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Efficiency of Divisionalization and Departmentalization on Corporate Returns with Regards to Transfer Pricing

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Abstract
The study was carried out to examine the effect of transfer pricing between divisions and departments on corporate returns. Data were gathered through questionnaire on the selected sample companies in Nigeria. The study found out that transferred prices relate to performance measurements in that they affect, and establish a ceiling on the amount of profit or markup that a division is able to generate on its products. It was equally established that divisionalisation encourages managers to be profit responsible. That is, it encourages responsibility for generation of revenues, cost control and satisfactory returns on investment of capital in the operations of an organization. It was therefore recommended that high budgeted controllable profit target should be set if divisional mangers must make enough profit that will cover both their own operational cost and the corporate expenses. More so divisionalized companies should ensure that their divisional managers concentrate on increase of controllable profit thus focus on the revenues and costs under their control, and be less worried about costs they cannot control.
Keywords: Efficiency, Divisionalization, Departmentalization, Corporate returns, Transfer pricing, Performance measurement.

1. Introduction

The underlying cause of corporate decentralization is complexity of operations. This complexity is reflected in longer lines of communication, more numerous decision variables, and greater heterogeneity of products, processes and contributory activities. Under these conditions, several problems tend to arise in centralized organizations: the decision maker is removed from close contact with daily operations, leading to slower decisions and requiring heavy traffic communications lines; top management lacks the time to evaluate the large quantities of relevant data and the numerous variables that must be considered when all important decisions are made centrally; lower-level executives lose contact with the ultimate profit objective of the firm, and this may lead to inappropriate decision rules at lower levels; subordinate management tends to become specialized in the various functional areas, which may hinder the development of replacements for top executive positions in which a comprehensive viewpoint is necessary; and the employee's vision of his own importance to the organization tends to become obscured and morale suffers (Brown, 1969).

Accordingly, Shillinglaw (1964), cited these problems as the reasons that many companies have turned to a profit-center decentralization form of operation. According to him, this quasi-independent form of organization forces the middle manager, the manager of the division, to sharpen his managerial skills in adopting a broader frame of reference. As stated by Brown (1969), it is frequently found that large decentralized firms are organized into separate autonomous divisions. It also frequently happens in such divisionalized firms that products, including raw materials, semi-finished, or finished goods, are transferred between divisions for further processing or for direct sale. Under these circumstances, two techniques have emerged that have especially facilitated the measurement of the performance of the respective divisions. One of these involves the use of some form of profit or rate of return on investment to directly measure performance. The other, transfer pricing, is the naira amount or sales price charged the sister division for goods transferred. It is the objective of this study to ascertain the responsiveness of corporate returns consequential to corporate divisionlisation and corporate decentralization.

Every enterprise is subject to performance evaluation in some manner or form. The independent entrepreneur is measured in terms of customer satisfaction. Big business is measured in terms of its earnings reflected in the price earnings ratio of its common stock. Growth companies are measured by the growth in earnings per share, or growth in dividend yield by those stockholders more interested in income. Within a firm the most commonly used form of performance indicator is some variation of profit return or rate of return on assets employed (Brown, 1969). Since profit making is the paramount reason for a firm's existence, it logically follows that some quantitative form of profit measurement could best serve to indicate relative success or failure of the divisional operation. Transfer pricing as it relate to the motivation of the manager and the measure of his performance, is the subject of this paper. Given that the decentralized form of organization has many advantages and considering that it is popularly found in industry today, this study seeks to know how efficient it is on corporate return with regards to the adoption of transfer pricing.

2.1 Conceptual framework

Organisational structure can be classified into two main groups: decentralized and centralized structure (Drury, 2005). An administrative organization is centralized to the extent that decisions are made at relatively high levels in the organization; decentralized to the extent that discretion and authority to make important decision are delegated by top management to lower levels of executive authority"(Simon, 1954:1). This definition relates to delegation of authority in making decisions with regards to the organisation. When authority is maintained at the top level of an organization, centralized decisions are made but when division managers are empowered to make autonomous decisions, it is a decentralized structure (Drury, 2005).

According to Mintzberg and Quinn (1996: 338), "decentralisation is a diffusion of authority as regard to making decisions. If the responsibility of decision-making resides at the top level within the organization, it will be regarded as a centralized organization structure but if the responsibility of making decision is segregated among the lower level managers, the organization is said to be a decentralized structure. Then, this definition indicates that full decentralized system and centralized system are actually not feasible in practical terms, it is just a matter of degree. Horngren (1982: 630) alleged that complete centralization structure is not cost-effective at most times and it is virtually not practicable to handle all decisions at the top management levels.

According to Nathanson and Galbraith (1978:5) "a structure is defined as the segmentation of work into roles such as production, finance, marketing, and so on; the recombining of roles into departments or divisions around functions, products, regions, or markets; and the distribution of power across this structure". This therefore implies that an organization structure can be divisional or functional. Functional structure includes distinct area of functions/activities such production, finance and marketing and the functional heads report to the managing director directly, (Drury 2005).

A divisionalized/departmentalized structure however involves the establishment of independent units based on specific product line or location or customer preferences in which a central management supervise the activities of all the divisions. A typical type of this structure results in decentralization in decision making process. The divisional heads/managers are permitted to set their selling prices and choose the market to trade as well as select their various suppliers which include supplies from other divisions of the organization; whereas in functional structure, top level management preside on decisions such as product mix, structure pricing and output quantities/ qualities

As pointed out in the introduction, the transfer price is the value placed on goods produced by one division of a multi-division industrial complex and then transferred to another division of the same firm for additional processing or for sale. The transfer price thereby becomes a significant single variable in determining the shipping and receiving division's relative profit, their performance measure and consequently, to a large degree, the motivation of the managers involved. It may also have an influence on management decisions concerning make or buy, selecting production possibilities and possibly whether to keep producing at all.

Brown (1969), opined that transfer price policies must neither impinge unduly on executive time nor interfere with overall company goals. He added, motivation is the overriding consideration that should influence management in using performance measures.

There are many methods in active use for determining a transfer price. For each method the advantages and disadvantages exist to determine the probable effect of the method on the motivation of the manager, and to determine its effect on the rate of return as an indicator of performance.

Brown (1969), sees a divisionalized firm as one that is split up into product or regional divisions, each of which has full responsibility for its own profit or loss. Essential in this arrangement is that all the major operations necessary to make a profit are grouped under the manager of each self-sufficient unit. Further, the management of these units are so highly decentralized that each of them is semi-autonomous. The system operates as a network of little businesses within the parent firm. The manager has most of the resources and much of the freedom of action that he would enjoy if he were president of an independent company. He, in turn, is expected to take whatever steps necessary to make a profit. Most diversified companies use some variation of this form of divisionalized organization. A major advantage of profit decentralization is its effect on the motivation of the division manager and his top level supervisors. They can make key decisions concerning their division and subsequently see the results of their efforts. The profit-and-loss statement of each operating division provides a significant measure of results since all the relevant activities are under the direction of the division manager.

In a divisionalized firm, as in all other types of business, it is desirable to have a means for motivating those responsible for the management of the division in a direction that is to the overall benefit of the firm. It is also desirable to have a system whereby the resulting performance of those managers can be measured in terms that express the managers' contribution to the goals of the firm. Various indicators have been suggested and used to accomplish these ends, but the more meaningful, at least for a profit oriented firm, include some form of profit measurement. The more common forms of measurement include profit contribution, return on investment or residual income. Applying these measures in divisions that sell exclusively to outside markets is relatively simple. Sales or transfers between divisions however raise the question of equitable distribution of the total profit between the divisions involved. The relative distribution among divisions is most important to the division managers since it will, in divisions that so transfer a significant portion of their production, largely determine their profit and consequently their performance measure by higher management.

Internal transfer prices are an important factor in performance evaluation. This is painfully obvious to the division manager whose performance is being measured and who might be the victim of an arbitrarily established transfer price that favors the sister division. Several methods may be used to establish the price used to account for internal transfers. The selection of an appropriate method depends at least in part on management's objectives in using such prices and partly on the merits of the different pricing schemes.

Transfer pricing methods enumerated by Brown (1969) include:

i. Market price method

The market price method involves transfer of goods at a value or price equivalent to that prevailing in the open market. It is the price that the receiving division would have to pay outsiders. It is an opportunity cost. It is a price that would be obtained through arm's length bargaining between the receiving division and an outside supplier.

The market price method is difficult to challenge. It enables the divisions to operate almost as though they were completely separate entities except for the guiding hand of top management that can be brought to bear should a division manager make irrational decisions that would adversely affect the overall corporate goals. The motivational incentives of this type of virtually independent operation can, perhaps, only be exceeded by that provided by a completely independent firm.

The yardstick for measuring the manager's performance, his profit contribution to the overall profitability of the firm, closely parallels that for an independent firm. The method facilitates the division managers retaining full profit responsibility for their divisions. It appears, then, that the market price method fully contributes to the motivation of management and fully supports performance measurement requirements of the divisionalized firm.

ii. Least price method

The least price method of intracompany transfer price determination is nothing more than the market price method. It involves using the same prices for trade and intracompany sales. This method is seen as the most defensible basis of intracompany pricing. In this method, the buyer is paying prices which are just as low as those charged to favored customers. The seller receives the same income that he would receive if he sold the same products to outside customers. Further, the buyer pays price which are at least as low as he would pay if he bought the products in the open market.

iii. Base-period cost plus profit method

This method utilizes cost and capital employed at a given moment in time, but not necessarily coincident with the accounting period. Profit is based on a pre-established percentage of the base period cost. Changes to costs, prices of raw materials, or wage and salary rates may be the cause for adjustment of the transfer price and may therefore be passed on to the receiving division.

One disadvantage of this method is that, gains or losses due to production methods or efficiencies are realized by the producer at least until the base-period cost base is revised. Hence, the divisional manager's profit is not guaranteed. Yet, on the other hand, he can make expenditures for cost reduction items or affect other efficiencies to increase his profit without passing any part of these savings along to the buying division.

Another disadvantage of this method is that the producer can load the costs or value of capital employed at the time the transfer price is established, thus giving himself easily attainable excess profits and putting the buyer at a competitive disadvantage. With the exception of short run efficiencies or savings for which the producing unit can take credit, motivation of each division manager to expand his profit will be at the expense of the sister division. Also, the producing division manager would not be motivated to lower costs under his control since his performance is not measured by this yardstick. In short, this method provides neither a sound profit performance measure nor a positive motivational force.

iv. Budgeted cost plus profit method

The budgeted cost plus profit method, sometimes called cost plus a markup method, bases the transfer price on the budgeted cost of the seller plus a predetermined rate of return. The profit percentage is set by company policy. It is normally based on average rate of return of the buying unit, the firm as a whole, or on some fixed rate such as a predetermined return on capital invested. The budgeted cost plus profit method utilizes the accounting period to determine costs rather than using values that exist at some given time as under the base period method. This method provides little incentive for the producing unit other than meeting its own cost standards and fixed expense budgets since the rate of profit is guaranteed and the volume is determined by the buyer.

There is little motivational influence to become efficient. In fact, the seller may be inefficient, he may be operating at a low fraction of capacity, or his cost records may be padded. Since these costs, as improper as they may be, are passed along to the buyer along with any permanent increases in material, labor, and other costs, there is little incentive for the seller to minimize them. In fact, higher costs will yield higher apparent profits for the producing division since profits are a percentage of cost. The higher profit would be at the expense of the buyer and subsequently the customer in the market place.

Conversely, since cost savings would yield lower total profit there is little hope for innovation under such a method. As in the previously discussed method, since profit is computed on a fixed percentage of cost, top management obviously cannot use profit as a performance measure. Particularly since profit is directly proportionate to costs, any form of profit measurement would serve to negatively motivate division managers into increasing costs, or at least influence him not to decrease them. Obviously, lower costs combined with other factors serve as value indicators of performance under this system. This in turn would promote innovation, efficiency and other efforts toward cost reduction and, consequently, greater total profit for the firm. It would, however, and then be a cost method form of transfer price similar perhaps to the following:

a. Absorption cost method

The absorption cost method is similar to the aforementioned budgeted cost plus profit method, except in its detailed accounting techniques and its exclusion of a profit markup. The method has the minor advantage of being readily usable for external reporting of inventories since profits are excluded.

The disadvantages are numerous. The revenue potential of the products being transferred is not reflected. Consequently, the income of the supplying division will be understated at best, and nearly non-existent if a significant portion of his output is so transferred. Conversely, the receiving unit’s potential profit will be abnormally high. The selling division's performance cannot be measured by its profit or rate of return since the proportion of its total output that is transferred to the sister division, at no profit, may vary from period to period. The profit could thus be uncomparable with other similar industries or with previous years for the division.

b. Factory cost method

The factory cost method is nearly identical to the absorption cost method. It is normally used when there are no requirements for performance or profit measurement by the units concerned. If standard costs are used, transfers are made at the standard cost with variances being charged to the producing unit. If standards have not yet been developed, actual costs are frequently used as a transfer price. The use of actual costs may result in inefficiencies being passed along to the buyer, a constant cause of disagreement between the divisions. However, if costs were also used as a basis for performance measurement of the producer, it would negate the problem somewhat and provide the motivation necessary to minimize costs to the benefit of the producer, the receiver and the firm overall. Profit can be used to measure performance of the receiving unit, but only to the degree as was discussed in the absorption cost method. Use of factory cost as a transfer price can upset the profit and performance measurement of subsequent units in the chain.

c. Variable cost method

The variable cost method utilizes the variable cost of the producing unit as a transfer price. To this, the receiving division adds its variable cost to establish a minimum selling cost. The ultimate selling price establishes the marginal contribution for the combined divisions. As can readily be seen, the method is grossly unfair to the producing unit as it affects its profit performance indicator.

The goods so transferred not only do not provide any increment of profit, but they even fail to provide a contribution toward the fixed costs of the producer. Unless an extremely small proportion of his total output is so transferred, profit return is not a valid performance indicator.

v. Negotiated price method

As the name implies, the negotiated price method involves negotiation between the buying and selling units to determine an equitable transfer price, Keller and Ferrara (1957), in the application of this method say, “in the absence of published list prices , negotiation results in the most equitable intracompany prices." It should be noted that their description of list price is identical to the definition and use of market price.

Perhaps the negotiated price method is the most equitable in the absence of a market price. Nevertheless, it does have certain drawbacks. For example, either the buyer or seller may bargain from a more advantageous position. One may have outside market flexibility while the other may not. Whatever the reason, the agreed price may be unfavorable to the weaker division, adversely affecting both its long range performance measure and certainly its motivation. This method may divert attention away from the overall firm to the individual division's welfare.

In consideration of the disadvantages, Horngren's (1982) conclusion is in sharp contrast with that credited earlier to Keller and Ferrara (1957). He concluded that when market prices are not available as a foundation for negotiations, the resultant transfer prices are artificial to a point which severely limits the significance of rate of return or other measures of performance. This reminds us of the whole idea of decentralization and of profit centers that is based on the freedom and independence of the division managers.

2.2 Theoretical framework

As opined by Dawson and Miller (2000), decision-making by the central management does not really characterize the operation of multinational organisations, top management however do delegate to divisional/departmental managements some degree of authority in decision-making, while holding other decisions. Decentralization describes the diffusion of authority in decision-making with regards to large firms or multinational corporations. It provides a framework for a meaningful assessment of the principal-agent relationship between the central management and divisional managements.

2.2.1 Agency Theory

The framework of Agency-theory brings about the decentralization model. As opined by Dawson and Miller (2000), division and department general managements maximize their profits because it has effect on their compensation. Decentralized decision-making and control assumption allow an analysis of comparability with respect to transferred prices. This model identifies the volume of intra-firm buying and selling that depend on transfer price. The comparative effect supports the intuitive knowledge of the correlation between the rate of tax and transfer price. When the rates of tax are different, the transfer price moves profit from the division with high tax to the division that is low taxed so as to maximize the corporate's after tax profit with subject to a constriction of an effectual arm's-length transaction (Dawson & Miller, 2000). They further stated that the optimal price of transfer could be a centralized resolution rather than pricing of an arm's-length. However, to minimize the burden of tax, multinational organisations might carry out necessary adjustments on their transfer pricings to a price outside the range of arm's length.

2.2.2 Profit Maximization and Transfer pricing

Profit can be maximized especially in a situation where market based transfer pricing method is adopted. In this method, the transfer price is matched to the existing market value of such product by the selling division. By using this approach, the company as a whole can achieve the following:

Profit Centre system: when the prevailing market price is used, a division can earn profit on its selling activities both externally and internally. For this to be achievable, management should adopt responsibility accounting through profit Centre's so as to evaluate the performance of each division.

Profit Maximization: for overall corporate profit to be maximised, the selling division can generate enough profit by selling virtually all its products at transfer price internally just as it can externally. There should be no need for selling at a transfer price which is extremely low in an internal transaction when an arm's length transaction could have resulted in achieving a more profitability level.

Simplified sources of information: information on current market prices are easy to get. It can be sourced from price sheet regulation, stock exchange market quoted and posted price. These can be applied to all sales directly whether it be internal or external as no complexity is required in calculation of selling prices and negotiations and bargaining politics are reduced to the minimum.

Arm length transactions: Market transfer pricing encourages both the selling and buying divisions to take decisions on their sources of supply and final market for their products; not withstanding if the source or final market is within the same entity or not. This minimises wrong perceptions to market behavioural patterns which is encouraged by other transfer pricing methods.

However, the limiting factor to the use of market based transfer price exists as market might not be always available for such products as intermediate goods especially for specialized components, parts, materials or services. When a situation as such occurred, it may be difficult to obtain appropriate market price.

Another challenge to the use of market pricing method is that even when market does exist for a product, it may not be perfectly competitive, which invariably means that market is affected by the pricing decisions of each divisional managers. It should be noted that the selling division will always have a choice to sell its products externally and when internal transfer pricing seems not favourable, the selling unit can be driven to sell its products externally. This can lead to sub-optimality among divisions which can impair on the organisation overall objectives.

2.3 Empirical Framework

In the work of Bouwens and VanLent (2006), it was discovered that in most cases, profits, (accounting returns) are used as parameter of measurement when divisional managers enjoy autonomy in decision making. Some writers maintain that the use of profit and accounting returns as measurement basis will only be meaningful if a division manager has substantial decision-making authority/power. These opinions are often conveyed whenever the use of responsibility centers and responsibility accounting are discussed. "A common misconception is the term profit center which is synonymous to a decentralized subunit. Managers, in a division organized as a profit center, may have little leeway in making decisions" (Horngren, Foster & Datar 1994: 863)

According to Kaplan and Atkinson (1989: 590), "the major reason for the usage of profit centre is to enhance initiative in respect to decision making by the head of various divisions. They added that "a profit center is a unit for which the manager has the authority to make decisions on sources of supply and choice of markets."

Burlingame (1967), concluded that decentralization and the middle manager are much more likely to grow and flourish than to wither and die in the decades ahead. According to Brown (1969), decentralization of decision- making provides a climate of individual responsibility, authority, and dignity which encourages the growth and development of creative talents and which in turn, results in great improvement in the firm both in monetary terms (increased corporate returns) and non-monetary value (quality decision making).

3 Methodology

The research adopted survey design method. The population of this study comprised all the commercial banks in Nigeria. In this study, the sampling frame comprised of senior and junior staff in the relevant departments of the banks. The banking sector was purposively selected while the bank staff were randomly selected.

The questionnaire was structured using five-point Likert scales ranging from 1-5. Data collected were presented using tables and hypothetically tested using regression analytical tool.

The model specification of the study includes:

$CORPR_1 = B_0 + TPDD\ X1$

Where:

$B_{0=}$	Intercept
CORPR=	Corporate returns
TPDD =	Transfer pricing in departmentalization and divizionalization
X1=	Parameter

4.0 Results

Information gotten from the respondents are presented to establish the relationship between transfer pricing in divisionalization/departmentalization and corporate returns in Nigerian companies. The results of this correlation are presented in tables 1 - 4

Table 1 establishes a profound relationship between the correlated data of transfer pricing in divisions/departments and corporate returns in Nigerian companies. This was evidentially presented between division's autonomy in Transfer pricing and (t_{cal} =.332 > Pvalue =0.05) increase in profitability. A similar trend was seen between sub optimaility in transfer pricing among divisions/departments (t_{cal} =.248 > Pvalue =0.05) and divisional efficiency. These results show a positive correlation between both variables. However, the reverse was the case when sub- optimality in transfer pricing among divisions/departments was correlated (t_{cal} =.089 > Pvalue =0.05) with increased profitability as a proxy to corporate returns. This was positive but not significantly correlated.

Using data from the table 4, the t-statistics shows a positive and significant relationship between transfer pricing in-between divisions/departments and corporate returns. The t-value of 2.723 was predominantly high and greater than the cutoff point of 1.97 coupled with the R^2 value of about (.101) which means that 10% of the variation in the intentions of corporate returns of Nigeria companies can be explained by transfer pricing between divisions and departments of the company; while the overall relationship between the dependent and independent variables were significant with a F-value of 7.413.

4.1 Discussion of findings,

The study evaluates the efficiency of divisionalization and departmentalization on corporate returns with regards to transfer pricing in Nigerian companies. The result from the empirical evaluation established that transfer pricing in divisionalization and departmentalization contributes to corporate returns in Nigerian companies.

From the findings, it is established that division autonomy should be maintained to maximize efficient transfer pricing method among the division for both divisional profit and overall corporate returns to be enhanced, this is to ensure that the profit of one division is not dependent on the action of another division.

Divisional efficiency is another factor that contributes to profit maximization of the individual division and the whole organization. Efficiency could be in terms of minimizing costs, maximizing profits and proficiency in investment decisions which tend towards promoting the goal congruence of the organization even as to the benefit of each division.

In addition, each division ensures effective transfer pricing, by ensuring efficiency in their productivity, selects carefully the sources of supply and choice of markets and having a strong bargaining power for their product. This ensures that the contribution of each division to corporate returns/profit is not distorted by the selected transfer pricing method.

Transfer prices are found to relate to performance measurements in that they affect and establish a ceiling on the amount of profit or markup a division is able to generate on its product.

It should also be noted from the findings that sub-optmality decisions should be avoided by division managers as such decisions might though increase the financial performance of the division could be at the expense of the entire organization.

5 Conclusion

Divisionalization encourages managers to be profit responsible as well as encourages responsibility for revenue generation, cost control and earning substantial returns on investment. Howbeit, transfer pricing approach of suboptimal decision could bring about a dwindling result where sub optimality could amount to divisional efficiency but might truncate the organization's ability to achieve increased profit in the interim as the case may be. An organisation therefore must set transfer prices at a pricing level that will ensure highest returns not only at divisional level but for the overall organization as it is possible for a division to generate maximum profit while overall corporate entity may not due to sub-optimality.

6 Recommendations

Based on the findings, the study recommends that:

Prices should be set to maintain satisfactory division autonomy so that the advantages of divisionalization which include but not limited to motivation, better decision making and improved initiatives are maintained.

Decisions about selling prices including transfer prices and output levels should be within the permit of divisional managers so as to ensure maximization of profits among the divisionalized units as this will enhance the overall corporate returns of the company.

Transfer price should be set in such a way that the divisional management's aim to maximize divisional profit is in line with the objectives of the company as a whole; while the profits drive of one division/department should not be affected by actions of another division; and companies should ensure divisional managers focus on maximizing controllable profit by concentrating on those costs and revenues within their control power, and be less concerned with the costs beyond their control power.

For overall Corporate returns to be enhanced by transfer pricing, it is recommended that companies should set prices based on adequate balance of overall firm's profitability goals. Market transfer pricing (prices at the prevailing market price) should however be encouraged among the divisions and departments of the organization for adequate performance measures and motivation in respect of profitability.

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Table 1
Correlation between transfer pricing in divisionalization/departmentalization and corporate returns

		Divisional Autino	Subuptim_Decion	Division_Efiicie	Increase_pro
Divisional_Autino	Pearson Correlation	1	.180	.154	.332**
	Sig. (2-tailed)		.143	.209	.006
	N	68	68	68	68
Subuptim_Decion	Pearson Correlation	.180	1	.248*	.089
	Sig. (2-tailed)	.143		.042	.468
	N	68	68	68	68
Division_Efiicie	Pearson Correlation	.154	.248*	1	.469**
	Sig. (2-tailed)	.209	.042		.000
	N	68	68	68	68
Increase_pro	Pearson Correlation	.332**	.089	.469**	1
	Sig. (2-tailed)	.006	.468	.000	
	N	68	68	68	68

****. Correlation is significant at the 0.01 level (2-tailed).**
***. Correlation is significant at the 0.05 level (2-tailed).**
Source: SPSS OUTPUT, 2015

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.318[a]	.101	.087	1.74678

a. Predictors: (Constant), VAR00008

Table 3 ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	22.619	1	22.619	7.413	.008[a]
	Residual	201.381	66	3.051		
	Total	224.000	67			

a. Predictors: (Constant), VAR00008
b. Dependent Variable: VAR00003

Table 4 Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	4.589	.560		8.198	.000
	VAR00008	.260	.095	.318	2.723	.008

a. Dependent Variable: VAR00003