

Econometric Approach to Direct and Indirect Effects on Profit in Business Environment

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Abstract:

This work builds up a complete procedure of econometric analysis of direct and indirect effects essential for monitoring performance indicators in manufacture sphere. By principal component method all performance indicators are extracted in appropriate homogeneous subsets. Paper is focused on estimation of standardized coefficient for each extracted factor, comparing their relative influence as well as their weights specification. Analytical hierarchy process is used as the technique of measuring inconsistency of assigned factor weights.

Key words:

Orthogonal transformation, varimax rotation, factor scores, AHP, multicollinearity, direct and indirect effects