**Quality of Earnings**

Research question: Do ownership structure reduce earnings management practices in **UK firms**?

*H1: managerial ownership reduce earnings management.*

*H2: presence of 10% of blockholders ownership constraint earnings management.*

*H3 institutional ownership mitigate earnings management.*

***Note: these hypotheses are already developed in the literature review chapter***

***Required:***

 ***Methodology 2500 words***

 **Introduction**

 Since this is a stand-alone submission, you will need to provide a recap of your research question and empirical predictions

**Data and Sample Selection**

 Here you will need to define your sample, as well as provide the rationale for your sample choice (e.g., why you selected your particular sample period). Discuss also what databases you are sourcing your data from (DataStream) *FTSE350*  *period from 2005 to 2011*

Further consideration: Include a table outlining the sample selection?

Including non-financial firms and exclude

**Variable Definitions**

Further consideration: Include a table of variable definitions?

**Measuring Accounting Measuring Earnings Quality**

Provide a complete discussion of the method you have used to estimate your dependent variable.

(Discretionary accruals are calculated through the cross-sectional modified Jones model adjusted for performance)

**Explanatory Variables**

 Provide a complete discussion of your main explanatory variables (those which are directly linked with your research question/hypotheses) and how they are estimated.

Managerial ownership / Blockholder ownership / institutional ownership

**Control Variables**

Provide a complete discussion of the control variables that you have chosen to include in your analyses, including (1) how they are estimated, and (2) why you have chosen to include each of them (i.e., why might you expect them to also explain part of the variation in the dependent variable).

 Firm size – usually log of Total Assets (WC02999)

Performance – ROA calculated as EBIT (WC18191) divided by Total Assets (WC02999)

Leverage – Long term debt (WC03251)/Total Assets

Growth – sales growth (change in sales); equity growth (WC03995)

**Regression Models**

 Specify your regression model(s) (discuss what methods you will use to estimate it/them (e.g., pooled OLS, panel regression with accompanying Hausman test).

**Conclusion Provide a brief summary of the chapter.**

***Results and Discussion 3000 words***

**Introduction**

 Since this is a stand-alone submission, you will need to provide a recap your research question, empirical predictions, and key aspects of your methodology

**Descriptive Statistics**

Present (and discuss) at least two tables, as follows:

• A table presenting descriptive statistics

• A table presenting correlation matrix

 Please note that the purpose of this section is to explore the characteristics of the sample, not to make inferences regarding your research question.

**Empirical Results**

 Present and discuss your main results (i.e., your regression results). You should make clear and appropriate inferences regarding your research question and set your results into context (e.g., reconcile with findings from the prior literature).

**Additional Analyses** - if applicable

 Report and discuss any robustness tests/sensitivity analyses etc. as applicable. This may include (but is not limited to) estimation of alternative specifications of your regression model (e.g., that include interactions or industry fixed-effects), or further estimations of your main regression model (e.g., with sub-samples of particular types of firms, perhaps from particular industries, or using an alternative estimation technique)

**Conclusion**

 Provide a brief summary of the chapter, including a clear link between your main findings and your research question.