0008912	.
first	-.0332971	-.0272434	-.0060537	.0040658
second	.0085733	.0064152	.002158	.0004739
third	-.0133566	-.0162765	.0029199	.
fourth	-.0130747	-.0129206	-.0001542	.0004292
fifth	-.0086859	-.0084091	-.0002768	.
sixth	-.0008837	-.0006557	-.000228	.
seventh	-.0081661	-.0079613	-.0002047	.0007131
eighth	.0565367	.0553875	.0011492	.0014527
ninth	-.0056353	-.0053999	-.0002354	.0005608
tenth	-.0086226	-.0072422	-.0013804	.
eleventh	-.0014069	-.000457	-.0009499	.
twelfth	-.0047032	-.0030417	-.0016615	.
thirteenth	.0004851	.0006158	-.0001308	.0001591
Baserate	.2707896	.2122114	.0585782	.0336131

b = consistent under Ho and Ha; obtained from xtreg

B = inconsistent under Ha, efficient under Ho; obtained from xtreg

Test: Ho: difference in coefficients not systematic

$$\chi^2(15) = (b-B)'[(V_b-V_B)^{-1}](b-B)$$

$$= 1.41$$

$$\text{Prob} > \chi^2 = 0.3546$$

(V\_b-V\_B is not positive definite)

**Table 14: Descriptive Statistics** where *Leverage* is the ratio of total debt to total assets, *Leverage<sub>stdta</sub>* is the ratio of short-term debt to total assets, *Leverage<sub>ltdta</sub>* is the ratio of long-term debt to total assets, *Size* is the natural logarithm of total assets, *Structure* is the ratio of tangible fixed assets to total assets, *Profitability* is the return on assets, *Ndts* is the depreciation to total assets, *Growth* is the ratio of market to book value, *Volatility<sub>SD</sub>* is the standard deviation of return on assets.

1: The values are low and therefore rounded to zero.

	<b>Leverage</b>		<b>Leverage<sub>stdta</sub></b>	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
	<i>N=676</i>	<i>N=772</i>	<i>N=676</i>	<i>N=772</i>
<i>Mean</i>	0.30	0.41	0.15	0.18
<i>Standard Deviation</i>	0.18	0.21	0.13	0.14
<i>Skewness</i>	0.98	0.88	1.32	1.29
<i>Kurtosis</i>	0.7	0.57	2.53	2.18
	<b>Leverage<sub>ltdta</sub></b>		<b>Size</b>	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
	<i>N=676</i>	<i>N=772</i>	<i>N=676</i>	<i>N=772</i>
<i>Mean</i>	0.14	0.23	12.72	13.06
<i>Standard Deviation</i>	0.15	0.16	1.29	1.31
<i>Skewness</i>	1.98	0.83	-0.06	-0.17
<i>Kurtosis</i>	5.44	3.46	-0.9	-0.85
	<b>Structure</b>		<b>Profitability</b>	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
	<i>N=676</i>	<i>N=772</i>	<i>N=676</i>	<i>N=772</i>
<i>Mean</i>	0.47	0.55	0.17	0.14
<i>Standard Deviation</i>	0.19	0.18	0.07	0.04
<i>Skewness</i>	10.15	12.07	0.74	3.65
<i>Kurtosis</i>	6.07	4.99	4.44	5.94
	<b>Ndts</b>		<b>Growth</b>	
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>	<i>Greek GAAP</i>	<i>IAS/IFRS</i>
	<i>N=676</i>	<i>N=772</i>	<i>N=676</i>	<i>N=772</i>
<i>Mean</i>	0.11	0.12	3.73	2.48
<i>Standard Deviation</i>	0.13	0.49	10.73	3.88
<i>Skewness</i>	1.04	0.98	2.4	5.97
<i>Kurtosis</i>	1.82	1.23	8.2	4.84
	<b>Volatility<sub>SD</sub></b>			
	<i>Greek GAAP</i>	<i>IAS/IFRS</i>		
	<i>N=676</i>	<i>N=772</i>		
<i>Mean</i>	0.02	0.02		
<i>Standard Deviation</i>	0.03	0.05		
<i>Skewness</i>	-4.87	-6.77		
<i>Kurtosis</i>	7.53	6.12		

**Table 15: Regression results**, where *Leverage* is the total debt to total assets, *Size* is the natural logarithm of total assets, *Profitability* is the return on assets, *Growth* is the ratio of market to book value, *Structure* is the ratio of fixed assets to total assets, *Ndts* is the depreciation to total assets, *Volatility<sub>SD</sub>* is the standard deviation of return on assets, *MO* is a dummy variable coded 1 when managers own more or 3% of the total shares, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, *thirteenth* are dummies for the different industries, *Baserate* is the variable used to capture the changes in base rate.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 14.00				
		Prob > F = 0.0000				
		R-squared = 0.1929				
		Root MSE = .15667				
Robust						
Leverage	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.302425	.0286331	10.56	0.000	.2462575	.3585926
Size	.1545408	.0383116	4.03	0.000	.0793876	.229694
Profitability	.3488176	.048612	7.18	0.000	.2534589	.4441763
Growth	-.0190356	.0104942	-1.81	0.070	-.0396214	.0015502
Structure	.0079451	.0151985	0.52	0.601	-.0218687	.037759
Ndts	-.2294478	.1035814	-2.22	0.027	-.4326362	-.0262594
Volatility <sub>SD</sub>	-.0393395	.0142386	-2.76	0.006	-.0672705	-.0114086
MO	-.038907	.0090067	-4.32	0.000	-.0565748	-.0212392
first	-.0040982	.0976268	-0.04	0.967	-.1956059	.1874094
second	-.0150679	.0260426	-0.58	0.563	-.066154	.0360181
third	-.0111044	.0468544	-0.24	0.813	-.1030154	.0808066
fourth	.1906835	.0278024	6.86	0.000	.1361454	.2452215
fifth	.1247549	.0186208	6.70	0.000	.0882278	.161282
sixth	.1268667	.0277317	4.57	0.000	.0724673	.181266
seventh	.1384453	.0194979	7.10	0.000	.1001976	.176693
eighth	.026394	.0791047	0.33	0.739	-.1287801	.1815682
ninth	.0283254	.016509	1.72	0.086	-.0040591	.0607099
tenth	.0269736	.0207609	1.30	0.194	-.0137516	.0676989
eleventh	.1303157	.0322765	4.04	0.000	.0670012	.1936303
twelfth	.0756017	.0167417	4.52	0.000	.0427608	.1084426
thirteenth	-.0072824	.0074219	-0.98	0.327	-.0218415	.0072767
Baserate	-.1516744	.0730326	-2.08	0.038	-.2949375	-.0084114
_cons	.2063475	.0124976	16.51	0.000	.1818319	.2308632



<b>Panel B: Fixed-effects regression</b>						
Fixed-effects (within) regression			Number of obs = 1448			
Group variable: year			Number of groups = 8			
R-sq: within = 0.1912			Obs per group: min = 181			
between = 0.2454			avg = 181.0			
overall = 0.1925			max = 181			
F(22,1418) = 13.62						
corr(u_i, Xb) = 0.0103			Prob > F = 0.0000			
(Std. Err. adjusted for clustering on year)						
Robust						
Leverage	Coef.	Std. Err.	t	P>t	[95% Conf. Interval]	
IAS	.3000682	.0283354	10.59	0.000	.2444844	.3556519
Size	.1500845	.0376931	3.98	0.000	.0761443	.2240246
Profitability	.3428597	.0483428	7.09	0.000	.2480287	.4376907
Growth	-.0173648	.0104385	-1.66	0.096	-.0378413	.0031118
Structure	-.002152	.0153895	-0.14	0.889	-.0323405	.0280366
Ndts	-.1990028	.1026328	-1.94	0.053	-.4003312	.0023256
Volatility <sub>SD</sub>	-.036448	.0141095	-2.58	0.010	-.0641258	-.0087702
MO	-.0385064	.0089549	-4.30	0.000	-.0560728	-.0209401
first	-.0350227	.1086919	-0.32	0.747	-.2482369	.1781914
second	-.004388	.0260675	-0.17	0.866	-.055523	.046747
third	-.0108945	.0468663	-0.23	0.816	-.1028291	.0810402
fourth	.1865471	.0269492	6.92	0.000	.1336826	.2394117
fifth	.1228489	.018533	6.63	0.000	.0864939	.159204
sixth	.1245126	.0274393	4.54	0.000	.0706866	.1783385
seventh	.1374363	.0192772	7.13	0.000	.0996215	.1752512
eighth	.0553643	.0774495	0.71	0.475	-.0965636	.2072921
ninth	.0255589	.0164419	1.55	0.120	-.0066942	.0578119
tenth	.0244991	.0204731	1.20	0.232	-.0156619	.06466
eleventh	.1293699	.029058	4.45	0.000	.0723687	.1863711
twelfth	.0735565	.0165522	4.44	0.000	.0410871	.106026
thirteenth	-.0092411	.0074499	-1.24	0.215	-.023855	.0053729
Baserate	-.1609497	.0722152	-2.23	0.026	-.3026099	-.0192896
_cons	.209224	.0215032	9.73	0.000	.1670426	.2514054
sigma_u .02501932						
sigma_e .15530223						
rho .02529693 (fraction of variance due to u_i)						

Panel C: Random-effects regression						
Random-effects GLS regression			Number of obs = 1448			
Group variable: year			Number of groups = 8			
R-sq: within = 0.1909			Obs per group: min = 181			
between = 0.2790			avg = 181.0			
overall = 0.1929			max = 181			
Random effects u_i ~ Gaussian			Wald chi2(23) = 5000.90			
corr(u_i, X) = 0 (assumed)			Prob > chi2 = 0.0000			
(Std. Err. adjusted for clustering on year)						
Robust						
Leverage	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
IAS	.302425	.0286331	10.56	0.000	.2463052	.3585449
Size	.1545408	.0383116	4.03	0.000	.0794515	.2296302
Profitability	.3488176	.048612	7.18	0.000	.2535399	.4440953
Growth	-.0190356	.0104942	-1.81	0.070	-.039604	.0015327
Structure	.0079451	.0151985	0.52	0.601	-.0218434	.0377337
Ndts	-.2294478	.1035814	-2.22	0.027	-.4324637	-.026432
Volatility <sub>SD</sub>	-.0393395	.0142386	-2.76	0.006	-.0672467	-.0114323
MO	-.038907	.0090067	-4.32	0.000	-.0565598	-.0212542
first	-.0040982	.0976268	-0.04	0.967	-.1954433	.1872468
second	-.0150679	.0260426	-0.58	0.563	-.0661106	.0359747
third	-.0111044	.0468544	-0.24	0.813	-.1029373	.0807285
fourth	.1906835	.0278024	6.86	0.000	.1361918	.2451752
fifth	.1247549	.0186208	6.70	0.000	.0882588	.1612509
sixth	.1268667	.0277317	4.57	0.000	.0725135	.1812198
seventh	.1384453	.0194979	7.10	0.000	.1002301	.1766605
eighth	.026394	.0791047	0.33	0.739	-.1286483	.1814364
ninth	.0283254	.016509	1.72	0.086	-.0040316	.0606824
tenth	.0269736	.0207609	1.30	0.194	-.013717	.0676643
eleventh	.1303157	.0322765	4.04	0.000	.067055	.1935765
twelfth	.0756017	.0167417	4.52	0.000	.0427886	.1084147
thirteenth	-.0072824	.0074219	-0.98	0.326	-.0218291	.0072643
Baserate	-.1516744	.0730326	-2.08	0.038	-.2948158	-.0085331
_cons	.2063475	.0124976	16.51	0.000	.1818527	.2308424
sigma_u	0					
sigma_e	.15530223					
rho	0 (fraction of variance due to u_i)					

<b>Panel D: Hausman Test</b>				
---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.3000682	.302425	-.0023569	.
Size	.1500845	.1545408	-.0044563	.
Profitability	.3428597	.3488176	-.0059579	.
Growth	-.0173648	-.0190356	.0016709	.
Structure	-.002152	.0079451	-.0100971	.0024166
Ndts	-.1990028	-.2294478	.030445	.
Volatility <sub>SD</sub>	-.036448	-.0393395	.0028915	.
MO	-.0385064	-.038907	.0004006	.
first	-.0350227	-.0040982	-.0309245	.04778
second	-.004388	-.0150679	.01068	.0011384
third	-.0108945	-.0111044	.0002099	.001055
fourth	.1865471	.1906835	-.0041363	.
fifth	.1228489	.1247549	-.001906	.
sixth	.1245126	.1268667	-.0023541	.
seventh	.1374363	.1384453	-.0010089	.
eighth	.0553643	.026394	.0289702	.
ninth	.0255589	.0283254	-.0027665	.
tenth	.0244991	.0269736	-.0024746	.
eleventh	.1293699	.1303157	-.0009458	.
twelfth	.0735565	.0756017	-.0020452	.
thirteenth	-.0092411	-.0072824	-.0019587	.0006446
Baserate	-.1609497	-.1516744	-.0092753	.
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(22) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 30.54				
Prob>chi2 = 0.1059				
(V_b-V_B is not positive definite)				

**Table 16: Regression results**, where  $Leverage_{stdta}$  is the short term debt to total assets. The rest of the variables have been defined in table 15.

**Panel A: Linear regression**

Linear regression							Number of obs = 1448
							F( 22, 1425) = 4.98
							Prob > F = 0.0000
							R-squared = 0.0810
							Root MSE = .10876
Robust							
Leverage <sub>stdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]	
IAS	.1244918	.0183437	6.79	0.000	.0885083	.1604753	
Size	.1039149	.0260374	3.99	0.000	.0528391	.1549906	
Profitability	.1773005	.0512051	3.46	0.001	.076855	.277746	
Growth	-.0183985	.0073873	-2.49	0.013	-.0328897	-.0039074	
Structure	.0039814	.0102079	0.39	0.697	-.0160427	.0240056	
Ndts	-.0280234	.0786888	-0.36	0.722	-.1823818	.126335	
Volatility <sub>SD</sub>	-.020068	.0101446	-1.98	0.048	-.039968	-.000168	
MO	-.0111968	.0060473	-1.85	0.064	-.0230594	.0006658	
first	.0343938	.066279	0.52	0.604	-.0956211	.1644088	
second	-.0138317	.0173494	-0.80	0.425	-.0478648	.0202013	
third	-.0007138	.0305363	-0.02	0.981	-.0606148	.0591872	
fourth	.0781381	.0191486	4.08	0.000	.0405756	.1157006	
fifth	.0701773	.0139795	5.02	0.000	.0427547	.0976	
sixth	.0697354	.0189988	3.67	0.000	.0324668	.1070039	
seventh	.064175	.0139038	4.62	0.000	.0369009	.0914491	
eighth	.0336036	.0510877	0.66	0.511	-.0666116	.1338187	
ninth	.0282154	.0115915	2.43	0.015	.0054772	.0509536	
tenth	.0254017	.0127973	1.98	0.047	.0002982	.0505053	
eleventh	.0590898	.0320602	1.84	0.066	-.0038005	.12198	
twelfth	.0256366	.0121121	2.12	0.034	.0018771	.0493961	
thirteenth	-.0104957	.005092	-2.06	0.039	-.0204844	-.0005071	
Baserate	-.0679747	.0477762	-1.42	0.155	-.1616939	.0257446	
_cons	.0952735	.0085477	11.15	0.000	.078506	.112041	

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.0824		Obs per group: min = 181	
between = 0.0335		avg = 181.0	
overall = 0.0801		max = 181	
F(22,1418) = 4.78		Prob > F = 0.0000	
corr(u_i, Xb) = 0.0056			
(Std. Err. adjusted for clustering on year)			
Robust			
Leverage <sub>stdta</sub>	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.1219617	.0188798	6.46 0.000 .0849264 .158997
Size	.0996041	.0263184	3.78 0.000 .0479769 .1512313
Profitability	.1712698	.0501111	3.42 0.001 .07297 .2695696
Growth	-.0167909	.0071999	-2.33 0.020 -.0309144 -.0026674
Structure	-.0052728	.0101073	-0.52 0.602 -.0250996 .0145541
Ndts	-.0029022	.0754629	-0.04 0.969 -.1509331 .1451288
Volatility	-.0173189	.0100032	-1.73 0.084 -.0369415 .0023038
MO	-.0108093	.0059221	-1.83 0.068 -.0224263 .0008077
first	.0070258	.0715573	0.10 0.922 -.1333439 .1473954
second	-.0038333	.0172066	-0.22 0.824 -.0375863 .0299198
third	-.0027812	.0294183	-0.09 0.925 -.0604892 .0549268
fourth	.073947	.0181321	4.08 0.000 .0383784 .1095156
fifth	.0680758	.0138939	4.90 0.000 .040821 .0953306
sixth	.0674287	.0187482	3.60 0.000 .0306515 .1042059
seventh	.0630934	.0134928	4.68 0.000 .0366254 .0895614
eighth	.0601915	.0500599	1.20 0.229 -.038008 .158391
ninth	.025553	.0115764	2.21 0.027 .0028442 .0482617
tenth	.023025	.0124602	1.85 0.065 -.0014175 .0474675
eleventh	.0584556	.0285882	2.04 0.041 .0023759 .1145353
twelfth	.0236822	.0119944	1.97 0.049 .0001534 .047211
thirteenth	-.0121204	.0049489	-2.45 0.014 -.0218284 -.0024125
Baserate	-.0767495	.0458328	-1.67 0.094 -.1666569 .0131578
_cons	.0970329	.0136248	7.12 0.000 .0703059 .1237599
sigma_u .02495351			
sigma_e .10650594			
rho .05203641 (fraction of variance due to u_i)			

<b>Panel C: Random-effects regression</b>						
Random-effects GLS regression			Number of obs = 1448			
Group variable: year			Number of groups = 8			
R-sq: within = 0.0816			Obs per group: min = 181			
between = 0.0768			avg = 181.0			
overall = 0.0810			max = 181			
Random effects u_i ~ Gaussian			Wald chi2(23) = 2245.81			
corr(u_i, X) = 0 (assumed)			Prob > chi2 = 0.0000			
<b>Robust</b>						
Leverage <sub>stdta</sub>	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]	
IAS	.1244918	.0183437	6.79	0.000	.0885388	.1604448
Size	.1039149	.0260374	3.99	0.000	.0528825	.1549472
Profitability	.1773005	.0512051	3.46	0.001	.0769403	.2776607
Growth	-.0183985	.0073873	-2.49	0.013	-.0328774	-.0039197
Structure	.0039814	.0102079	0.39	0.697	-.0160257	.0239886
Ndts	-.0280234	.0786888	-0.36	0.722	-.1822507	.1262039
Volatility <sub>SD</sub>	-.020068	.0101446	-1.98	0.048	-.0399511	-.0001849
MO	-.0111968	.0060473	-1.85	0.064	-.0230493	.0006557
first	.0343938	.066279	0.52	0.604	-.0955107	.1642983
second	-.0138317	.0173494	-0.80	0.425	-.0478359	.0201724
third	-.0007138	.0305363	-0.02	0.981	-.0605639	.0591363
fourth	.0781381	.0191486	4.08	0.000	.0406075	.1156687
fifth	.0701773	.0139795	5.02	0.000	.042778	.0975767
sixth	.0697354	.0189988	3.67	0.000	.0324985	.1069723
seventh	.064175	.0139038	4.62	0.000	.0369241	.0914259
eighth	.0336036	.0510877	0.66	0.511	-.0665265	.1337336
ninth	.0282154	.0115915	2.43	0.015	.0054965	.0509343
tenth	.0254017	.0127973	1.98	0.047	.0003195	.0504839
eleventh	.0590898	.0320602	1.84	0.065	-.0037471	.1219266
twelfth	.0256366	.0121121	2.12	0.034	.0018973	.0493759
thirteenth	-.0104957	.005092	-2.06	0.039	-.0204759	-.0005156
Baserate	-.0679747	.0477762	-1.42	0.155	-.1616143	.025665
_cons	.0952735	.0085477	11.15	0.000	.0785202	.1120268
sigma_u	0					
sigma_e	.10650594					
rho	0 (fraction of variance due to u_i)					

**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.1219617	.1244918	-.0025301	.0044672
Size	.0996041	.1039149	-.0043107	.0038358
Profitability	.1712698	.1773005	-.0060307	.
Growth	-.0167909	-.0183985	.0016076	.
Structure	-.0052728	.0039814	-.0092542	.
Ndts	-.0029022	-.0280234	.0251213	.
Volatility <sub>SD</sub>	-.0173189	-.020068	.0027492	.
MO	-.0108093	-.0111968	.0003875	.
first	.0070258	.0343938	-.0273681	.026973
second	-.0038333	-.0138317	.0099985	.
third	-.0027812	-.0007138	-.0020674	.
fourth	.073947	.0781381	-.0041911	.
fifth	.0680758	.0701773	-.0021015	.
sixth	.0674287	.0697354	-.0023067	.
seventh	.0630934	.064175	-.0010816	.
eighth	.0601915	.0336036	.026588	.
ninth	.025553	.0282154	-.0026625	.
tenth	.023025	.0254017	-.0023767	.
eleventh	.0584556	.0590898	-.0006342	.
twelfth	.0236822	.0256366	-.0019544	.
thirteenth	-.0121204	-.0104957	-.0016247	.
Baserate	-.0767495	-.0679747	-.0087749	.
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(22) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 47.45				
Prob>chi2 = 0.1326				
(V_b-V_B is not positive definite)				

**Table 17: Regression results**, where  $Leverage_{ltdta}$  is the long term debt to total assets. The rest of the variable have been defined in table 15.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 7.66				
		Prob > F = 0.0000				
		R-squared = 0.1220				
		Root MSE = .12745				
Robust						
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.1779332	.0250053	7.12	0.000	.128882.2269845	
Size	.0506259	.0266756	1.90	0.058	-.0017018	.1029537
Profitability	.1715171	.0382572	4.48	0.000	.0964706	.2465635
Growth	-.0006371	.0085394	-0.07	0.941	-.0173883	.0161141
Structure	.0039637	.0136998	0.29	0.772	-.0229102	.0308376
Ndts	-.2014244	.0833532	-2.42	0.016	-.3649326	-.0379162
Volatility <sub>SD</sub>	-.0192715	.0116757	-1.65	0.099	-.0421749	.0036319
MO	-.0277102	.0073793	-3.76	0.000	-.0421857	-.0132347
first	-.0384921	.0785082	-0.49	0.624	-.1924962	.115512
second	-.0012362	.0211514	-0.06	0.953	-.0427274	.040255
third	-.0103906	.0425452	-0.24	0.807	-.0938486	.0730673
fourth	.1125454	.0214529	5.25	0.000	.0704627	.1546281
fifth	.0545775	.0146777	3.72	0.000	.0257852	.0833698
sixth	.0571312	.0224907	2.54	0.011	.0130129	.1012496
seventh	.0742703	.0152454	4.87	0.000	.0443644	.1041761
eighth	-.0072095	.0637409	-0.11	0.910	-.1322457	.1178266
ninth	.00011	.012902	0.01	0.993	-.0251991	.025419
tenth	.0015719	.0143405	0.11	0.913	-.0265588	.0297027
eleventh	.071226	.0275583	2.58	0.010	.0171667	.1252852
twelfth	.0499651	.0143444	3.48	0.001	.0218267	.0781035
thirteenth	.0032133	.0066284	0.48	0.628	-.0097892	.0162158
Baserate	-.0836998	.0579559	-1.44	0.149	-.1973877	.0299882
_cons	.111074	.0098699	11.25	0.000	.091713	.130435



**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1190		Obs per group: min = 181	
between = 0.7480		avg = 181.0	
overall = 0.1220		max = 181	
F(22,1418) = 7.38		Prob > F = 0.0000	
corr(u_i, Xb) = -0.0310			
(Std. Err. adjusted for clustering on year)			
Robust			
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.1781065	.0251399	7.08 0.000 .1287911 .2274218
Size	.0504803	.0269305	1.87 0.061 -.0023476 .1033082
Profitability	.1715899	.038417	4.47 0.000 .0962296 .2469502
Growth	-.0005739	.0085738	-0.07 0.947 -.0173925 .0162447
Structure	.0031208	.0141135	0.22 0.825 -.0245648 .0308064
Ndts	-.1961007	.0836948	-2.34 0.019 -.3602797 -.0319216
Volatility <sub>SD</sub>	-.0191292	.0117476	-1.63 0.104 -.0421738 .0039154
MO	-.0276971	.0073991	-3.74 0.000 -.0422115 -.0131828
first	-.0420485	.0873793	-0.48 0.630 -.2134551 .129358
second	-.0005547	.0211743	-0.03 0.979 -.0420909 .0409815
third	-.0081133	.0431534	-0.19 0.851 -.0927646 .076538
fourth	.1126002	.0214621	5.25 0.000 .0704992 .1547011
fifth	.0547731	.0146321	3.74 0.000 .0260703 .0834759
sixth	.0570839	.0225023	2.54 0.011 .0129425 .1012253
seventh	.0743429	.015313	4.85 0.000 .0443045 .1043814
eighth	-.0048273	.0648212	-0.07 0.941 -.1319831 .1223286
ninth	5.91e-06	.0129902	0.00 1.000 -.0254762 .025488
tenth	.0014741	.0143887	0.10 0.918 -.0267514 .0296995
eleventh	.0709143	.0275622	2.57 0.010 .0168473 .1249813
twelfth	.0498743	.0143317	3.48 0.001 .0217608 .0779879
thirteenth	.0028794	.0066501	0.43 0.665 -.0101657 .0159245
Baserate	-.0842002	.0580114	-1.45 0.147 -.1979977 .0295973
_cons	.1121911	.0189255	5.93 0.000 .0750661 .1493162
sigma_u .00510481			
sigma_e .12767543			
rho .00159606 (fraction of variance due to u_i)			

**Panel C: Random-effects regression**

Random-effects GLS regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1190		Obs per group: min = 181	
between = 0.7562		avg = 181.0	
overall = 0.1220		max = 181	
Random effects u_i ~ Gaussian		Wald chi2(23) = 2104.75	
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000	
(Std. Err. adjusted for clustering on year)			
Robust			
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	z P>z [95% Conf. Interval]
IAS	.1779332	.0250053	7.12 0.000 .1289237 .2269428
Size	.0506259	.0266756	1.90 0.058 -.0016573 .1029092
Profitability	.1715171	.0382572	4.48 0.000 .0965343 .2464998
Growth	-.0006371	.0085394	-0.07 0.941 -.017374 .0160998
Structure	.0039637	.0136998	0.29 0.772 -.0228874 .0308148
Ndts	-.2014244	.0833532	-2.42 0.016 -.3647937 -.038055
Volatility <sub>SD</sub>	-.0192715	.0116757	-1.65 0.099 -.0421555 .0036125
MO	-.0277102	.0073793	-3.76 0.000 -.0421734 -.013247
first	-.0384921	.0785082	-0.49 0.624 -.1923654 .1153812
second	-.0012362	.0211514	-0.06 0.953 -.0426921 .0402198
third	-.0103906	.0425452	-0.24 0.807 -.0937777 .0729964
fourth	.1125454	.0214529	5.25 0.000 .0704984 .1545924
fifth	.0545775	.0146777	3.72 0.000 .0258097 .0833454
sixth	.0571312	.0224907	2.54 0.011 .0130503 .1012122
seventh	.0742703	.0152454	4.87 0.000 .0443898 .1041507
eighth	-.0072095	.0637409	-0.11 0.910 -.1321395 .1177204
ninth	.00011	.012902	0.01 0.993 -.0251776 .0253975
tenth	.0015719	.0143405	0.11 0.913 -.0265349 .0296788
eleventh	.071226	.0275583	2.58 0.010 .0172127 .1252393
twelfth	.0499651	.0143444	3.48 0.000 .0218506 .0780796
thirteenth	.0032133	.0066284	0.48 0.628 -.0097781 .0162048
Baserate	-.0836998	.0579559	-1.44 0.149 -.1972911 .0298916
_cons	.111074	.0098699	11.25 0.000 .0917294 .1304186
sigma_u 0			
sigma_e .12767543			
rho 0 (fraction of variance due to u_i)			

**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.1781065	.1779332	.0001732	.0025973
Size	.0504803	.0506259	-.0001456	.0036963
Profitability	.1715899	.1715171	.0000728	.0035006
Growth	-.0005739	-.0006371	.0000632	.0007666
Structure	.0031208	.0039637	-.0008429	.0033922
Ndts	-.1961007	-.2014244	.0053237	.0075541
Volatility <sub>SD</sub>	-.0191292	-.0192715	.0001423	.001298
MO	-.0276971	-.0277102	.0000131	.000541
first	-.0420485	-.0384921	-.0035564	.0383614
second	-.0005547	-.0012362	.0006815	.0009838
third	-.0081133	-.0103906	.0022773	.0072192
fourth	.1126002	.1125454	.0000548	.0006287
fifth	.0547731	.0545775	.0001956	.
sixth	.0570839	.0571312	-.0000474	.0007239
seventh	.0743429	.0742703	.0000727	.0014368
eighth	-.0048273	-.0072095	.0023823	.011785
ninth	5.91e-06	.00011	-.000104	.001511
tenth	.0014741	.0015719	-.0000978	.0011771
eleventh	.0709143	.071226	-.0003117	.0004608
twelfth	.0498743	.0499651	-.0000907	.
thirteenth	.0028794	.0032133	-.0003339	.0005364
Baserate	-.0842002	-.0836998	-.0005005	.002539
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(22) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 10.65				
Prob>chi2 = 1.0000				
(V_b-V_B is not positive definite)				

**Table 18: Regression results using the Hausman specification test to test for endogeneity**, where where *Leverage* is the total debt to total assets, *Size* is the natural logarithm of total assets, *Profitability* is the return on assets, *Growth* is the ratio of market to book value, *Structure* is the ratio of fixed assets to total assets, *Ndts* is the depreciation to total assets, *Volatility<sub>SD</sub>* is the standard deviation of return on assets, *MO* is a dummy variable coded 1 when managers own more or 3% of the total shares, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, *thirteenth* are dummies for the different industries, *Baserate* is the variable used to capture the changes in base rate, *Ocf* is the operating cash flows.

**Panel A: Linear Regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 7.32				
		Prob > F= 0.0000				
		R-squared = 0.3385				
		Root MSE = .17821				
Robust						
IAS	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Size	.2550291	.0246076	10.36	0.000	.2067582	.3033001
Profitability	-.5914947	.0659312	-8.97	0.000	-.7208272	-.4621621
Growth	.1560273	.0150034	10.40	0.000	.1265962	.1854583
Structure	.0353597	.0118818	2.98	0.003	.0120521	.0586674
Ndts	.13021	.1352264	0.96	0.336	-.3954742	.1950541
Volatility <sub>SD</sub>	.2470046	.0210248	11.75	0.000	.2057617	.2882476
MO	.0113328	.0107056	1.06	0.290	-.0096676	.0323331
first	-.7456206	.1123774	-6.63	0.000	-.9660636	-.5251776
second	.1807462	.0295297	6.12	0.000	.1228199	.2386726
third	-.0149657	.0444738	-0.34	0.737	-.1022068	.0722755
fourth	-.4071581	.0344482	-11.82	0.000	-.4747328	-.3395834
fifth	-.3581552	.0293637	-12.20	0.000	-.415756	-.3005544
sixth	-.377541	.0317354	-11.90	0.000	-.4397942	-.3152879
seventh	-.3984414	.0330073	-12.07	0.000	-.4631896	-.3336933
eighth	.2173392	.0928069	2.34	0.019	.0352863	.3993921
ninth	-.35984	.0295766	-12.17	0.000	-.4178583	-.3018217
tenth	-.2702727	.0239817	-11.27	0.000	-.317316	-.2232295
eleventh	-.2555957	.0261653	-9.77	0.000	-.3069224	-.204269
twelfth	-.2299935	.0215036	-10.70	0.000	-.2721756	-.1878114
thirteenth	-.0062685	.0115323	-0.54	0.587	-.0288907	.0163537
Baserate	.769733	.0983545	7.83	0.000	.5767978	.9626682
Ocf	2.075774	2.8671	0.72	0.469	-3.548415	7.699963
_cons	.1975126	.0227578	8.68	0.000	.1528702	.242155

**Panel B: Linear Regression**

Linear regression		Number of obs = 1448				
		F( 23, 1424) = 13.39				
		Prob > F = 0.0000				
		R-squared = 0.1929				
		Root MSE = .15672				
Robust						
Leverage	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.0039873	1.552874	0.00	0.998	-3.042179	3.050154
Size	.0785363	.3964774	0.20	0.843	-.8562788	.6992061
Profitability	.1723189	.9181551	0.19	0.851	-1.628763	1.973401
Growth	-.0273352	.2421681	-0.11	0.910	-.4477092	.5023797
Structure	.0185058	.057185	0.32	0.746	-.09367	.1306817
Ndts	-.2684957	.2300896	-1.17	0.243	-.7198467	.1828553
Volatility <sub>SD</sub>	-.0344302	.3836034	-0.09	0.928	-.7180582	.7869186
MO	-.0355278	.0193727	-1.83	0.067	-.0735299	.0024742
first	-.2275827	1.164431	-0.20	0.845	-2.511767	2.056602
second	.0390628	.2822094	0.14	0.890	-.5145279	.5926535
third	-.0156918	.0528462	-0.30	0.767	-.1193567	.087973
fourth	.0692229	.6327663	0.11	0.913	-1.172031	1.310477
fifth	.0178126	.5567012	0.03	0.974	-1.07423	1.109855
sixth	.0141254	.5864969	0.02	0.981	-1.136365	1.164616
seventh	.0195533	.6180907	0.03	0.975	-1.192913	1.232019
eighth	.0915995	.3473146	0.26	0.792	-.5897037	.7729028
ninth	-.0790416	.5579327	-0.14	0.887	-1.1735	1.015417
tenth	-.053551	.4197257	-0.13	0.898	-.8768981	.7697961
eleventh	.0543718	.3955859	0.14	0.891	-.7216218	.8303655
twelfth	.0069699	.3565128	0.02	0.984	-.6923767	.7063165
thirteenth	-.0090968	.0119873	-0.76	0.448	-.0326114	.0144179
Baserate	.0781267	1.196543	0.07	0.948	-2.269049	2.425302
r	.2984967	1.553571	0.19	0.848	-2.749036	3.346029
_cons	.2655484	.3077802	0.86	0.388	-.3382029	.8692997
. test r						
( 1) r = 0						
F( 1, 1424) = 0.04						
Prob > F = 0.8477						

**Table 19: Regression results using the Hausman specification test to test for endogeneity**, where  $Leverage_{stda}$  is the short term debt to total assets. The rest of the variables were defined in table 18.

**Panel A: Linear Regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 7.32				
		Prob > F= 0.0000				
		R-squared = 0.3385				
		Root MSE = .17821				
Robust						
IAS	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Size	.2550291	.0246076	10.36	0.000	.2067582	.3033001
Profitability	-.5914947	.0659312	-8.97	0.000	-.7208272	-.4621621
Growth	.1560273	.0150034	10.40	0.000	.1265962	.1854583
Structure	.0353597	.0118818	2.98	0.003	.0120521	.0586674
Ndts	-.13021	.1352264	-0.96	0.336	-.3954742	.1350541
Volatility <sub>SD</sub>	.2470046	.0210248	11.75	0.000	.2057617	.2882476
MO	.0113328	.0107056	1.06	0.290	-.0096676	.0323331
first	-.7456206	.1123774	-6.63	0.000	-.9660636	-.5251776
second	.1807462	.0295297	6.12	0.000	.1228199	.2386726
third	-.0149657	.0444738	-0.34	0.737	-.1022068	.0722755
fourth	-.4071581	.0344482	-11.82	0.000	-.4747328	-.3395834
fifth	-.3581552	.0293637	-12.20	0.000	-.415756	-.3005544
sixth	-.377541	.0317354	-11.90	0.000	-.4397942	-.3152879
seventh	-.3984414	.0330073	-12.07	0.000	-.4631896	-.3336933
eighth	.2173392	.0928069	2.34	0.019	.0352863	.3993921
ninth	-.35984	.0295766	-12.17	0.000	-.4178583	-.3018217
tenth	-.2702727	.0239817	-11.27	0.000	-.317316	-.2232295
eleventh	-.2555957	.0261653	-9.77	0.000	-.3069224	-.204269
twelfth	-.2299935	.0215036	-10.70	0.000	-.2721756	-.1878114
thirteenth	-.0062685	.0115323	-0.54	0.587	-.0288907	.0163537
Baserate	.769733	.0983545	7.83	0.000	.5767978	.9626682
Ocf	2.075774	2.8671	0.72	0.469	-3.548415	7.699963
_cons	.1975126	.0227578	8.68	0.000	.1528702	.242155

**Panel B: Linear Regression**

Linear regression							Number of obs = 1448
							F( 23, 1424) = 4.76
							Prob > F= 0.0000
							R-squared = 0.0812
							Root MSE = .10879
Robust							
Leverage <sub>stdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]	
IAS	.5957859	1.144948	0.52	0.603	-1.650179	2.841751	
Size	.2239415	.2929765	0.76	0.445	-.7986533	.3507704	
Profitability	.456028	.6801371	0.67	0.503	-.8781503	1.790206	
Growth	-.0916276	.1787634	-0.51	0.608	-.4422954	.2590403	
Structure	-.012696	.0415589	-0.31	0.760	-.0942193	.0688273	
Ndts	.0336411	.1676089	0.20	0.841	-.2951458	.3624281	
Volatility <sub>SD</sub>	-.1365656	.2831634	-0.48	0.630	-.6920278	.4188967	
MO	-.0165332	.013931	-1.19	0.236	-.0438607	.0107944	
first	.3873215	.8572515	0.45	0.651	-1.29429	2.068933	
second	-.0993152	.2079225	-0.48	0.633	-.5071826	.3085522	
third	.0065307	.0349225	0.19	0.852	-.0619745	.0750358	
fourth	.2699492	.4656558	0.58	0.562	-.6434958	1.183394	
fifth	.2390611	.4103202	0.58	0.560	-.565836	1.043958	
sixth	.2477768	.4325386	0.57	0.567	-.6007044	1.096258	
seventh	.2519297	.4561177	0.55	0.581	-.642805	1.146664	
eighth	-.0693693	.2541868	-0.27	0.785	-.5679901	.4292515	
ninth	.1977699	.4114788	0.48	0.631	-.6093998	1.00494	
tenth	.1525665	.3090401	0.49	0.622	-.4536563	.7587893	
eleventh	.1790207	.29226	0.61	0.540	-.3942857	.752327	
twelfth	.1340202	.2633179	0.51	0.611	-.3825123	.6505528	
thirteenth	-.0076305	.0085617	-0.89	0.373	-.0244253	.0091644	
Baserate	-.4308777	.8821578	-0.49	0.625	-2.161346	1.299591	
r	-.4713873	1.14522	-0.41	0.681	-2.717887	1.775113	
_cons	.0017832	.2267902	0.01	0.994	-.4430956	.4466621	
. test r							
( 1) r = 0							
F( 1, 1424) = 0.17							
Prob > F = 0.6807							

**Table 20: Regression results using the Hausman specification test to test for endogeneity**, where  $Leverage_{ltda}$  is the long term debt to total assets. The rest of the variables were defined in table 18.

**Panel A: Linear Regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 7.32				
		Prob > F= 0.0000				
		R-squared = 0.3385				
		Root MSE = .17821				
Robust						
IAS	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
Size	.2550291	.0246076	10.36	0.000	.2067582	.3033001
Profitability	-.5914947	.0659312	-8.97	0.000	-.7208272	-.4621621
Growth	.1560273	.0150034	10.40	0.000	.1265962	.1854583
Structure	.0353597	.0118818	2.98	0.003	.0120521	.0586674
Ndts	-.13021	.1352264	-0.96	0.336	-.3954742	.1350541
Volatility <sub>SD</sub>	.2470046	.0210248	11.75	0.000	.2057617	.2882476
MO	.0113328	.0107056	1.06	0.290	-.0096676	.0323331
first	-.7456206	.1123774	-6.63	0.000	-.9660636	-.5251776
second	.1807462	.0295297	6.12	0.000	.1228199	.2386726
third	-.0149657	.0444738	-0.34	0.737	-.1022068	.0722755
fourth	-.4071581	.0344482	-11.82	0.000	-.4747328	-.3395834
fifth	-.3581552	.0293637	-12.20	0.000	-.415756	-.3005544
sixth	-.377541	.0317354	-11.90	0.000	-.4397942	-.3152879
seventh	-.3984414	.0330073	-12.07	0.000	-.4631896	-.3336933
eighth	.2173392	.0928069	2.34	0.019	.0352863	.3993921
ninth	-.35984	.0295766	-12.17	0.000	-.4178583	-.3018217
tenth	-.2702727	.0239817	-11.27	0.000	-.317316	-.2232295
eleventh	-.2555957	.0261653	-9.77	0.000	-.3069224	-.204269
twelfth	-.2299935	.0215036	-10.70	0.000	-.2721756	-.1878114
thirteenth	-.0062685	.0115323	-0.54	0.587	-.0288907	.0163537
Baserate	.769733	.0983545	7.83	0.000	.5767978	.9626682
Ocf	2.075774	2.8671	0.72	0.469	-3.548415	7.699963
_cons	.1975126	.0227578	8.68	0.000	.1528702	.242155



**Panel B: Linear regression**

Linear regression		Number of obs = 1448				
		F( 23, 1424) = 7.33				
		Prob > F= 0.0000				
		R-squared = 0.1222				
		Root MSE = .12748				
Robust						
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.5917984	.9965539	0.59	0.553	-2.54667	1.363073
Size	.1454051	.2543386	0.57	0.568	-.3535135	.6443236
Profitability	.283709	.5908571	0.48	0.631	-1.442753	.8753347
Growth	-.1189627	.1551172	-0.77	0.443	-.1853201	.4232456
Structure	.0312018	.0386115	0.81	0.419	-.0445398	.1069434
Ndts	-.3021368	.1570804	-1.92	0.055	-.6102707	.0059971
Volatility <sub>SD</sub>	.1709957	.2467176	0.69	0.488	-.3129733	.6549647
MO	-.0189947	.0130654	-1.45	0.146	-.0446242	.0066348
first	-.6149041	.7498135	-0.82	0.412	-2.085762	.8559535
second	.138378	.1814909	0.76	0.446	-.2176403	.4943962
third	-.0222225	.0455808	-0.49	0.626	-.1116352	.0671903
fourth	-.2007262	.4050205	-0.50	0.620	-.995227	.5937747
fifth	-.2212484	.3573177	-0.62	0.536	-.922174	.4796771
sixth	-.2336513	.3776706	-0.62	0.536	-.9745017	.5071991
seventh	-.2323763	.3969175	-0.59	0.558	-1.010982	.5462296
eighth	.1609688	.2250536	0.72	0.475	-.2805033	.602441
ninth	-.2768114	.3579608	-0.77	0.439	-.9789986	.4253757
tenth	-.2061174	.2693749	-0.77	0.444	-.7345315	.3222968
eleventh	-.1246488	.2547312	-0.49	0.625	-.6243375	.3750399
twelfth	-.1270503	.2290797	-0.55	0.579	-.5764202	.3223196
thirteenth	-.0014663	.008902	-0.16	0.869	-.0189286	.0159961
Baserate	.5090042	.7681991	0.66	0.508	-.9979192	2.015928
r	.7698837	.9969459	0.77	0.440	-1.185757	2.725524
_cons	.2637651	.198193	1.33	0.183	-.1250165	.6525468
. test r						
( 1) r = 0						
F( 1, 1424) =		0.60				
Prob > F =		0.4401				

**Table 21: Regression results for robustness**, where *Leverage* is the total debt to total assets, *Size1* is the natural logarithm of sales, *Profitability1* is the operating income to sales, *Growth1* is the growth of sales, *Structure* is the ratio of fixed assets to total assets, *Ndts* is the depreciation to total assets, *Volatility1* is the standard deviation of percentage change in sales, *MO* is a dummy variable coded 1 when managers own more or 3% of the total shares, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, thirteen are dummies for the different industries, *Baserate* is the base rate.

**Panel A: Linear regression**

Linear regression							Number of obs = 1448
							F( 22, 1425) = 14.00
							Prob > F = 0.0000
							R-squared = 0.1929
							Root MSE = .15667
Robust							
Leverage	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]	
IAS	.302425	.0286331	10.56	0.000	.2462575	.3585926	
Size1	.1065799	.0264218	4.03	0.000	.0547501	.1584097	
Profitability1	.1622407	.0226102	7.18	0.000	.1178879	.2065936	
Growth1	-.0423014	.0233205	-1.81	0.070	-.0880477	.0034449	
Structure	.0079451	.0151985	0.52	0.601	-.0218687	.037759	
Ndts	-.2294478	.1035814	-2.22	0.027	-.4326362	-.0262594	
Volatility1	-.0193791	.0070141	-2.76	0.006	-.0331382	-.00562	
MO	-.038907	.0090067	-4.32	0.000	-.0565748	-.0212392	
first	-.0040982	.0976268	-0.04	0.967	-.1956059	.1874095	
second	-.0150679	.0260426	-0.58	0.563	-.066154	.0360181	
third	-.0111044	.0468544	-0.24	0.813	-.1030154	.0808066	
fourth	.1906835	.0278024	6.86	0.000	.1361454	.2452215	
fifth	.1247549	.0186208	6.70	0.000	.0882278	.161282	
sixth	.1268667	.0277317	4.57	0.000	.0724673	.181266	
seventh	.1384453	.0194979	7.10	0.000	.1001976	.176693	
eighth	.026394	.0791047	0.33	0.739	-.1287802	.1815682	
ninth	.0283254	.016509	1.72	0.086	-.0040591	.0607099	
tenth	.0269736	.0207609	1.30	0.194	-.0137516	.0676989	
eleventh	.1303157	.0322765	4.04	0.000	.0670012	.1936303	
twelfth	.0756017	.0167417	4.52	0.000	.0427608	.1084426	
thirteenth	-.0072824	.0074219	-0.98	0.327	-.0218415	.0072767	
Baserate	-.1516744	.0730326	-2.08	0.038	-.2949375	-.0084114	
_cons	.2063475	.0124976	16.51	0.000	.1818318	.2308632	

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1912		Obs per group: min = 181	
between = 0.2454		avg = 181.0	
overall = 0.1925		max = 181	
F(22,1418) = 13.62		Prob > F = 0.0000	
Robust			
Leverage	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.3000682	.0283354	10.59 0.000 .2444844 .3556519
Size1	.1035065	.0259952	3.98 0.000 .0525133 .1544998
Profitability1	.1594696	.022485	7.09 0.000 .1153622 .2035771
Growth1	-.0385884	.0231967	-1.66 0.096 -.0840918 .0069151
Structure	-.002152	.0153895	-0.14 0.889 -.0323405 .0280366
Ndts	-.1990028	.1026328	-1.94 0.053 -.4003312 .0023256
Volatility1	-.0179547	.0069505	-2.58 0.010 -.0315891 -.0043203
MO	-.0385064	.0089549	-4.30 0.000 -.0560728 -.0209401
first	-.0350227	.1086919	-0.32 0.747 -.2482368 .1781915
second	-.004388	.0260675	-0.17 0.866 -.055523 .046747
third	-.0108945	.0468663	-0.23 0.816 -.1028291 .0810402
fourth	.1865472	.0269492	6.92 0.000 .1336826 .2394117
fifth	.1228489	.018533	6.63 0.000 .0864939 .159204
sixth	.1245126	.0274393	4.54 0.000 .0706866 .1783385
seventh	.1374364	.0192772	7.13 0.000 .0996215 .1752512
eighth	.0553642	.0774495	0.71 0.475 -.0965636 .2072921
ninth	.0255589	.0164419	1.55 0.120 -.0066942 .0578119
tenth	.0244991	.0204731	1.20 0.232 -.0156619 .06466
eleventh	.1293699	.029058	4.45 0.000 .0723687 .1863711
twelfth	.0735565	.0165522	4.44 0.000 .0410871 .106026
thirteenth	-.0092411	.0074499	-1.24 0.215 -.023855 .0053729
Baserate	-.1609497	.0722152	-2.23 0.026 -.3026099 -.0192896
_cons	.209224	.0215032	9.73 0.000 .1670426 .2514054
sigma_u .02501932			
sigma_e .15530223			
rho .02529693 (fraction of variance due to u_i)			

**Panel C: Random-effects regression**

Random-effects GLS regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1909		Obs per group: min = 181	
between = 0.2790		avg = 181.0	
overall = 0.1929		max = 181	
Random effects u_i ~ Gaussian		Wald chi2(23) = 5000.90	
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000	
Robust			
Leverage	Coef.	Std. Err.	z P>z [95% Conf. Interval]
IAS	.302425	.0286331	10.56 0.000 .2463052 .3585449
Size1	.1065799	.0264218	4.03 0.000 .0547941 .1583656
Profitability1	.1622407	.0226102	7.18 0.000 .1179255 .2065559
Growth1	-.0423014	.0233205	-1.81 0.070 -.0880088 .003406
Structure	.0079451	.0151985	0.52 0.601 -.0218434 .0377337
Ndts	-.2294478	.1035814	-2.22 0.027 -.4324637 -.026432
Volatility1	-.0193791	.0070141	-2.76 0.006 -.0331265 -.0056317
MO	-.038907	.0090067	-4.32 0.000 -.0565598 -.0212542
first	-.0040982	.0976268	-0.04 0.967 -.1954432 .1872468
second	-.0150679	.0260426	-0.58 0.563 -.0661106 .0359747
third	-.0111044	.0468544	-0.24 0.813 -.1029373 .0807285
fourth	.1906835	.0278024	6.86 0.000 .1361918 .2451752
fifth	.1247549	.0186208	6.70 0.000 .0882588 .1612509
sixth	.1268667	.0277317	4.57 0.000 .0725135 .1812198
seventh	.1384453	.0194979	7.10 0.000 .1002301 .1766605
eighth	.026394	.0791047	0.33 0.739 -.1286484 .1814364
ninth	.0283254	.016509	1.72 0.086 -.0040316 .0606824
tenth	.0269736	.0207609	1.30 0.194 -.013717 .0676643
eleventh	.1303157	.0322765	4.04 0.000 .067055 .1935765
twelfth	.0756017	.0167417	4.52 0.000 .0427887 .1084147
thirteenth	-.0072824	.0074219	-0.98 0.326 -.0218291 .0072643
Baserate	-.1516744	.0730326	-2.08 0.038 -.2948158 -.0085331
_cons	.2063475	.0124976	16.51 0.000 .1818527 .2308424
sigma_u	0		
sigma_e	.15530223		
rho	0 (fraction of variance due to u_i)		

**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.3000682	.302425	-.0023569	.
Size1	.1035065	.1065799	-.0030733	.
Profitability1	.1594696	.1622407	-.0027711	.
Growth1	-.0385884	-.0423014	.003713	.
Structure	-.002152	.0079451	-.0100971	.0024166
Ndts	-.1990028	-.2294478	.030445	.
Volatility1	-.0179547	-.0193791	.0014244	.
MO	-.0385064	-.038907	.0004006	.
first	-.0350227	-.0040982	-.0309245	.04778
second	-.004388	-.0150679	.01068	.0011384
third	-.0108945	-.0111044	.0002099	.001055
fourth	.1865472	.1906835	-.0041363	.
fifth	.1228489	.1247549	-.0019059	.
sixth	.1245126	.1268667	-.0023541	.
seventh	.1374364	.1384453	-.0010089	.
eighth	.0553642	.026394	.0289702	.
ninth	.0255589	.0283254	-.0027665	.
tenth	.0244991	.0269736	-.0024746	.
eleventh	.1293699	.1303157	-.0009458	.
twelfth	.0735565	.0756017	-.0020452	.
thirteenth	-.0092411	-.0072824	-.0019587	.0006446
Baserate	-.1609497	-.1516744	-.0092753	.
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(22) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 20.35				
Prob>chi2 = 0.1474				
(V_b-V_B is not positive definite)				

**Table 22: Descriptive statistics**, where *Size1* is the natural logarithm of sales, *Profitability 1* is the operating income to sales, *Growth1* is the growth of sales and *Volatility1* is the standard deviation of percentage change in sales.

Variable	Mean	Standard Deviation	Min	Max
<i>Size1</i>	0.021	0.203	0	1.943
<i>Profitability1</i>	0.02	0.191	0	1.827
<i>Growth1</i>	-0.069	0.185	-0.567	0
<i>Volatility1</i>	-0.151	0.626	-2.741	0

**Table 23: Regression results for robustness**, where  $Leverage_{stdta}$  is the short term debt to total assets. The rest of the variables have been defined in table 21.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 4.98				
		Prob > F= 0.0000				
		R-squared = 0.0810				
		Root MSE = .10876				
Robust						
$Leverage_{stdta}$	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.1244918	.0183437	6.79	0.000	.0885083	.1604753
Size1	.0716654	.0179568	3.99	0.000	.0364408	.1068901
Profitability1	.0824654	.0238163	3.46	0.001	.0357465	.1291842
Growth1	-.0408856	.0164162	-2.49	0.013	-.0730882	-.0086831
Structure	.0039815	.0102079	0.39	0.697	-.0160427	.0240056
Ndts	-.0280234	.0786888	-0.36	0.722	-.1823818	.126335
Volatility1	-.0098857	.0049974	-1.98	0.048	-.0196887	-.0000828
MO	-.0111968	.0060473	-1.85	0.064	-.0230594	.0006658
first	.0343939	.066279	0.52	0.604	-.0956211	.1644088
second	-.0138317	.0173494	-0.80	0.425	-.0478648	.0202013
third	-.0007138	.0305363	-0.02	0.981	-.0606148	.0591872
fourth	.0781381	.0191486	4.08	0.000	.0405756	.1157006
fifth	.0701774	.0139795	5.02	0.000	.0427547	.0976
sixth	.0697354	.0189988	3.67	0.000	.0324668	.107004
seventh	.064175	.0139038	4.62	0.000	.0369009	.0914491
eighth	.0336036	.0510877	0.66	0.511	-.0666116	.1338187
ninth	.0282154	.0115915	2.43	0.015	.0054772	.0509536
tenth	.0254017	.0127973	1.98	0.047	.0002982	.0505053
eleventh	.0590898	.0320602	1.84	0.066	-.0038005	.12198
twelfth	.0256366	.0121121	2.12	0.034	.0018771	.0493961
thirteenth	-.0104957	.005092	-2.06	0.039	-.0204843	-.0005071
Baserate	-.0679747	.0477762	-1.42	0.155	-.1616939	.0257446
_cons	.0952735	.0085477	11.15	0.000	.078506	.112041

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.0824		Obs per group: min = 181	
between = 0.0335		avg = 181.0	
overall = 0.0801		max = 181	
F(22,1418) = 4.78			
corr(u_i, Xb) = 0.0056		Prob > F = 0.0000	
Robust			
Leverage <sub>stdta</sub>	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.1219617	.0188798	6.46 0.000 .0849264 .158997
Size1	.0686925	.0181506	3.78 0.000 .0330876 .1042975
Profitability1	.0796604	.0233075	3.42 0.001 .0339395 .1253812
Growth1	-.0373131	.0159997	-2.33 0.020 -.0686987 -.0059275
Structure	-.0052728	.0101073	-0.52 0.602 -.0250996 .0145541
Ndts	-.0029022	.0754629	-0.04 0.969 -.1509331 .1451288
Volatility1	-.0085315	.0049277	-1.73 0.084 -.0181978 .0011349
MO	-.0108093	.0059221	-1.83 0.068 -.0224263 .0008077
first	.0070258	.0715573	0.10 0.922 -.1333439 .1473954
second	-.0038333	.0172066	-0.22 0.824 -.0375863 .0299198
third	-.0027812	.0294183	-0.09 0.925 -.0604892 .0549268
fourth	.073947	.0181321	4.08 0.000 .0383784 .1095156
fifth	.0680758	.0138939	4.90 0.000 .040821 .0953306
sixth	.0674287	.0187482	3.60 0.000 .0306515 .1042059
seventh	.0630934	.0134928	4.68 0.000 .0366254 .0895614
eighth	.0601915	.0500599	1.20 0.229 -.038008 .158391
ninth	.025553	.0115764	2.21 0.027 .0028442 .0482617
tenth	.023025	.0124602	1.85 0.065 -.0014175 .0474675
eleventh	.0584556	.0285882	2.04 0.041 .002376 .1145353
twelfth	.0236822	.0119944	1.97 0.049 .0001534 .047211
thirteenth	-.0121204	.0049489	-2.45 0.014 -.0218284 -.0024125
Baserate	-.0767495	.0458328	-1.67 0.094 -.1666569 .0131578
_cons	.0970329	.0136248	7.12 0.000 .0703059 .1237599
sigma_u	.02495351		
sigma_e	.10650594		
rho	.05203641 (fraction of variance due to u_i)		

**Panel C: Random-effects regression**

Random-effects GLS regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.0816		Obs per group: min = 181	
between = 0.0768		avg = 181.0	
overall = 0.0810		max = 181	
Random effects u_i ~ Gaussian		Wald chi2(23) = 2245.81	
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000	
Robust			
Leverage <sub>stdta</sub>	Coef.	Std. Err.	z P>z [95% Conf. Interval]
IAS	.1244918	.0183437	6.79 0.000 .0885388 .1604448
Size1	.0716654	.0179568	3.99 0.000 .0364707 .1068601
Profitability1	.0824654	.0238163	3.46 0.001 .0357862 .1291445
Growth1	-.0408856	.0164162	-2.49 0.013 -.0730608 -.0087104
Structure	.0039815	.0102079	0.39 0.697 -.0160257 .0239886
Ndts	-.0280234	.0786888	-0.36 0.722 -.1822507 .1262039
Volatility1	-.0098857	.0049974	-1.98 0.048 -.0196804 -.0000911
MO	-.0111968	.0060473	-1.85 0.064 -.0230493 .0006557
first	.0343939	.066279	0.52 0.604 -.0955106 .1642983
second	-.0138317	.0173494	-0.80 0.425 -.0478359 .0201724
third	-.0007138	.0305363	-0.02 0.981 -.0605639 .0591363
fourth	.0781381	.0191486	4.08 0.000 .0406075 .1156687
fifth	.0701774	.0139795	5.02 0.000 .042778 .0975767
sixth	.0697354	.0189988	3.67 0.000 .0324985 .1069723
seventh	.064175	.0139038	4.62 0.000 .0369241 .0914259
eighth	.0336036	.0510877	0.66 0.511 -.0665265 .1337336
ninth	.0282154	.0115915	2.43 0.015 .0054965 .0509343
tenth	.0254017	.0127973	1.98 0.047 .0003195 .0504839
eleventh	.0590898	.0320602	1.84 0.065 -.0037471 .1219266
twelfth	.0256366	.0121121	2.12 0.034 .0018973 .0493759
thirteenth	-.0104957	.005092	-2.06 0.039 -.0204759 -.0005156
Baserate	-.0679747	.0477762	-1.42 0.155 -.1616143 .025665
_cons	.0952735	.0085477	11.15 0.000 .0785202 .1120268
sigma_u	0		
sigma_e	.10650594		
rho	0 (fraction of variance due to u_i)		



**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.1219617	.1244918	-.0025301	.0044672
Size1	.0686925	.0716654	-.0029729	.0026454
Profitability1	.0796604	.0824654	-.002805	.
Growth1	-.0373131	-.0408856	.0035725	.
Structure	-.0052728	.0039815	-.0092542	.
Ndts	-.0029022	-.0280234	.0251213	.
Volatility1	-.0085315	-.0098857	.0013543	.
MO	-.0108093	-.0111968	.0003875	.
first	.0070258	.0343939	-.0273681	.026973
second	-.0038333	-.0138317	.0099985	.
third	-.0027812	-.0007138	-.0020674	.
fourth	.073947	.0781381	-.0041911	.
fifth	.0680758	.0701774	-.0021015	.
sixth	.0674287	.0697354	-.0023067	.
seventh	.0630934	.064175	-.0010816	.
eighth	.0601915	.0336036	.026588	.
ninth	.025553	.0282154	-.0026625	.
tenth	.023025	.0254017	-.0023767	.
eleventh	.0584556	.0590898	-.0006342	.
twelfth	.0236822	.0256366	-.0019544	.
thirteenth	-.0121204	-.0104957	-.0016247	.
Baserate	-.0767495	-.0679747	-.0087749	.
b = consistent under Ho and Ha; obtained from xtreg				
B =	inconsistent under Ha, efficient under Ho; obtained from xtreg			
Test: Ho: difference in coefficients not systematic				
chi2(22) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 32.14				
Prob>chi2 = 0.2589				
(V_b-V_B is not positive definite)				

**Table 24: Regression results for robustness**, where  $Leverage_{ltdta}$  is the long term debt to total assets. The rest of the variables have been defined in table 21.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 22, 1425) = 7.66				
		Prob > F = 0.0000				
		R-squared = 0.1220				
		Root MSE = .12745				
		Robust				
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.1779332	.0250053	7.12	0.000	.128882	.2269845
Size1	.0349144	.018397	1.90	0.058	-.0011736	.0710025
Profitability1	.0797754	.017794	4.48	0.000	.04487	.1146807
Growth1	-.0014158	.0189765	-0.07	0.941	-.0386406	.0358091
Structure	.0039637	.0136998	0.29	0.772	-.0229102	.0308376
Ndts	-.2014244	.0833532	-2.42	0.016	-.3649326	-.0379162
Volatility1	-.0094933	.0057516	-1.65	0.099	-.0207758	.0017891
MO	-.0277102	.0073793	-3.76	0.000	-.0421857	-.0132347
first	-.0384921	.0785082	-0.49	0.624	-.1924962	.115512
second	-.0012362	.0211514	-0.06	0.953	-.0427274	.040255
third	-.0103906	.0425452	-0.24	0.807	-.0938486	.0730673
fourth	.1125454	.0214529	5.25	0.000	.0704627	.1546281
fifth	.0545775	.0146777	3.72	0.000	.0257852	.0833698
sixth	.0571312	.0224907	2.54	0.011	.0130129	.1012496
seventh	.0742703	.0152454	4.87	0.000	.0443644	.1041761
eighth	-.0072095	.0637409	-0.11	0.910	-.1322457	.1178266
ninth	.00011	.012902	0.01	0.993	-.0251991	.025419
tenth	.0015719	.0143405	0.11	0.913	-.0265588	.0297027
eleventh	.071226	.0275583	2.58	0.010	.0171667	.1252852
twelfth	.0499651	.0143444	3.48	0.001	.0218267	.0781035
thirteenth	.0032133	.0066284	0.48	0.628	-.0097892	.0162158
Baserate	-.0836998	.0579559	-1.44	0.149	-.1973877	.0299882
_cons	.111074	.0098699	11.25	0.000	.091713	.130435

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1190		Obs per group: min = 181	
between = 0.7480		avg = 181.0	
overall = 0.1220		max = 181	
F(22,1418) = 7.38			
corr(u_i, Xb) = -0.0310		Prob > F = 0.0000	
Robust			
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.1781065	.0251399	7.08 0.000 .1287911 .2274218
Size1	.034814	.0185728	1.87 0.061 -.001619 .071247
Profitability1	.0798092	.0178684	4.47 0.000 .044758 .1148605
Growth1	-.0012753	.0190528	-0.07 0.947 -.0386499 .0360994
Structure	.0031208	.0141135	0.22 0.825 -.0245648 .0308064
Ndts	-.1961007	.0836948	-2.34 0.019 -.3602797 -.0319216
Volatility1	-.0094232	.005787	-1.63 0.104 -.0207753 .0019288
MO	-.0276971	.0073991	-3.74 0.000 -.0422115 -.0131828
first	-.0420485	.0873793	-0.48 0.630 -.2134551 .129358
second	-.0005547	.0211743	-0.03 0.979 -.0420909 .0409815
third	-.0081133	.0431534	-0.19 0.851 -.0927646 .076538
fourth	.1126002	.0214621	5.25 0.000 .0704992 .1547011
fifth	.0547731	.0146321	3.74 0.000 .0260703 .0834759
sixth	.0570839	.0225023	2.54 0.011 .0129425 .1012253
seventh	.0743429	.015313	4.85 0.000 .0443045 .1043814
eighth	-.0048273	.0648212	-0.07 0.941 -.1319831 .1223286
ninth	5.91e-06	.0129902	0.00 1.000 -.0254762 .025488
tenth	.0014741	.0143887	0.10 0.918 -.0267514 .0296995
eleventh	.0709143	.0275622	2.57 0.010 .0168473 .1249813
twelfth	.0498743	.0143317	3.48 0.001 .0217608 .0779879
thirteenth	.0028794	.0066501	0.43 0.665 -.0101657 .0159245
Baserate	-.0842002	.0580114	-1.45 0.147 -.1979977 .0295973
_cons	.1121911	.0189255	5.93 0.000 .0750661 .1493162
sigma_u	.00510481		
sigma_e	.12767543		
rho	.00159606 (fraction of variance due to u_i)		

**Panel C: Random-effects regressions**

Random-effects GLS regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1190		Obs per group: min = 181	
between = 0.7562		avg = 181.0	
overall = 0.1220		max = 181	
Random effects u_i ~ Gaussian		Wald chi2(23) = 2104.75	
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000	
Robust			
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	z P>z [95% Conf. Interval]
IAS	.1779332	.0250053	7.12 0.000 .1289237 .2269428
Size1	.0349144	.018397	1.90 0.058 -.001143 .0709719
Profitability1	.0797754	.017794	4.48 0.000 .0448997 .1146511
Growth1	-.0014158	.0189765	-0.07 0.941 -.038609 .0357774
Structure	.0039637	.0136998	0.29 0.772 -.0228874 .0308148
Ndts	-.2014244	.0833532	-2.42 0.016 -.3647937 -.038055
Volatility1	-.0094933	.0057516	-1.65 0.099 -.0207662 .0017795
MO	-.0277102	.0073793	-3.76 0.000 -.0421734 -.013247
first	-.0384921	.0785082	-0.49 0.624 -.1923654 .1153812
second	-.0012362	.0211514	-0.06 0.953 -.0426921 .0402198
third	-.0103906	.0425452	-0.24 0.807 -.0937777 .0729964
fourth	.1125454	.0214529	5.25 0.000 .0704984 .1545924
fifth	.0545775	.0146777	3.72 0.000 .0258097 .0833454
sixth	.0571312	.0224907	2.54 0.011 .0130503 .1012122
seventh	.0742703	.0152454	4.87 0.000 .0443898 .1041507
eighth	-.0072095	.0637409	-0.11 0.910 -.1321395 .1177204
ninth	.00011	.012902	0.01 0.993 -.0251776 .0253975
tenth	.0015719	.0143405	0.11 0.913 -.0265349 .0296788
eleventh	.071226	.0275583	2.58 0.010 .0172127 .1252393
twelfth	.0499651	.0143444	3.48 0.000 .0218506 .0780796
thirteenth	.0032133	.0066284	0.48 0.628 -.0097781 .0162048
Baserate	-.0836998	.0579559	-1.44 0.149 -.1972911 .0298916
_cons	.111074	.0098699	11.25 0.000 .0917294 .1304186
sigma_u	0		
sigma_e	.12767543		
rho	0 (fraction of variance due to u_i)		

**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.1781065	.1779332	.0001732	.0025973
Size1	.034814	.0349144	-.0001004	.0025492
Profitabil~1	.0798092	.0797754	.0000339	.0016282
Growth1	-.0012753	-.0014158	.0001405	.0017035
Structure	.0031208	.0039637	-.0008429	.0033922
Ndts	-.1961007	-.2014244	.0053237	.0075541
Volatility1	-.0094232	-.0094933	.0000701	.0006394
MO	-.0276971	-.0277102	.0000131	.000541
first	-.0420485	-.0384921	-.0035564	.0383614
second	-.0005547	-.0012362	.0006815	.0009838
third	-.0081133	-.0103906	.0022773	.0072192
fourth	.1126002	.1125454	.0000548	.0006287
fifth	.0547731	.0545775	.0001956	.
sixth	.0570839	.0571312	-.0000474	.0007239
seventh	.0743429	.0742703	.0000727	.0014368
eighth	-.0048273	-.0072095	.0023823	.011785
ninth	5.91e-06	.00011	-.000104	.001511
tenth	.0014741	.0015719	-.0000978	.0011771
eleventh	.0709143	.071226	-.0003117	.0004608
twelfth	.0498743	.0499651	-.0000907	.
thirteenth	.0028794	.0032133	-.0003339	.0005364
Baserate	-.0842002	-.0836998	-.0005005	.002539
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(22) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 12.18				
Prob>chi2 = 0.9451				
(V_b-V_B is not positive definite)				

**Table 25: Regression results for robustness**, where *Leverage* is the total debt to total assets, *Size* is the natural logarithm of total assets, *Profitability* is the return on assets, *Growth* is the ratio of market to book value, *Structure* is the ratio of fixed assets to total assets, *Ndts* is the depreciation to total assets, *Volatility* is the standard deviation of return on assets, *MO* is a dummy variable coded 1 when managers own more or 3% of the total shares, *first*, *second*, *third*, *fourth*, *fifth*, *sixth*, *seventh*, *eighth*, *ninth*, *tenth*, *eleventh*, *twelfth*, *thirteenth* are dummies for the different industries, *Baserate* is the base rate, *iassize* is the multiplication of IAS dummy with the natural logarithm of total assets, *iasgrowth* is the multiplication of IAS dummy with the market to book ratio, *iasprof* is the multiplication of IAS dummy with return on assets, *iasvolatility* is the multiplication of IAS dummy with the standard deviation of return on assets.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 26, 1421) = 12.76				
		Prob > F= 0.0000				
		R-squared = 0.1980				
		Root MSE = .15639				
Robust						
Leverage	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.3351593	.0666171	5.03	0.000	.2044808	.4658377
Size	.1586304	.0381639	4.16	0.000	.0837668	.233494
Profitability	.3503659	.0484005	7.24	0.000	.2554218	.4453099
Growth	-.0194247	.0104973	-1.85	0.064	-.0400167	.0011672
Structure	.0069276	.0150594	0.46	0.646	-.0226134	.0364686
Ndts	-.2120702	.1023062	-2.07	0.038	-.4127576	-.0113827
Volatility	-.0394032	.0142219	-2.77	0.006	-.0673014	-.0115049
MO	-.040102	.0089774	-4.47	0.000	-.0577124	-.0224917
first	.0274764	.0957474	0.29	0.774	-.160345	.2152979
second	-.0229135	.02558	-0.90	0.371	-.0730922	.0272651
third	-.0053386	.0458054	-0.12	0.907	-.0951921	.084515
fourth	.1928807	.0276318	6.98	0.000	.1386772	.2470842
fifth	.1251012	.018468	6.77	0.000	.0888736	.1613287
sixth	.1281204	.0276408	4.64	0.000	.0738992	.1823415
seventh	.1382319	.0192956	7.16	0.000	.1003809	.1760828
eighth	.0275188	.078838	0.35	0.727	-.1271325	.1821701
ninth	.0283676	.016399	1.73	0.084	-.0038013	.0605366
tenth	.02679	.020853	1.28	0.199	-.0141159	.067696
eleventh	.1312204	.0323505	4.06	0.000	.0677605	.1946802
twelfth	.0760511	.0167333	4.54	0.000	.0432265	.1088757
thirteenth	-.001853	.0074704	-0.25	0.804	-.0165071	.0128011
Baserate	-.1423495	.0723166	-1.97	0.049	-.2842083	-.0004907
iassize	.4721615	.9397875	0.50	0.615	-1.371358	2.315681
iasprof	.3089934	.5117827	0.60	0.546	-.6949374	1.312924
iasgrowth	.0833927	.0968834	0.86	0.390	-.1066571	.2734425
iasvolatility	.0434487	.0316113	1.37	0.170	-.0185611	.1054585
_cons	.204453	.0124413	16.43	0.000	.1800477	.2288583

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1964		Obs per group: min = 181	
between = 0.2600		avg = 181.0	
overall = 0.1971		max = 181	
F(26,1414) = 12.44			
corr(u_i, Xb) = 0.0240		Prob > F = 0.0000	
Robust			
Leverage	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.3231303	.0664937	4.86 0.000 .1926935 .4535671
Size	.1538434	.0374687	4.11 0.000 .0803432 .2273436
Profitability	.3442804	.0481726	7.15 0.000 .2497829 .4387778
Growth	-.017736	.0104437	-1.70 0.090 -.0382227 .0027508
Structure	-.003625	.0153097	-0.24 0.813 -.0336572 .0264073
Ndts	-.1804138	.1021526	-1.77 0.078 -.3808008 .0199732
Volatility	-.0366941	.0140918	-2.60 0.009 -.0643372 -.009051
MO	-.0395822	.0089187	-4.44 0.000 -.0570776 -.0220869
first	.0074282	.1043665	0.07 0.943 -.1973015 .2121579
second	-.0135498	.0254436	-0.53 0.594 -.0634611 .0363615
third	-.004146	.0463221	-0.09 0.929 -.0950135 .0867215
fourth	.1885245	.0268107	7.03 0.000 .1359315 .2411174
fifth	.1229872	.0183941	6.69 0.000 .0869046 .1590698
sixth	.1260772	.0273496	4.61 0.000 .072427 .1797274
seventh	.1376577	.0190811	7.21 0.000 .1002273 .175088
eighth	.0557704	.0776429	0.72 0.473 -.0965372 .2080781
ninth	.0259168	.0163435	1.59 0.113 -.0061433 .057977
tenth	.0244883	.0205625	1.19 0.234 -.015848 .0648246
eleventh	.130294	.0290137	4.49 0.000 .0733794 .1872086
twelfth	.0740453	.0165478	4.47 0.000 .0415844 .1065063
thirteenth	-.0038027	.00738	-0.52 0.606 -.0182796 .0106743
Baserate	-.1511932	.0714597	-2.12 0.035 -.2913717 -.0110147
iassize	.4852568	.9231235	0.53 0.599 -1.325582 2.296096
iasprof	.2651767	.4967967	0.53 0.594 -.7093612 1.239715
iasgrowth	.0994942	.0967608	1.03 0.304 -.090316 .2893044
iasvolatility	.0412362	.0313575	1.32 0.189 -.0202761 .1027485
_cons	.2044844	.0209188	9.78 0.000 .1634492 .2455197
sigma_u	.02527293		
sigma_e	.15502819		
rho	.02588802 (fraction of variance due to u_i)		

**Panel C: Random-Effects regression**

Random-effects GLS regression		Number of obs = 1448			
Group variable: year		Number of groups = 8			
R-sq: within = 0.1959		Obs per group: min = 181			
between = 0.2895		avg = 181.0			
overall = 0.1980		max = 181			
Random effects u_i ~ Gaussian		Wald chi2(27) = 5067.58			
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000			
Robust					
Leverage	Coef.	Std. Err.	z	P>z	[95% Conf. Interval]
IAS	.3351593	.0666171	5.03	0.000	.2045921 .4657264
Size	.1586304	.0381639	4.16	0.000	.0838306 .2334302
Profitability	.3503659	.0484005	7.24	0.000	.2555027 .4452291
Growth	-.0194247	.0104973	-1.85	0.064	-.0399991 .0011497
Structure	.0069276	.0150594	0.46	0.646	-.0225883 .0364435
Ndts	-.2120702	.1023062	-2.07	0.038	-.4125867 -.0115537
Volatility	-.0394032	.0142219	-2.77	0.006	-.0672776 -.0115287
MO	-.040102	.0089774	-4.47	0.000	-.0576974 -.0225067
first	.0274764	.0957474	0.29	0.774	-.160185 .2151379
second	-.0229135	.02558	-0.90	0.370	-.0730495 .0272224
third	-.0053386	.0458054	-0.12	0.907	-.0951156 .0844384
fourth	.1928807	.0276318	6.98	0.000	.1387234 .247038
fifth	.1251012	.018468	6.77	0.000	.0889045 .1612979
sixth	.1281204	.0276408	4.64	0.000	.0739454 .1822954
seventh	.1382319	.0192956	7.16	0.000	.1004132 .1760506
eighth	.0275188	.078838	0.35	0.727	-.1270008 .1820384
ninth	.0283676	.016399	1.73	0.084	-.0037739 .0605092
tenth	.02679	.020853	1.28	0.199	-.0140811 .0676611
eleventh	.1312204	.0323505	4.06	0.000	.0678146 .1946262
twelfth	.0760511	.0167333	4.54	0.000	.0432544 .1088478
thirteenth	-.001853	.0074704	-0.25	0.804	-.0164947 .0127886
Baserate	-.1423495	.0723166	-1.97	0.049	-.2840875 -.0006115
iassize	.4721615	.9397875	0.50	0.615	-1.369788 2.314111
iasprof	.3089934	.5117827	0.60	0.546	-.6940823 1.312069
iasgrowth	.0833927	.0968834	0.86	0.389	-.1064952 .2732807
iasvolatility	.0434487	.0316113	1.37	0.169	-.0185083 .1054057
_cons	.204453	.0124413	16.43	0.000	.1800684 .2288375
sigma_u	0				
sigma_e	.15502819				
rho	0 (fraction of variance due to u_i)				



**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.3231303	.3351593	-.012029	.
Size	.1538434	.1586304	-.004787	.
Profitability	.3442804	.3503659	-.0060855	.
Growth	-.017736	-.0194247	.0016888	.
Structure	-.003625	.0069276	-.0105526	.0027573
Ndts	-.1804138	-.2120702	.0316564	.
Volatility	-.0366941	-.0394032	.0027091	.
MO	-.0395822	-.040102	.0005198	.
first	.0074282	.0274764	-.0200482	.0415306
second	-.0135498	-.0229135	.0093637	.
third	-.004146	-.0053386	.0011926	.0068995
fourth	.1885245	.1928807	-.0043562	.
fifth	.1229872	.1251012	-.002114	.
sixth	.1260772	.1281204	-.0020431	.
seventh	.1376577	.1382319	-.0005742	.
eighth	.0557704	.0275188	.0282516	.
ninth	.0259168	.0283676	-.0024508	.
tenth	.0244883	.02679	-.0023017	.
eleventh	.130294	.1312204	-.0009264	.
twelfth	.0740453	.0760511	-.0020058	.
thirteenth	-.0038027	-.001853	-.0019496	.
Baserate	-.1511932	-.1423495	-.0088437	.
iassize	.4852568	.4721615	.0130953	.
iasprof	.2651767	.3089934	-.0438167	.
iasgrowth	.0994942	.0833927	.0161015	.
iasvolatility	.0412362	.0434487	-.0022125	.
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(26) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 32.75				
Prob>chi2 = 0.5178				
(V_b-V_B is not positive definite)				

**Table 26: Regression results for robustness**, where  $Leverage_{stdta}$  is the short term debt to total assets. The rest of the variables have been defined in table 24.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 26, 1421) = 4.37				
		Prob > F = 0.0000				
		R-squared = 0.0862				
		Root MSE = .10861				
Robust						
Leverage <sub>stdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.0869028	.0363722	2.39	0.017	.0155538	.1582517
Size	.105514	.0261207	4.04	0.000	.0542748	.1567532
Profitability	.1786728	.0511512	3.49	0.000	.078333	.2790127
Growth	-.0185503	.0073924	-2.51	0.012	-.0330514	-.0040491
Structure	.0032033	.010023	0.32	0.749	-.0164582	.0228649
Ndts	-.0077618	.0813009	-0.10	0.924	-.1672445	.1517208
Volatility	-.0203544	.010116	-2.01	0.044	-.0401983	-.0005105
MO	-.0114752	.006046	-1.90	0.058	-.0233353	.0003849
first	.0571615	.0652665	0.88	0.381	-.0708675	.1851904
second	-.0194649	.0171671	-1.13	0.257	-.0531404	.0142106
third	-.0012397	.0305955	-0.04	0.968	-.061257	.0587775
fourth	.0796228	.0190236	4.19	0.000	.0423055	.1169402
fifth	.0710255	.013875	5.12	0.000	.0438078	.0982432
sixth	.0705583	.018965	3.72	0.000	.0333559	.1077606
seventh	.0643851	.0137505	4.68	0.000	.0374116	.0913587
eighth	.034865	.0511306	0.68	0.495	-.0654345	.1351646
ninth	.0285552	.0115045	2.48	0.013	.0059875	.0511228
tenth	.0256705	.0128285	2.00	0.046	.0005058	.0508353
eleventh	.0602589	.0320623	1.88	0.060	-.0026357	.1231535
twelfth	.0259585	.0121109	2.14	0.032	.0022013	.0497157
thirteenth	-.0085122	.0051568	-1.65	0.099	-.0186279	.0016034
Baserate	-.0603794	.0479659	-1.26	0.208	-.1544709	.0337122
iassize	1.045233	.6402526	1.63	0.103	-.2107083	2.301175
iasprof	.2496412	.2116805	1.18	0.238	-.1655986	.664881
iasgrowth	.0902924	.063783	1.42	0.157	-.0348266	.2154114
iasvolatility	.0191414	.0119636	1.60	0.110	-.0043268	.0426097
_cons	.094557	.0085545	11.05	0.000	.0777763	.1113378

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.0884		Obs per group: min = 181	
between = 0.0087		avg = 181.0	
overall = 0.0849		max = 181	
F(26,1414) = 4.19			
corr(u_i, Xb) = 0.0002		Prob > F = 0.0000	
Robust			
Leverage <sub>stdta</sub>	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.0746119	.0383712	1.94 0.052 [-.0006587 .1498826]
Size	.1010878	.0263851	3.83 0.000 [.0493296 .1528459]
Profitability	.1727265	.0500974	3.45 0.001 [.0744532 .2709997]
Growth	-.0168996	.0072076	-2.34 0.019 [-.0310383 -.002761]
Structure	-.0064197	.0099039	-0.65 0.517 [-.0258477 .0130083]
Ndts	.0170745	.0785928	0.22 0.828 [-.1370966 .1712455]
Volatility	-.0176699	.0099733	-1.77 0.077 [-.037234 .0018942]
MO	-.0109728	.0059194	-1.85 0.064 [-.0225845 .0006389]
first	.0341278	.0702096	0.49 0.627 [-.1035983 .1718539]
second	-.010264	.0169326	-0.61 0.545 [-.0434797 .0229517]
third	-.0026232	.029547	-0.09 0.929 [-.0605839 .0553375]
fourth	.0754673	.018044	4.18 0.000 [.0400713 .1108632]
fifth	.0690105	.0138294	4.99 0.000 [.0418822 .0961389]
sixth	.0683694	.0187182	3.65 0.000 [.0316511 .1050878]
seventh	.0635514	.013342	4.76 0.000 [.0373793 .0897236]
eighth	.0614723	.0501973	1.22 0.221 [-.0369969 .1599414]
ninth	.0260434	.0115012	2.26 0.024 [.0034822 .0486047]
tenth	.0233726	.0124895	1.87 0.061 [-.0011273 .0478725]
eleventh	.059528	.0285601	2.08 0.037 [.0035034 .1155527]
twelfth	.023991	.0120052	2.00 0.046 [.0004412 .0475409]
thirteenth	-.0102359	.0049994	-2.05 0.041 [-.0200429 -.0004288]
Baserate	-.0687403	.0459969	-1.49 0.135 [-.1589698 .0214891]
iassize	1.064053	.6670457	1.60 0.111 [-.2444524 2.372559]
iasprof	.2025392	.2106504	0.96 0.336 [-.2106817 .6157601]
iasgrowth	.1065578	.0642165	1.66 0.097 [-.0194122 .2325277]
iasvolatility	.0167663	.0125014	1.34 0.180 [-.0077571 .0412896]
_cons	.0957101	.0140917	6.79 0.000 [.0680672 .1233529]
sigma_u .02522433			
sigma_e .106309			
rho .05329817 (fraction of variance due to u_i)			

**Panel C: Random-effects regression**

Random-effects GLS regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.0874		Obs per group: min = 181	
between = 0.0672		avg = 181.0	
overall = 0.0862		max = 181	
Random effects u_i ~ Gaussian		Wald chi2(27) = 2277.17	
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000	
Robust			
Leverage <sub>stdta</sub>	Coef.	Std. Err.	z P>z [95% Conf. Interval]
IAS	.0869028	.0363722	2.39 0.017 .0156146 .1581909
Size	.105514	.0261207	4.04 0.000 .0543184 .1567096
Profitability	.1786728	.0511512	3.49 0.000 .0784184 .2789273
Growth	-.0185503	.0073924	-2.51 0.012 -.0330391 -.0040615
Structure	.0032033	.010023	0.32 0.749 -.0164415 .0228481
Ndts	-.0077618	.0813009	-0.10 0.924 -.1671087 .151585
Volatility	-.0203544	.010116	-2.01 0.044 -.0401814 -.0005274
MO	-.0114752	.006046	-1.90 0.058 -.0233252 .0003748
first	.0571615	.0652665	0.88 0.381 -.0707584 .1850814
second	-.0194649	.0171671	-1.13 0.257 -.0531117 .0141819
third	-.0012397	.0305955	-0.04 0.968 -.0612058 .0587264
fourth	.0796228	.0190236	4.19 0.000 .0423373 .1169084
fifth	.0710255	.013875	5.12 0.000 .043831 .0982201
sixth	.0705583	.018965	3.72 0.000 .0333876 .107729
seventh	.0643851	.0137505	4.68 0.000 .0374346 .0913357
eighth	.034865	.0511306	0.68 0.495 -.0653491 .1350792
ninth	.0285552	.0115045	2.48 0.013 .0060067 .0511036
tenth	.0256705	.0128285	2.00 0.045 .0005272 .0508139
eleventh	.0602589	.0320623	1.88 0.060 -.0025821 .1230999
twelfth	.0259585	.0121109	2.14 0.032 .0022216 .0496955
thirteenth	-.0085122	.0051568	-1.65 0.099 -.0186193 .0015948
Baserate	-.0603794	.0479659	-1.26 0.208 -.1543907 .033632
iassize	1.045233	.6402526	1.63 0.103 -.2096386 2.300105
iasprof	.2496412	.2116805	1.18 0.238 -.1652449 .6645273
iasgrowth	.0902924	.063783	1.42 0.157 -.03472 .2153048
iasvolatility	.0191414	.0119636	1.60 0.110 -.0043068 .0425897
_cons	.094557	.0085545	11.05 0.000 .0777905 .1113235
sigma_u	0		
sigma_e	.106309		
rho	0 (fraction of variance due to u_i)		

**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.0746119	.0869028	-.0122908	.0122235
Size	.1010878	.105514	-.0044262	.003726
Profitability	.1727265	.1786728	-.0059464	.
Growth	-.0168996	-.0185503	.0016507	.
Structure	-.0064197	.0032033	-.009623	.
Ndts	.0170745	-.0077618	.0248363	.
Volatility	-.0176699	-.0203544	.0026845	.
MO	-.0109728	-.0114752	.0005024	.
first	.0341278	.0571615	-.0230337	.025878
second	-.010264	-.0194649	.0092009	.
third	-.0026232	-.0012397	-.0013835	.
fourth	.0754673	.0796228	-.0041556	.
fifth	.0690105	.0710255	-.002015	.
sixth	.0683694	.0705583	-.0021888	.
seventh	.0635514	.0643851	-.0008337	.
eighth	.0614723	.034865	.0266072	.
ninth	.0260434	.0285552	-.0025117	.
tenth	.0233726	.0256705	-.002298	.
eleventh	.059528	.0602589	-.0007308	.
twelfth	.023991	.0259585	-.0019675	.
thirteenth	-.0102359	-.0085122	-.0017236	.
Baserate	-.0687403	-.0603794	-.008361	.
iassize	1.064053	1.045233	.0188198	.1871539
iasprof	.2025392	.2496412	-.047102	.
iasgrowth	.1065578	.0902924	.0162653	.0074492
iasvolatility	.0167663	.0191414	-.0023752	.0036273
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
$\chi^2(26) = (b-B)'[(V_b-V_B)^{-1}](b-B)$				
= 21.44				
Prob>chi2 = 0.7191				
(V_b-V_B is not positive definite)				

**Table 27: Regression results for robustness**, where  $Leverage_{ltdta}$  is the long term debt to total assets. The rest of the variables have been defined in table 24.

**Panel A: Linear regression**

Linear regression		Number of obs = 1448				
		F( 26, 1421) = 6.77				
		Prob > F = 0.0000				
		R-squared = 0.1254				
		Root MSE = .12739				
Robust						
Leverage <sub>ltdta</sub>	Coef.	Std. Err.	t	P>t	[95% Conf.	Interval]
IAS	.2482565	.0605054	4.10	0.000	.129567	.366946
Size	.0531164	.0264979	2.00	0.045	.0011372	.1050956
Profitability	.171693	.0383175	4.48	0.000	.0965282	.2468579
Growth	-.0008744	.0085451	-0.10	0.919	-.0176369	.015888
Structure	.0037243	.0137394	0.27	0.786	-.0232274	.030676
Ndts	-.2043083	.0841608	-2.43	0.015	-.3694011	-.0392155
Volatility	-.0190488	.0117274	-1.62	0.105	-.0420536	.0039561
MO	-.0286268	.0073545	-3.89	0.000	-.0430537	-.0141999
first	-.0296851	.0782483	-0.38	0.704	-.1831796	.1238094
second	-.0034487	.0210524	-0.16	0.870	-.0447458	.0378484
third	-.0040989	.0424609	-0.10	0.923	-.0873916	.0791939
fourth	.1132578	.0214932	5.27	0.000	.0710959	.1554197
fifth	.0540756	.0147194	3.67	0.000	.0252015	.0829497
sixth	.0575621	.0225006	2.56	0.011	.013424	.1017001
seventh	.0738468	.0152942	4.83	0.000	.0438452	.1038483
eighth	-.0073463	.0637232	-0.12	0.908	-.1323479	.1176554
ninth	-.0001876	.0129461	-0.01	0.988	-.0255831	.025208
tenth	.0011195	.0144066	0.08	0.938	-.0271409	.0293799
eleventh	.0709615	.0275029	2.58	0.010	.0170109	.1249121
twelfth	.0500926	.0143512	3.49	0.000	.0219409	.0782443
thirteenth	.0066592	.0065579	1.02	0.310	-.006205	.0195235
Baserate	-.0819701	.0577258	-1.42	0.156	-.195207	.0312668
iassize	-.5730721	.8694372	-0.66	0.510	-2.27859	1.132446
iasprof	.0593524	.3946356	0.15	0.880	-.7147786	.8334833
iasgrowth	-.0068996	.0779278	-0.09	0.929	-.1597656	.1459663
iasvolatility	.0243072	.0244616	0.99	0.321	-.0236775	.072292
_cons	.109896	.009858	11.15	0.000	.0905582	.1292337

**Panel B: Fixed-effects regression**

Fixed-effects (within) regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1223		Obs per group: min = 181	
between = 0.7633		avg = 181.0	
overall = 0.1253		max = 181	
F(26,1414) = 6.50			
corr(u_i, Xb) = 0.0429		Prob > F = 0.0000	
Robust			
Leverage <sub>ltda</sub>	Coef.	Std. Err.	t P>t [95% Conf. Interval]
IAS	.2485183	.0605481	4.10 0.000 .1297447 .367292
Size	.0527556	.0268171	1.97 0.049 .0001501 .1053612
Profitability	.1715539	.0382848	4.48 0.000 .0964528 .246655
Growth	-.0008363	.0085788	-0.10 0.922 -.0176649 .0159923
Structure	.0027947	.01417	0.20 0.844 -.0250018 .0305913
Ndts	-.1974882	.0843129	-2.34 0.019 -.36288 -.0320964
Volatility	-.0190242	.0117994	-1.61 0.107 -.0421703 .0041219
MO	-.0286094	.0073653	-3.88 0.000 -.0430575 -.0141614
first	-.0266996	.0858778	-0.31 0.756 -.1951612 .141762
second	-.0032858	.0210129	-0.16 0.876 -.0445056 .037934
third	-.0015228	.0431315	-0.04 0.972 -.0861314 .0830857
fourth	.1130572	.0214951	5.26 0.000 .0708915 .155223
fifth	.0539767	.0146476	3.69 0.000 .0252433 .08271
sixth	.0577078	.0225139	2.56 0.010 .0135434 .1018721
seventh	.0741062	.0153651	4.82 0.000 .0439654 .1042471
eighth	-.0057018	.0649925	-0.09 0.930 -.133194 .1217903
ninth	-.0001266	.0130352	-0.01 0.992 -.0256969 .0254437
tenth	.0011157	.0144523	0.08 0.938 -.0272345 .029466
eleventh	.0707659	.0275279	2.57 0.010 .0167661 .1247658
twelfth	.0500543	.0143373	3.49 0.000 .0219296 .078179
thirteenth	.0064332	.0065057	0.99 0.323 -.0063286 .019195
Baserate	-.0824528	.0578147	-1.43 0.154 -.1958647 .030959
iassize	-.5787966	.8737575	-0.66 0.508 -2.292797 1.135204
iasprof	.0626376	.390615	0.16 0.873 -.7036096 .8288849
iasgrowth	-.0070635	.0784701	-0.09 0.928 -.1609938 .1468668
iasvolatility	.0244699	.024061	1.02 0.309 -.0227292 .071669
_cons	.1087744	.0185984	5.85 0.000 .072291 .1452578
sigma_u .00511889			
sigma_e .12761528			
rho .00160638 (fraction of variance due to u_i)			

**Panel C: Random-effects regression**

Random-effects GLS regression		Number of obs = 1448	
Group variable: year		Number of groups = 8	
R-sq: within = 0.1223		Obs per group: min = 181	
between = 0.7602		avg = 181.0	
overall = 0.1254		max = 181	
Random effects u_i ~ Gaussian		Wald chi2(27) = 2112.66	
corr(u_i, X) = 0 (assumed)		Prob > chi2 = 0.0000	
Robust			
Leverage <sub>ldata</sub>	Coef.	Std. Err.	z P>z [95% Conf. Interval]
IAS	.2482565	.0605054	4.10 0.000 .1296681 .3668449
Size	.0531164	.0264979	2.00 0.045 .0011814 .1050513
Profitability	.171693	.0383175	4.48 0.000 .0965922 .2467938
Growth	-.0008744	.0085451	-0.10 0.918 -.0176226 .0158737
Structure	.0037243	.0137394	0.27 0.786 -.0232044 .030653
Ndts	-.2043083	.0841608	-2.43 0.015 -.3692605 -.0393562
Volatility	-.0190488	.0117274	-1.62 0.104 -.042034 .0039365
MO	-.0286268	.0073545	-3.89 0.000 -.0430414 -.0142122
first	-.0296851	.0782483	-0.38 0.704 -.1830489 .1236787
second	-.0034487	.0210524	-0.16 0.870 -.0447106 .0378133
third	-.0040989	.0424609	-0.10 0.923 -.0873207 .079123
fourth	.1132578	.0214932	5.27 0.000 .0711319 .1553838
fifth	.0540756	.0147194	3.67 0.000 .0252261 .0829251
sixth	.0575621	.0225006	2.56 0.011 .0134616 .1016625
seventh	.0738468	.0152942	4.83 0.000 .0438707 .1038228
eighth	-.0073463	.0637232	-0.12 0.908 -.1322414 .1175489
ninth	-.0001876	.0129461	-0.01 0.988 -.0255614 .0251863
tenth	.0011195	.0144066	0.08 0.938 -.0271169 .0293558
eleventh	.0709615	.0275029	2.58 0.010 .0170568 .1248662
twelfth	.0500926	.0143512	3.49 0.000 .0219649 .0782203
thirteenth	.0066592	.0065579	1.02 0.310 -.0061941 .0195126
Baserate	-.0819701	.0577258	-1.42 0.156 -.1951106 .0311703
iasize	-.5730721	.8694372	-0.66 0.510 -2.277138 1.130994
iasprof	.0593524	.3946356	0.15 0.880 -.7141192 .8328239
iasgrowth	-.0068996	.0779278	-0.09 0.929 -.1596354 .1458361
iasvolatility	.0243072	.0244616	0.99 0.320 -.0236367 .0722511
_cons	.109896	.009858	11.15 0.000 .0905747 .1292173
sigma_u	0		
sigma_e	.12761528		
rho	0 (fraction of variance due to u_i)		



**Panel D: Hausman Test**

---- Coefficients ----				
	(b)	(B)	(b-B)	sqrt(diag(V_b-V_B))
	fixed	.	Difference	S.E.
IAS	.2485183	.2482565	.0002619	.0022724
Size	.0527556	.0531164	-.0003607	.0041251
Profitability	.1715539	.171693	-.0001391	.
Growth	-.0008363	-.0008744	.0000381	.0007594
Structure	.0027947	.0037243	-.0009296	.0034668
Ndts	-.1974882	-.2043083	.0068201	.0050615
Volatility	-.0190242	-.0190488	.0000246	.0013013
MO	-.0286094	-.0286268	.0000174	.0003985
first	-.0266996	-.0296851	.0029855	.0353866
second	-.0032858	-.0034487	.0001629	.
third	-.0015228	-.0040989	.002576	.0075761
fourth	.1130572	.1132578	-.0002006	.000284
fifth	.0539767	.0540756	-.0000989	.
sixth	.0577078	.0575621	.0001457	.0007739
seventh	.0741062	.0738468	.0002595	.0014749
eighth	-.0057018	-.0073463	.0016444	.0127822
ninth	-.0001266	-.0001876	.000061	.0015211
tenth	.0011157	.0011195	-3.77e-06	.0011488
eleventh	.0707659	.0709615	-.0001956	.0011726
twelfth	.0500543	.0500926	-.0000383	.
thirteenth	.0064332	.0066592	-.000226	.
Baserate	-.0824528	-.0819701	-.0004827	.0032054
iassize	-.5787966	-.5730721	-.0057245	.0867817
iasprof	.0626376	.0593524	.0032853	.
iasgrowth	-.0070635	-.0068996	-.0001639	.0092092
iasvolatility	.0244699	.0243072	.0001627	.
b = consistent under Ho and Ha; obtained from xtreg				
B = inconsistent under Ha, efficient under Ho; obtained from xtreg				
Test: Ho: difference in coefficients not systematic				
chi2(26) = (b-B)'[(V_b-V_B)^(-1)](b-B)				
= 18.21				
Prob>chi2 = 1.0000				
(V_b-V_B is not positive definite)				