EE 325 class activity (19 October 2021)

Multiple regression

A variation of the wage-determination equation is as follows:

$$\widehat{W}_t = 1.073 + 5.288V_t - 0.116X_t + 0.054M_t + 0.046M_{t-1}$$

$$(0.797) \quad (0.812) \quad (0.111) \quad (0.022) \quad (0.019)$$

$$R^2 = 0.934 \qquad df = 14$$

Where W = wages and salaries per employee (British pounds)
V = unfilled job vacancies in Great Britain as a percentage of the total number of employees in Great Britain
X = GDP per person employed
M= Import prices (British pounds)
M_{t-1} = Import prices in the previous (or lagged) year (British pounds)

(The estimated standard errors are given in the parentheses)

a) Interpret the preceding equation.
b) Test the overall significance of the observed regression.
c) Which of the estimated coefficients are individual statistically significant?