

ADJUSTED CRITICAL VALUES FOR INFERENCE UNDER HETEROSKEDASTICITY OF UNKNOWN FORM

Antonio Carlos Ricardo BRAGA JUNIOR¹
Francisco CRIBARI NETO²
Tatiene Correia de SOUZA³

- **ABSTRACT:** *It is common practice to perform inference in linear regression models using the ordinary least squares estimator of the regression parameter vector coupled with an estimator of its covariance matrix which is consistent both under homoskedasticity and heteroskedasticity of unknown form. The most commonly used covariance matrix estimator is known as HCO and was proposed by Halbert White (White, 1980). Several numerical studies have shown, however, that HCO-based inference is too optimistic, in the sense that associated quasi-t tests are typically oversized (liberal). The chief goal of our paper is to obtain, through numerical methods, new critical values for tests on the parameters of linear regression models under heteroskedasticity of unknown form. The new critical values deliver tests that are more accurate in finite samples, especially when the data contain leverage points.*
- **KEYWORDS:** *Heteroskedastic models; linear regression; quasi-t test.*

¹ Universidade Federal da Bahia -- UFBA, Instituto Multidisciplinar em Saúde -- IMS, Núcleo de Tecnologia em Saúde -- NTS, CEP: 45031-000, Vitória da Conquista, BA, Brasil. E-mail: acjr@ufba.br

² Universidade Federal de Pernambuco -- UFPE, Departamento de Estatística, Recife, CEP: 50740-540, PE, Brasil. E-mail: cribani@de.ufpe.br

³ Universidade Federal da Bahia -- UFBA, Departamento de Estatística, Ondina, CEP: 40170-110, BA, Brasil. E-mail: tatiene@ufba.br