The relationship between advertising, R&D expenditures and financial performance for Taiwan's multinational biotechnolog

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ABSTRACT

This article uses the Mean Group and Pooled Mean Group estimator of Pesaran et. all(1999) in a dynamic panel model. Where the long-run parameters of interest are restricted across the panel but the short-run dynamics are estimated without restriction for each individual of the panel, it is more efficient. The main results showed that the Pooled Mean Group and Mean Group estimator suggest the advertising expenditures are positively correlated with financial performance in the short run, and the R&D expenditures are positively correlated with financial performance in the long run, As can be seen, the signs of the long and short run coefficients obtained from the PMG and MG estimator appear to be in line with the theoretical expectations.

Keywords: Advertising expenditures R&D expenditures Pooled Mean Group Mean Group Dynamic panel model

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