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   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

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   APPENDIX/ANNEXURE

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- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

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BOARD STRUCTURE AND BANK PERFORMANCE: AN ETHIOPIAN SURVEY

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ABSTRACT

The board of directors of a firm is the hub of its internal governance. Apart from providing strategic direction, board of directors provides a key monitoring function for dealing with agency problems in the firm (Fama, 1980 and Jensen, 1993). In short, board of directors is constituted by shareholders to steer the affairs of their firm. The hackneyed view of board of directors is that it is generally expected to represent the interest of only shareholders by implementing measures calculated at navigating the actions of managers on the trajectory of shareholder wealth maximization. However, the boards of directors of banks, over the years, are not legally bound to represent the interest of only shareholders because of the strategic nature of the industry (Pathan and Skully, 2010). The objective of this study is to explain whether the board structure of the bank in Ethiopia determine bank performance. Multivariate regression model were used to explain the board structure of the bank for the determination of bank performance and its efficiency. The data sources for this study were board of directors and managers of the subject companies. To collect the necessary information on the board structure and performance, the study were used both primary data and secondary data. The primary data were derived from structured interview question based on the banking business proclamation, directive of the banking business of the country and Standard and Poor's (S&P) score card that were used to measure the board structure of companies. The secondary data were derived from audited annual report for the period of 2008-2012 for five years of the subject companies. Two measures were used to gauge bank performance and efficiency which is ROE and CIRATIO and multivariate regression model were used to measure the board structure and bank performance of the subject companies. The board size has positive but statistically insignificant related with bank efficiency, yet its statistically significant and positive relationship with bank profitability which implies that, a small board size increases the profitability in Ethiopia which is consistent with the extant literature. Again board remuneration has statistically significant and positive relationship with bank profitability which implies that remuneration of board is important for board of director to encourage risk taking, to increase constructive role and responsibilities. In line with this, board remuneration has statistically significant and negative relationship with bank efficiency which implies large board size incurred high operating cost which is consistent with the extant literature. The study, therefore, avers that banks seeking some improvement in their performance should constitute small-size boards of directors composed of some incentive in terms of remuneration to board of director for their constructive work.

KEYWORDS

Board structure, bank performance, board size, board remuneration, Ethiopia.

1. INTRODUCTION

Various scholars and practitioners define 'corporate governance' differently. (Fernando, 2006) Economists and social scientists, for instance, tend to define it broadly as "the institutions that influence how business corporations allocate resources and returns"; and "the organizations and rules that affect expectations about the exercise of control of resources in firms" (Jeswald, 2004). This definition encompasses not only the formal rules and institutions of corporate governance, but also the informal practices that evolve in the absence or weakness of formal rules. Corporate managers, investors, policy makers, and lawyers, on the other hand, tend to employ a narrower definition. For them, corporate governance is the system of rules and institutions that determines the control and direction of the corporation and that defines relations among the corporation's primary participants (Jeswald, 2004). The definition used in the United Kingdom's 1992 Cadbury Report is widely cited from this perspective, and it reads: "Corporate governance is the system by which businesses are directed and controlled." This narrower definition focuses almost exclusively on the internal structure and operation of the corporation's decision-making processes, and is central to public policy discussions about corporate governance in most countries (Hussein, 2012).

Good corporate governance requires competent board of directors as a supervising body for executive management of a company. The board of directors of a firm is the hub of its internal governance. Apart from providing strategic direction, board of directors provides a key monitoring function for dealing with agency problems in the firm (Fama, 1980 and Jensen, 1993). In short, board of directors is constituted by shareholders to steer the affairs of their firm. The hackneyed view of board of directors is that it is generally expected to represent the interest of only shareholders by implementing measures calculated at navigating the actions of managers on the trajectory of shareholder wealth maximization. However, the boards of directors of banks, over the years, are not legally bound to represent the interest of only shareholders (Pathan and Skully, 2010). The duty of loyalty and care of the directors and managers of banks transcends shareholders to encompass depositors and bank regulators because of the strategic nature of the industry (Macey and O'Hara, 2003; Fanto, 2006; and Pathan and Skully, 2010).

The relevant proclamations and directives governing financial companies in Ethiopia do not incorporate provisions dealing with the supervisory functions of the board of directors. Article 14(4) (c) of the Banking Business Proclamation No.592/2008 provides that "[t]he National Bank may issue directives on the duties, responsibilities and good corporate governance of board of directors." However, the NBE has not yet issued such directives although the "advancement of corporate governance principles in the financial sector is critical to fostering improvement in a business climate." The Commercial Code of Ethiopia (hereinafter the Commercial Code) incorporates provisions pertinent to the governance of share companies. However, such provisions are inadequate to address specific issues in corporate governance related to board of directors such as separation of roles of nonexecutive directors and CEOs, composition and independence of the board as well as director's remuneration. Moreover, proclamations and directives governing financial share company in Ethiopia do not sufficiently address the aforementioned issues. (Hussein, 2012)

To the best of our knowledge no empirical study has been undertaken to ascertain the relationship between board structure and bank performance. The current study, therefore, seeks to fill this gap using the primary and secondary data from banking industry in Ethiopia. Specifically, the current study seeks to find answer to two research questions:

- Does the size of a bank's board of directors significantly explain the variation in its performance?
- Does the composition of a bank's board of directors significantly account for the variation in its performance?

2. OBJECTIVE OF THE STUDY

The objective of this study is to explain whether the board structure of the bank in Ethiopia determine bank performance. Multivariate regression model were used to explain the board structure of the bank for the determination of bank performance and its efficiency.

3. REVIEW OF LITERATURE

3.1. THEORIES OF CORPORATE GOVERNANCE

The literature gives due attention to three competing theories of corporate governance namely; agency, stewardship and resource dependence theories. Agency theory mainly emphasizes on the link between the interests of owners and managers. Agency theory bases on the premise that there is an inherent conflict between owners' and corporate management interests. According to Agency theory corporate governance principles are meant for providing sufficient monitoring mechanisms so as to protect shareholders from management's conflicts of interest (Fama and Jensen, 1983).

Agency theory has had its seminal impacts on corporate governance research in that, most corporate governance studies are regarding board composition versus firm performance relationships and way leadership structure of a company affects firm performance (Barnhart and Rosenstein, 1998; Hermalin and Weisbach, 1991; and Hillman and Dalziel, 2003). The findings however are not consistent and sometimes are contradictory.

Unlike agency theory, stewardship theory assumes corporate managers try to optimize resource usage let alone to have conflicts of interest (Donaldson, 1990). Though board members' independence is associated with increased firm performance (Pearce and Zahra, 1992), proponents of stewardship theory argue the other way round. One of the explanations given for the negative correlation between board independence and firm performance is the level of information asymmetry about the business undertakings (Donaldson, 1990).

The resource dependence theory of corporate governance puts the board as a mediator between the firm and the resources it requires to maximize performance. According to this theory, firm performance is highly influenced by the nature of board composition and dynamism.

The Board of Directors is a body of elected or appointed members who jointly oversee the activities of a company. It is sometimes simply referred to as "the board." A board's activity is determined by the powers, duties and responsibilities delegated to it or conferred on it by authority outside itself. "Director" may be defined as "a person having control over the direction, conduct, management or superintendence of the affairs of the company" (Hussein, 2012). The definition of "director" is nowhere given under the Commercial Code of Ethiopia. The term is defined under Article 2(6) of the Banking Business Proclamation No. 592/2008 as "any member of the board of directors of a bank, by whatever title he may be referred to."

3.2. BOARD SIZE AND BANK PERFORMANCE

It is apparent that a board's capacity for monitoring increases as more directors are added. This has been the position of Klein (2002) and Andres and Vallelado (2008) who argue that a large board size should be preferred to a small size because of the possibility of specialization for more effective monitoring and advising functions. However, the benefit of specialization which Klein (2002) and Andres and Vallelado (2008) tout may be swallowed by the incremental cost of poorer communication and decision-making associated with larger groups.

This view has been articulated by researchers such as Fama and Jensen (1983); Lipton and Lorsch (1992); and Yermack (1996) who favour small boards. Jensen (1993), for instance, has questioned the effectiveness of boards with more than about seven to eight members, arguing that such boards are not likely to be effective. He argues that large boards result in less effective coordination, communication and decision making, and are more likely to be controlled by the Chief Executive Officers of such firms. His hypothesis has since received empirical corroboration from findings by Yermack (1996) and Eisenberg et al. (1998). Eisenberg et al. (1998), in particular, find a significant negative correlation between board size and profitability in a sample of small and midsize Finnish firms.

Cheng (2008) also lends credence to Jensen's hypothesis. His study provides empirical evidence that firms with larger boards have lower variability of corporate performance. The results indicate that board size is negatively associated with the variability of monthly stock returns, annual accounting return on assets, Tobin's Q, accounting accruals, extraordinary items, analyst forecast inaccuracy, and R&D spending, the level of R&D expenditures, and the frequency of acquisition and restructuring activities.

Wu (2004) also finds that the presence of active institutional investors is associated with a tendency of firms to reduce board sizes, generally through the removal of inside directors. The above discussion is generally clear and unambiguous on small board size as an essential element or condition for board effectiveness. This lead to the following hypotheses:

H_{a1}: The size of the board of directors of a bank significantly and negatively related to its profitability

H_{a2}: The size of the board of directors of a bank significantly and negatively related to its efficiency

3.3. BOARD COMPOSITION AND BANK PERFORMANCE

In companies with disperse ownership; a shareholder is usually unable to closely monitor management, its strategies and its performance for lack of information and resources. Thus, the role of the board of directors is to fill this gap between the uninformed shareholders as principals and the fully informed executive managers as agents by monitoring the agents more closely (Fekadu, 2010). The composition of board of directors refers to the number and type of directors that participate in the work of the board.

There are divergent views on remuneration of directors. Some experts on the subject are of the view that directors are generally underpaid for their work and the onerous responsibilities they shoulder. They argue that remuneration of board of directors should be seen in light of their constructive roles and responsibilities. On the other hand, the excessive practices of directors' remuneration may encourage risk taking for short term benefits. Such practices can in turn undermine the health of companies (Fernando, 2006).

According to the Commercial Code of Ethiopia, remuneration of directors are fixed annual (which is 5%-10% of share of annual net profit) and the amount of which shall be determined by a general meeting and charged against general expenses and its application to financial share companies which is considered excessive and causing conflict of interests among shareholders.

Kevin & Leigh (2003) also find that there is a strong relationship between directors' remuneration and firm performance with strong stock market. Salleh et al., (2003) also find that there is a positive but weak relationship between directors' remuneration, internal growth measures and financial performance. The above discussion is generally clear on remuneration of the board of directors as an essential element for board effectiveness and bank performance in Ethiopia. Consequently, the following hypotheses are to be tested empirically:

H_{b1}: The proportion of remuneration of the board of directors of a bank significantly and positively related to its profitability

H_{b2}: The proportion of remuneration of the board of directors of a bank significantly and negatively related to its efficiency

3.4. OTHER VARIABLES

3.4.1. AGE

Age has been used as a proxy for the time a bank has been in business. A bank that has been in business for long should perform better than a new bank because of learning effect. Visibility of an experienced bank's quality to its customers (Petersen and Rajan, 1997) as well as the visibility of its creditworthiness to suppliers of debt and equity (Niskanen and Niskanen, 2006) should give some operational advantages over its inexperience counterparts.

3.4.2. BANK SIZE

Consistent with the literature (Bennedsen et al., 2008), the size of a bank is employed as a control variable. As a bank increases in size, it is expected that it will enjoy economies of scale and, therefore, its financial performance should improve.

3.4.3. FUNDS AVAILABILITY

Since banks are financial intermediaries that make their main income from lending activities, their ability to make profit depends very much on the funds available to them for lending. The study, therefore, uses total deposits reported during the financial year as proxy for funds availability.

3.4.4. EDUCATIONAL QUALIFICATION OF THE BOARD OF DIRECTORS

Consistent with the literature (Bantel and Jackson, 1989; and Hitt and Tyler, 1991), education is important since more innovative banks are managed by more educated team and the type of education affects the firm's strategic decision models. Hambrick et al., (1996) showed that the growth in market share and growth in profits is positively associated with the average education level of top management team members. In the context of China, Cheng et al., (2010) showed that university degrees held by the board chairman are positively associated with seven measures of performance (earnings per share, ROA, cumulative returns, cumulative abnormal returns, change in EPS, change in ROA, and market-to-book ratio).

4. MATERIAL AND METHODS

4.1. POPULATION

The target population for this survey study was banking industry in Ethiopia which their share is publicly sale. Currently there are 15 commercial banks which are organized as share companies which are under full operation until the period of 2012. However, 5 of them are established after 2008; since young companies are not yet stabilized it is not logical to compare them with well established banks. Hence, 10 private commercial banks which were established before 2008 (10 banks) are totally considered in this study.

4.2. DATA

To collect the necessary information on the board structure and performance, the study were used both primary and secondary data. The primary data were derived from structured interview question based on the banking business proclamation, directive of the banking business of the country and Standard and Poor's (S&P) scorecard to the board of directors, managers of the banks and policy maker of the country especially National Bank of Ethiopia in related to the board composition.

The secondary data were derived from audited annual report for the period of 2008-2012 for five years of the publicly held share company of the banking industry as well as published and unpublished documents and literatures related to the research problem. These was based from recent literature such as; articles, journals, magazines, news papers, books and periodicals report related to banking industry in Ethiopia. Pertaining to the performance of subject share companies' financial ratio such as Return on Equity and Cost-Income Ratio were used to measure the performance and efficiency of the bank.

4.3. MODEL

Two measures are used to gauge bank performance and efficiency: Return on Equity (ROE) defined as profit after tax divided by total equity of a bank; and Cost-Income Ratio (CIRATIO) which is a quick test of efficiency that reflects bank non-interest costs as a proportion of net income.

These two measures represent dependent variables of the study. Board structure is in two dimensions: Board size (BSIZE) and board composition which is Board Remuneration (BREM). In line with the studies of Anderson and Reeb (2003); De Andres et al. (2005); Jackling and Johl, (2009) board size is measured using the natural logarithm of the total number of members of the board of directors. Board composition constructed as board remuneration (BREM) is measured as the proportion of remuneration for the board of director of the bank.

Other explanatory variable are age (AGE); size (SIZE); funds available for lending (FUNDS); and Educational Qualification of the Board of Director (EQBOD). The age of a bank is measured as the natural logarithm of the total number of years the bank has been existence. The size of a bank is calculated as the natural logarithm of the total assets (Anderson and Reeb, 2003; Carter et al., 2003; and Barontini and Caprio, 2006). The amount of funds available (FUNDS) for lending is also measured as the proportion of total deposit from customers with their total equity of the bank. The educational qualification of the board of directors (EQBOD) is also measured in terms of the likert scale method.

Two of these financial performance indicators measure different aspects of bank performance. The following model has to capture two dependent continuous variables. Multivariate regression is a type of multiple regression models that allows more than two dependent variables. The Multivariate Regression model of this study can be specified as follows.

$$f(P_{ROE}, P_{CIRATIO})\, i,t = \alpha + B1\ \text{BSIZE}_{i,t} + B2\ \text{BREM}_{i,t} + B3\ \text{AGE}_{i,t} + B4\ \text{SIZE}_{i,t} + B5\ \text{FUNDS}_{i,t} + B6\ \text{EQBOD}_{i,t} + \ddot{e}_{it}$$

Where:

$f(P_{ROE}, P_{CIRATIO})$ is a function of multiple dependent variables consisting of Return on Equity and Cost-Income Ratio

BSIZE represents the board size
BREM represents the board remuneration
AGE represents age of the bank
SIZE represents size of the bank
FUNDS represent the amount of fund availability
EQBOD represent the educational qualification of the board of directors
α and β denote constant and regression coefficient respectively
ë represents the error term

TABLE 4.1: DESCRIPTION OF VARIABLES

Variable		Description
Measures of Banking Performance (dependent variables):		
Return on Equity (ROE)	=	Profit after tax/Total Equity
Cost-Income Ratio (CIRATIO)	=	Operating expenses + other costs/Income*
Measures of Board Structure:		
Board Size (BSIZE)	=	natural logarithm of the total number of members of the BOD
Board Remuneration (BREM)	=	the proportion of remuneration for the BOD of the bank
Control Variables:		
Age of the Bank (AGE)	=	the natural logarithm of the total number of years
Size of Bank (SIZE)	=	the natural logarithm of the total assets
Funds for Lending (FUNDS)	=	the proportion of the total deposits from customer over total equity
Educational Qualification of the BOD (EQBOD)	=	measured in terms of likert scale methods

* the lower the ratio the better. Thus, a bank that experiences a decline in this ratio become more efficient and vice versa

5. RESULTS AND DISCUSSION

The correlation matrices in Appendices A below indicate that the degree of correlation between each pair of independent variables is low which suggests the absence of multicollinearity problem in the model (Bryman and Cramer, 1997).

In Table 5.1 shows that bank profitability is statistically significant and negatively related with board size, which implies that a reduction in the board size of a bank is likely to trigger an increase in its profitability. This finding in consistent with the finding of Fama and Jensen (1983); Lipton and Lorsch (1992); Yermack (1996); Eisenberg et al. (1998); and Cheng (2008), they argue that large boards result in less effective coordination, communication and decision making, and are more likely to be controlled by the Chief Executive Manager of such banks. Therefore, hypothesis $H_{\alpha 1}$ is supported by the result. Table 5.2 shows that bank efficiency is statistically insignificant, though the literatures such as Fama and Jensen (1983); Lipton and Lorsch (1992); Yermack (1996); Eisenberg et al. (1998); and Cheng (2008), evidence adduced in table 5.2 shows that the argument that the size of the board of a bank increases, its efficiency deteriorates whereas other researchers such as Klein (2002) and Andres and Vallelado (2008) argue that large board size should be preferred because of the possibility of specialization for more effective monitoring and advising function is uncorroborated. It shows that banks in Ethiopia that constitute large boards of directors should be saddled with some significant decline in their efficiency. In this regard, the hypothesis $H_{\alpha 2}$ in related with efficiency is unsupported or rejected.

As shows in Table 5.1, Board remuneration is statistically significant and positively relationship with bank profitability. This finding is in consistent with the finding of Fernando (2006); Kevin and Leigh (2003); and Salleh et al., (2003), they argue that remuneration of board of director are strong relationship with bank performance because it encourage risk taking, it increase their constructive role and responsibilities. Therefore, hypothesis H_{b1} is supported by the result. As shows in table 5.2 again, board remuneration is statistically significant and negative relationship with bank efficiency. Though board remuneration is important for bank financial performance, but also high payment of board remuneration will decrease bank efficiency since large board size will also incurred high cost and it will reduce bank efficiency. This finding is in consistent with the finding of Fernando (2006); Kevin and Leigh (2003); and Salleh et al., (2003). In this regard, the hypothesis H_{b2} in related with efficiency is supported by the result.

There is no significant relationship between age of the bank and its financial performance has been found. Although the table 5.1 and 5.2 shows that there is negatively relationship between the age of the bank and its profitability and efficiency, yet this is statistically insignificant. It supposed that the age of the bank is not synonymous with its profitability and efficiency. The age of the bank is not the factor since the bank supervision and monitoring system of the country is very strong and the policy environment are also suitable for young bank as well.

As shown in Table 5.1 and 5.2, the size of the bank has statistically significant with bank profitability and efficiency of the bank. This finding is in consistent with Bennedsen et al., (2008). This shows that as a bank increases in size, it is expected that it will enjoy economies of scale and therefore, its financial performance will improve.

As shown in Table 5.1, the fund available for lending of the bank has statistically significant with bank profitability. High cost of fund could be one of the factors that have accounted for this. High cost of funds can negatively affect profitability if a bank is unable to lend the funds for higher returns after acquiring them. As table 5.2 shows that as a bank mobilizes more funds, its efficiency deteriorates. Again high cost of funds could be fingered as a possible factor.

There is no significant relationship between educational qualification of the board and its financial performance has been found. Although the table 5.1 and 5.2 shows that there is positive relationship between the educational qualification of the board and its profitability and efficiency, yet this is statistically insignificant. It supposed that educational qualification of the board is not synonymous with its profitability and efficiency. The educational qualification of the board is not the factor since the bank can run effectively in Ethiopia since the board can hire expert for consultant in related to banking industry.

TABLE 5.1: REGRESSION RESULT

PANEL A: RETURN ON EQUITY (ROE)

```
reg roe boardsize boardremuneration ageofthebank sizeofthebank fundingforlending
educationalqualificationofthebod year
      Source |       SS       df       MS              Number of obs =      50
-------------+------------------------------           F(  7,    42) =   15.19
       Model |  .571651476     7  .081664497           Prob > F      =  0.0000
    Residual |  .225819511    42  .005376655           R-squared     =  0.7168
-------------+------------------------------           Adj R-squared =  0.6696
       Total |  .797470987    49  .016274918           Root MSE      =  .07333
------------------------------------------------------------------------------
         roe |      Coef.   Std. Err.      t    P>|t|     [95% Conf.Interval]
-------------+----------------------------------------------------------------
   boardsize |   -.018777     .00706    -2.66   0.011    -.0330248  -.0045293
boardremun~n |   2.651677   .6873983     3.86   0.000     1.264451   4.038903
ageofthebank |  -.0053966   .0078881    -0.68   0.498    -.0213155   .0105223
sizeoftheb~k |   1.08e-11   4.23e-12     2.55   0.015     2.25e-12   1.93e-11
fundingfor~g |  -.1255318   .0961173    -1.31   0.199    -.3195045   .0684408
educationa~d |    .000803   .0092216     0.09   0.931    -.0178069    .019413
        year |   .0753313   .0134469     5.60   0.000     .0481943   .1024683
       _cons |  -151.0822   26.96402    -5.60   0.000    -205.4978   -96.6666
------------------------------------------------------------------------------
```

TABLE 5.2: REGRESSION RESULT

PANEL A: COST-INCOME RATIO (CIRATIO)

```
reg ciratio boardsize boardremuneration ageofthebank sizeofthebank fundingforlending
educationalqualificationofthebod year
      Source |       SS       df       MS              Number of obs =      50
-------------+------------------------------           F(  7,    42) =    4.32
       Model |  1.38499593     7  .197856562           Prob > F      =  0.0011
    Residual |  1.92467611    42  .045825622           R-squared     =  0.4185
-------------+------------------------------           Adj R-squared =  0.3215
       Total |  3.30967204    49  .067544327           Root MSE      =  .21407
------------------------------------------------------------------------------
     ciratio |      Coef.   Std. Err.      t    P>|t|     [95% Conf.Interval]
-------------+----------------------------------------------------------------
   boardsize |   .0128241   .0206113     0.62   0.537    -.0287712   .0544194
boardremun~n |  -5.501602   2.006811    -2.74   0.009    -9.551511  -1.451693
ageofthebank |  -.0051817   .0230289    -0.23   0.823    -.0516559   .0412925
sizeoftheb~k |  -2.45e-11   1.23e-11    -1.99   0.053    -4.94e-11   3.83e-13
fundingfor~g |   1.126839   .2806079     4.02   0.000     .5605496   1.693129
educationa~d |   .0339218   .0269218     1.26   0.215    -.0204087   .0882522
        year |  -.1028604   .0392573    -2.62   0.012    -.1820849   -.023636
       _cons |   206.4323   78.71958     2.62   0.012      47.5698   365.2949
------------------------------------------------------------------------------
```

6. CONCLUSIONS

Board of Directors is among the most venerable instruments of corporate governance. Directors can not only protect the interest of shareholders through effective controls of managerial action, but also have the potential to render valuable service to the firm in the shaping of its strategic posture. Although board size has positive but statistically insignificant related with bank efficiency, yet its statistically significant positive relationship with bank profitability which implies that a small board size increases the profitability in Ethiopia which is consistent with the extant literature. The research conclude that the board remuneration has statistically significant and positive relationship with bank profitability which implies that remuneration of board is important for board of director to encourage risk taking, to increase constructive role and responsibilities. In line with this, board remuneration has statistically significant and negative relationship with bank efficiency which implies large board size incurred high operating cost which is consistent with extant literature. The research, therefore, avers that banks seeking some improvement in their performance should constitute small-size boards of directors composed of some incentive in terms of remuneration to board of director for their constructive work.

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APPENDIX A

```
cor year boardsize boardremuneration ageofthebank sizeofthebank fundingforlending
educationalqualificationofthebod
(obs=50)
             |     year boards~e boardr~n ageoft~k sizeof~k fundin~g educat~d
-------------+---------------------------------------------------------------
        year |   1.0000
   boardsize |  -0.0164   1.0000
boardremun~n |  -0.5344  -0.0479   1.0000
ageofthebank |   0.5867  -0.2681  -0.0610   1.0000
sizeoftheb~k |   0.4108  -0.4521  -0.0589   0.7463   1.0000
fundingfor~g |   0.3247  -0.2155   0.2880   0.5137   0.3710   1.0000
educationa~d |   0.3080   0.0013  -0.4469  -0.0675  -0.0568  -0.3209   1.0000
```

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