BOARD CHARACTERISTICS AND FINANCIAL PERFORMANCE OF DEPOSIT MONEY BANKS IN NIGERIA

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Abstract
The broad objective of the study is to ascertain board characteristics and financial performance of deposit money banks in Nigeria while the specific objectives of the study are to ascertain the impact of board size and board composition on the financial performance of deposit money banks in Nigeria. The study used secondary data of 13 quoted deposit money banks on the floor of the Nigerian Stock Exchange over a period of 5 years (2015-2019). The study employed multiple regression techniques for the data analysis with the help of EViews 11.0 econometric software. The study revealed that board characteristics proxied by board size and board composition are positively significant to the financial performance of deposit money banks in Nigeria. This implies that board characteristics have a direct impact on the financial performance of deposit money banks in Nigeria. This connotes that increase in board size and increase in the number of non-executive directors sitting on the board will go a long way in increasing the financial performance of deposit money banks in Nigeria. The implication of the findings of this study will be relevant to corporate bodies, policy makers/regulators and to shareholders. The study recommends that regulatory authorities should ensure the increase in the number of persons sitting on the board and they should also ensure the increase in the number of non-executive directors sitting on the board since they are likely to bring their knowledge, expertise and integrity to bear in enhancing the financial performance of deposit money banks in Nigeria.

Key Words: Board Size, Board Composition, Deposit Money Banks, Financial Performance, Nigerian Banking Sector

Introduction

The growth and development of economies to a large extent depend on the country's financial system (Adekunle, 2013). In Nigeria, the banking industry practically commands the financial sector. The industry has undergone series of restructuring all geared towards protecting deposit funds, maintaining and ensuring the soundness of banking and improving the welfare of employees and stakeholders. The banking sector has been bedevilled with internal (workers and investors) and external (public and depositors) dissatisfaction culminating to image problem. As a result, most banks have sort for improved techniques like information and communication technology (ICT), total quality management strategies, corporate governance strategies, repackaging and rebranding, to compete more effectively to solve these problems and as well to enhance their financial and corporate performance (Akintoye, 2010; Adekunle, 2013).

A significant role of money deposit banks is that of propelling the entire economy of any nation by channelling surplus funds to the deficit units, of which there is a dire need for repositioning to achieve efficient financial performance through a reform process geared towards forestalling bank collapse. In Nigeria, the reform process of the banking sector is part and parcel of government strategic agenda aimed at restructuring and integrating the Nigerian banking sector into a continental and global financial system (Oyedokun, 2019). According to Akpan and Rima (2012) to make the banking sector sound, the sector has undergone remarkable changes over the years in terms of the number of institutions, the structure of ownership, as well as breadth and depth of operations. These changes have been influenced mostly by the constraints posed by deregulation of the financial system, globalization of operations, technology advancement and implementation of supervisory and prudential requirements that conform to international regulations and standards, which corporate governance is inclusive.

Board characteristics simply refer to size, division of labour between the board chair and the CEO, its composition and diversity. Composition of board refers to the distinction between inside and outside directors, and this is traditionally shown as the percentage of outside directors on the board (Goergen & Renneboog, 2000). Baysinger & Butler (1985) categorized board composition into inside directors, affiliate directors and outside directors. Inside directors are those directors that are also managers and/or current officers in the firm while outside directors are non-manager directors. Among the outside directors, there are directors who are affiliate and others that are independent (Non-executive). Affiliate (grey) directors are non-employee directors with personal or business relationship with the company while independent directors are those that have neither personal nor business relationships with the company. Although inside and outside directors have their respective merits and demerits, many authors favour outside dominated boards (Pablo & Felix, 2005).

The banking sector is central to the economic growth of any country's economy, since it influences the level of money stocks through the ability to create deposits and liabilities. The financial systems have been recognized to play an important role in economic development, and this can be traced back to the era of Goldsmith which shows that the financial sector of the economy would be a catalyst of economic growth if developed (Abu, Okpeh, & Okpeh, 2016). The benefits derived from a healthy and developed financial system would be accruable to savings mobilization and efficient financial intermediation roles. Therefore, the failure of this sector affects the entire economy of any nation. Effective boards are essential ingredients in achieving and maintaining public trust and confidence in the financial system. They are critical to proper functioning as they determine the performance of the banking sector of the economy in any country in the world. Poor corporate governance may lead to ineffective boards, which eventually may contribute to bank failures. Also, poor boards could in turn lead to a run on the bank unemployment, fraudulent activities, questionable dealings that may result in a negative impact on the economy (Ogbechie & Koufopoulos, 2010). The financial health and performance of banks are important for the economic growth of Nigeria.

Board characteristics are particularly important in the Nigerian banking industry because a number of financial failures, frauds, and questionable business practices had adversely affected investors' confidence (Abu, Okpeh, & Okpeh, 2016). According to the agency theory, the separation of ownership and control leads to a divergence in the pursuit of managerial interests versus owner's interests (Jensen & Meckling, 1976), and thus monitoring managerial decisions becomes essential for the board of directors in order to protect shareholders' interests (Fama & Jensen, 1983). Boards are expected to formulate corporate policy, approve strategic plans, and authorize the sale of additional securities. They are also expected to hire, advise, compensate, and, if necessary, remove management, arrange for succession and determine the size of boards and nominate new members subject to approval by shareholders (MICG, 2010).

Banks and other financial intermediaries are the heart of the world's recent financial crises. The deterioration of their asset portfolios, coupled with fraudulent acts of presenting fictitious financial statements and lack of adherence to corporate governance principles largely due to distorted credit management, were some of the main structural sources of the crises (Sanusi, 2010). This draws the attention of the public and investors to see the board of directors as the major factor responsible for the failure of corporations, both in developed and developing nations. The board of directors are criticized for being responsible for the dwindling in shareholders' wealth, both in developed and developing economies with Nigeria inclusive (Abu, Okpeh & Okpe, 2016).

The board of directors are seen as the fore-runner or prime factor for the fraud cases that had failed major corporations, such as Enron Corporation, Tyco International, WorldCom, Global Crossing, Arthur Anderson, Marconi, Parmalat, Oceanic Bank plc, Wema Bank plc, NAMPAK, Fin Bank, Spring Bank, AfriBank, Intercontinental Bank, Bank PHB and Cadbury PLC in Nigeria etc. (Adeyemi & Fagbemi, 2011; Ogbonna & Ebimobowei, 2011). Board characteristics are particularly important in the

Nigerian banking industry because of several financial failures, frauds and questionable business practices had adversely affected investors' confidence. Consequently, there is a need to examine the impact of board characteristics and the financial performance of money deposit banks in Nigeria. It is in the light of the above, that this study examines the effect of board characteristics on the financial performance of money deposit banks in Nigeria. From the foregoing, the broad objective of the study is to ascertain board characteristics and the financial performance of deposit money banks in Nigeria while the specific objectives of the study are to ascertain the impact of board size and board composition on the financial performance of deposit money banks in Nigeria. The study seeks to answer the following research questions; (a) What is the impact of board size on the financial performance of deposit money banks in Nigeria? (b) To what extent does board composition impact on the financial performance of deposit money banks in Nigeria?

The remainder of this paper examines the review of literature, methodology, data presentation, analysis of results and discussion of findings as well as the conclusion, policy implications and recommendations.

Literature Review

Conceptual Review

The concept of the board is derived from the attributes or incentives variable that plays a significant role in monitoring and controlling managers and can be described as a bridge between company management and shareholders (McIntyre, 2007; Bonn, 2004; Kiel & Nicholson, 2003). To understand the role of the board, it should be recognized that boards consist of a team of individuals, who combine their competencies and capabilities that collectively represent the pool of social capital for their firm that is contributed towards executing the governance function (Westphal, 2001). The board is the supreme decision-making unit in the company, as the board of directors has the responsibility to safeguard and maximize shareholder's wealth, oversee firm performance, and assess managerial efficiency.

Dalton, Catherine, Alan & Jonathan (1998) pointed out four actions of initiation, ratification, implementation, and monitory, undertaken by the board in the decision-making processes. Therefore, the main role of the board is seen as the ratification and monitoring of decisions, overseeing the actions of managers/ executives. From the above concept, the role of the board is quite daunting as it seeks to discharge diverse and challenging responsibilities. The board should not only prevent negative management practices that may lead to corporate failures or scandals but ensure that firms act on opportunities that enhance the value to all stakeholders.

Board characteristics simply refer to size, division of labour between the board chair and the CEO, its composition and diversity. Composition of board refers to the distinction between inside and outside directors, and this is traditionally shown as the percentage of outside directors on the board (Goergen & Renneboog, 2000). Baysinger & Butler (1985) categorized board composition into inside directors, affiliate directors and outside directors. Inside directors are those directors that are also managers and/or current officers in the firm while outside directors are non-manager directors. Among the outside directors, there are directors who are affiliate (grey) and others that are independent (Non-executive). Affiliate (grey) directors are non-employee directors with personal or business relationship with the company while independent directors are those that have neither personal nor business relationships with the company. Although inside and outside directors have their respective merits and demerits, many authors favour outside dominated boards (Pablo & Felix, 2005). According to Abu, Okpeh & Okpe (2016) board size refers to the total number of members sitting on the board. Board composition is the total number of outside directors divide by total number of directors sitting on the board. Non- executive directors are outside directors who are independent of the company. They are called independent directors because they have neither personal nor business relationships with the company (Ogbechie & Koufopoulos, 2010).

Financial performance is a measure of an organization's earnings, profits and appreciation in its value which are reflected by the rise in share price and the degree to which financial objectives are being met or has been accomplished. Return on assets is one of the several indicators that is used in measuring the financial performance of firms. The return on assets (ROA) ratio is calculated as net profit after tax divided by the total assets. This ratio measures the operating efficiency of the company based on the firm's generated profits from its total assets (Abu, Okpeh & Okpe, 2016). Return on Asset (ROA) is an indicator of the value of a firm's relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. It is calculated by dividing a company's annual earnings by its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as return on investment.

Empirical Review

Oyerogba, Memba & Riro (2016) studied the impact of board size on the profitability of listed firms, the study empirically examined the listed companies in Nigeria for a period of ten years ranging from 2004 to 2013. Specifically, the study investigated the impact of board size, firm size and firm age on return on capital employed of the selected companies. The study relied on the secondary data extracted from the audited financial statement of a sample of 70 companies purposefully selected from the 198 listed companies in Nigeria. Both descriptive and inferential statistics were carried out. The results revealed that a significant positive relationship exists between the board size and return on capital employed. It was therefore recommended that listed companies should adopt the use of a large board (12 members) to improve profitability.

Enilolobo, Adesanmi & Aigbe (2019) examined corporate governance and financial performance of listed firms in Nigeria; comparing the food and petroleum products industries**.** The study used secondary data for ten (10) listed food and petroleum firms over a period of seven (7) years (2011-2017). Board size was used as a proxy for corporate governance while financial performance was represented with return on asset (ROA). Panel regression analysis was used to analyze the data. Hausman test was carried out for the appropriateness of the panel method to use. The Hausman test revealed that the Fixed effect was more appropriate as such, fixed effect panel regression was applied. The results of the analysis show that board size has a significant positive effect on the financial performance of food and petroleum companies in Nigeria.

Ongore, K'obonyo, Ogutu & Bosire (2015) investigated the effects of board composition on financial performance. Using multivariate regression analysis on panel data, with Return on Assets, Return on Equity, and Dividend Yield as performance indicators, the study found out that board size had an inverse relationship with financial performance. These results are largely consistent with the conceptual and empirical literature on corporate governance concerning small board size (5 to 7).

Oyedokun (2019) examined board characteristics and financial performance of commercial banks in for the period 2013-2017. Data were extracted from the annual reports of the quoted commercial banks. Multiple panel regression analysis was used to analyse the data. The result shows that board size has an insignificant negative effect on financial performance.

There is no consensus in literature as to the number of sizes of the board that can enhance financial performance and financial reporting quality of firms since smaller boards can increase decision-taking processes. On the other hand, companies with large boards tend to become less effective and easier for the CEO to control. A high number of decision- makers in any committee may reduce their effort and give rise to some degree of free riding. When a board gets too big, it becomes difficult to coordinate and becomes problematic, especially in terms of the process involved in decision- making.

Ongore, K'obonyo, Ogutu & Bosire (2015) investigated the effects of board composition on financial performance. Using multivariate regression analysis on panel data, with Return on Assets, Return on Equity, and Dividend Yield as performance indicators, the study found out that independent board members had an insignificant effect on financial performance. Muller (2014) investigated the impact of board composition on the financial performance of FTSE100 constituents using econometric regression models the impact of 9 corporate governance characteristics regarding board composition on the contemporaneous and next year's performance (measured as ROA) using a sample comprised of the constituents of FTSE100 between 2010 and 2011. The study revealed that board independence and the proportion of foreign directors in the total number of directors (as characteristics of corporate board composition) have a significant strong positive impact on firm performance (both contemporaneous and subsequent).

Fuzi, Abdulhalim & Julizaerma (2016) examined board independence and firm performance. The board requires the combination of executive and non-executive directors to pursue the shareholders' interest. The non-executive directors on the board will not be able to exercise their duties effectively unless they are independence from management and ensure they provide unbiased business judgment. Independent directors are the person entrusted by shareholders to represent them and will help to reduce agency problems. Wu, Lin, Lin and Lai (2014) investigated the impact of the corporate governance mechanism on firm performance. The study used correlation analysis and descriptive statistic to analyze the effect of corporate governance on firm performance. The study found that firm performance has a positive and significant relationship to Board independence and insider ownership. The study recommended that the larger gap between the voting rights and cash flow rights, the more incentives controlling shareholders could have; thus, they may embezzle firm asset, causing damage to small shareholders' interest and deteriorating firm performance

Abu, Okpeh & Okpe (2016) researched on board characteristics and financial performance of deposit money banks in Nigeria. The study examines the influence of board characteristics on the performance of listed deposit money banks in Nigeria. Executive director, Independent non-executive director, Grey director, Woman director and Foreign director constitutes the board characteristics of the selected banks, while the ratio of profit after tax to total asset and profit after tax to shareholder total fund represents the Performance which stands as the dependent variable of the study. The study found that the executive director has no significant influence on the performance of listed banks in Nigeria.

No clear conclusion has been reached on the issue of whether directors should be employees of or affiliated with the firm or outsiders. Inside directors are more familiar with the firm's activities and they can monitor to top management if they perceive the opportunity to advance into positions held by incompetent executives.

Theoretical Framework

Stakeholder Theory

The stakeholder theory developed and championed by Edward Freeman in the year 1984. The stakeholder theory takes a broader view of the firm. According to the traditional stakeholder theory, the corporation is responsible to a wider constituency of stakeholders other than shareholders. Other stakeholders may include contractual partners such as employees, suppliers, customers, creditors, and social constituents such as members of the community in which the firm is located, environmental interests, local and national governments and society at large (Blair, 1995). This view holds that corporations should be "socially responsible" institutions, managed in the public interest. According to the model, performance is judged by a wider constituency interested in employment, market share, and growth in trading relations with suppliers and purchasers, as well as financial performance.

Stakeholder theory has been perceived to be an advancement on the agency theory and corroborates the concept of corporate governance in organisations in a more robust manner than the agency theory. This theory recognizes not only the shareholders or owners of the organisation but also the stakeholders. Stakeholders are a combination of those individual or group that influences an organisation and those that are being influenced by the organisation. Stakeholders, therefore, comprise of the shareholders, creditors, employees, customers, competitors, suppliers and the community. Stakeholder theory asserts that companies have a social responsibility that requires them to consider the interests of all parties affected by their actions (Branco & Lucia, 2007). This confers more responsibility on the managers in terms of ensuring that no stakeholder is dissatisfied either in the short run or long run. Put simply stakeholder theory is the doctrine that businesses should be run not for the financial benefit of their owners, but the benefit of all stakeholders.

This theory is related to this study because the theory attempt to provide answers to two core questions: 'what is the purpose of the firm?' and 'what responsibility does management have to stakeholders? The theory posits that these questions are interrelated and managers must develop relationships, inspire their stakeholders and create communities where everyone strives to give their best to deliver the value the firm promises. Thus, the stakeholder theory is considered to better equip managers to articulate and foster the shared purpose of their firm. The theory helps to posit that apart from the shareholders, other parties in the organisations are also interested in the financial performance so as to ensure that their needs and aspirations are also met.

Methodology and Model Specification

This study adopted the ex-post facto design method. This is because the study seeks to investigate the impact of board characteristics on deposit money banks in Nigeria. The data for this study were obtained mainly from secondary sources which were collected from the audited annual reports and accounts of the listed deposit money banks in Nigeria. The study used a sample of 13 deposit money banks quoted on the Nigerian Stock Exchange within the period 2015-2019. The data were analysed using multiple regression (Ordinary Least Square Technique) and EViews 11.0 was used to run the regression.

To examine the influence of board characteristics on the financial performance of deposit money banks in Nigeria, the researchers adopted the model of Oyedokun (2019). The model captured the impact of board size and board composition on the financial performance of deposit money banks in Nigeria.

$PERF_{it=} \alpha + \beta 1BS_{it} + \beta 2BC_{it} + \varepsilon_{it}$

Where PERF is performance (dependent variable) measured as a ratio of profit after tax to the total asset (Abu, Okpeh & Okpe, 2016; Enilolobo, Adesanmi, & Aigbe, 2019).

BS is board size (independent variable) measured as the total number of persons sitting on the board (Oyerogba, Memba, & Riro, 2016; Oyedokun, 2019).

BC is board composition (independent variable) measured as the total number of outside directors divide by the total number of directors sitting on the board (Ongore, K' Obonyo, Ogutu, & Bosire, 2015; Akpan & Riman, 2012).

α is constant

$\beta 1 - \beta 2$ is the coefficient of the parameter estimate

ε is the error term

Data Presentation, Analysis of Results and Discussion of Findings

The presentation of data begins with descriptive statistics which shows the level of average and risk variation of the quoted sampled firm for the period of 2015 to 2019. The result was represented in the table below.

Table 1: Descriptive Statistics

Variables	Mean	Std. Deviation	Jarque-Bera
PERF	1.57	1.37	4.01 (0.13)
BS	14.23	3.04	2.56 (0.27)
BC	0.59	0.11	8.56 (0.01)

Source: Authors' Computation (2020)

Table 1 shows the mean (average) for each of the variable, their standard deviation (degree of dispersion) and Jarque-Bera (JB) statistics (normality test). The results in table 4.1 provided some insight into the nature of the selected quoted banks that were used in this study. On the average, financial performance measured by return on asset was N1.57 with a corresponding standard deviation value of

1.37, board size on the average was 14.23 with a corresponding standard deviation value of 3.04. This implies that the number of directors sitting on the board of quoted banks in Nigeria was fourteen (14) on the average. Board composition measured by the ratio of non-executive directors to total board size on the average was 0.59 with a corresponding standard deviation value of 0.11. To find out the level of distribution of the variables, the Jarque-Bera (JB) statistics shows that the independent variables were normally distributed.

To examine the relationship between board characteristics and firm performance of deposit money banks in Nigeria, Pearson correlation matrix was conducted and the result was presented in Table 2 below:

Table 2: Pearson Correlation Matrix

	PERF	BS	BC
PERF	1		
BS	-0.1776	1	
BC	-0.1643	0.4661	1

Source: Authors' Computation (2020)

Correlation matrix measures the degree of linear association between the dependent variable and explanatory variables. The result of the Pearson correlation matrix showed that board size (BS) was negatively correlated with financial performance measured by return on asset (ROA= -0.1776). Board composition (BC) was also negatively correlated with financial performance measured by return on asset (ROA=-0.1643). A close look at the correlation matrix also revealed that no two explanatory variables were perfectly correlated. This means that there is the absence of multicollinearity problem in our model. Multicollinearity between explanatory variables may result in wrong signs or implausible magnitudes, in the estimated model coefficients and bias of the standard errors of the coefficients. The mean aggregate value of the Variance Inflation Factor (VIF) of 1.27 confirms multicollinearity problem is absent in our model (see appendix below).

To examine the impact of board characteristics on financial performance of money deposit banks in Nigeria, the study employed a multiple regression technique to test the formulated hypotheses. The results obtained were presented in table 3 below:

Table 3: Multiple Regression Results

Variable	**Coefficient**	**t-test**	**p-value**
C	5.92	3.74	0.0004
BS	0.14	2.39	0.0195
BC	3.80	2.33	0.0230

R-Square = 0.109632
Adjusted R-Square = 0.080910
F-Statistic = 3.81
Prob(F-Statistic) = 0.02

Source: Authors' Computation (2020)

From the multiple regressions results, the study revealed that ***board size (BS) had a significant*** positive impact on financial performance of deposit money banks in Nigeria. This means that an increase in board size will lead to an increase in the financial performance of deposit money banks in Nigeria. The significance of board size was because the p-value is less than 0.05. The result is consistent with the findings of Oyerogba, Memba & Riro (2016) and Enilolobo, Adesanmi & Aigbe (2019) which revealed that board size had a positive significant impact on the financial performance of firms. However, the result is inconsistent with the studies of Ongore, K'obonyo, Ogutu & Bosire (2015) and Oyedokun (2019) which revealed that board size had a negative insignificant impact on the financial performance of firms. The result also revealed that board composition (BC) had a positive significant impact on the financial performance of deposit money banks in Nigeria. This means that an increase in the number of non-executive directors sitting on the board would lead to an increase in the financial performance of deposit money banks in Nigeria. The significance of board composition was because the p-value is less than or equal to 0.05. The result is in tandem with the studies of Fuzi, Abdulhalim & Julizaerma (2016), Muller (2014) and Wu, Lin, Lin and Lai (2014) which revealed that board composition had a positive significant impact on the financial performance of firms. The result is however not consistent with the studies of Abu, Okpeh & Okpe (2016) and K'obonyo, Ogutu & Bosire (2015) which revealed that board composition had an insignificant impact on the financial performance of firms.

Given table 3 above, the systematic variation between board characteristics and financial performance of money deposit banks in Nigeria is 8% as deduced from the coefficient of determination (adjusted R^2). The F-statistic value of 3.81 showed a significant linear relationship between board characteristics and financial performance of deposit money banks in Nigeria. To test for the presence of heteroskedasticity in the result, the Harvey heteroskedasticity test conducted indicates that the insignificance of the F-statistic (0.749126) and observed R-squared (1.533687) showed that there is the absence of heteroskedasticity in the regression results. This was reported in table 4.4 below;

Table 4: Breusch-Pagan Godfrey White Heteroskedasticity Result

F-Statistics	0.749126	prob. F (2, 62)	0.4770
Obs*R-Square	1.533687	prob. Chi-Square (2)	0.4645
Scaled explained SS	0.989994	prob. Chi-Square (2)	0.6096

Source: Authors' Computation (2020)

Conclusion, Policy Implications and Recommendations

The study examined board characteristics and financial performance of deposit money banks in Nigeria. The objective of the study was to specifically examine the impact of board size and board composition on the financial performance of deposit money banks. The study used board size and board composition to proxy board characteristics which were the independent variables while return on assets was used to proxy financial performance which was the dependent variable. The study revealed that board size and board composition are positively significant to the financial performance of deposit money banks in Nigeria. This connotes that increase in board size and increase in the number of non-executive directors sitting on the board will go a long way in increasing the financial performance of deposit money banks in Nigeria.

The findings of this study show that to a large extent, the survival of a firm in Nigeria depends on the effectiveness of the board of directors, in terms of strategic corporate decisions and firm performance. The implication of the findings of this study will be relevant to corporate bodies, policy makers/regulators and to shareholders. The boards are the main hub of internal governance mechanism and their effectiveness may well depend on the board characteristics. Thus, the result of this study is beneficial to corporate bodies in constituting an effective board that will enhance financial performance. Furthermore, the board is collectively seen as a group of individuals with fiduciary responsibilities of leading and directing a firm, with the primary objective of protecting the firm's shareholders. The outcome of this study is beneficial to shareholders as it will educate them on the basic board characteristics that impact positively on firm performance. This is important because the shareholders, equipped with this knowledge could insist on the constitution of the board with identified characteristics that enhance board performance through their voting rights. Finally, policy makers and regulators like Securities and Exchange Commission and Central Bank of Nigeria will find this study beneficial because it will ensure that codes formulated will be aimed at ensuring that managers and investors of companies carry out their duties within the framework of accountability and transparency.

The study recommends that regulatory authorities should ensure the increase in the number of persons sitting on the board and they should also ensure the increase in the number of non-executive directors sitting on the board since they are likely to bring their knowledge, expertise and integrity to bear in enhancing the financial performance of deposit money banks in Nigeria.

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Appendix
Descriptive Statistics
Results

	PERF	BS	BC
Mean	1.578889	14.23077	0.590308
Median	1.587000	15.00000	0.560000
Maximum	4.996700	19.00000	0.880000
Minimum	-0.800400	6.000000	0.370000
Std. Dev.	1.379590	3.040195	0.114482
Skewness	0.594269	-0.470341	0.884036
Kurtosis	2.738167	2.747093	3.194821
Jarque-Bera	4.011527	2.569784	8.569266
Probability	0.134558	0.276680	0.013779
Sum	102.6278	925.0000	38.37000
Sum Sq. Dev.	121.8091	591.5385	0.838794
Observations	65	65	65

Pearson Correlation Matrix

	PERF	BS	BC
PERF	1.000000	-0.177683	-0.164338
BS	-0.177683	1.000000	-0.466199
BC	-0.164338	-0.466199	1.000000

OLS Regressions

Dependent Variable: PERF
Method: Least Squares

Date: 06/06/20 Time: 02:06
Sample: 1 65
Included observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.923657	1.583196	3.741582	0.0004
BS	0.147441	0.061468	2.398646	0.0195
BC	3.805766	1.632357	2.331454	0.0230

R-squared	0.109632	Mean dependent var	1.578889
Adjusted R-squared	0.080910	S.D. dependent var	1.379590
S.E. of regression	1.322601	Akaike info criterion	3.442133
Sum squared resid	108.4550	Schwarz criterion	3.542489
Log- likelihood	-108.8693	Hannan-Quinn criter.	3.481730
F-statistic	3.817055	Durbin-Watson stat	0.590925
Prob(F-statistic)	0.027331		

Heteroskedasticity Test: Harvey

F-statistic	0.749126	Prob. F (2,62)	0.4770
Obs*R-squared	1.533687	Prob. Chi-Square (2)	0.4645
Scaled explained SS	0.989994	Prob. Chi-Square (2)	0.6096

Test Equation:
Dependent Variable: LRESID2
Method: Least Squares
Date: 06/06/20 Time: 02:07
Sample: 1 65
Included observations: 65

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.811276	2.161545	0.837954	0.4053
BS	0.049480	0.083923	0.589590	0.5576
BC	2.727535	2.228665	1.223842	0.2256

R-squared	0.023595	Mean dependent var	-0.502949
Adjusted R-squared	-0.007902	S.D. dependent var	1.798662
S.E. of regression	1.805754	Akaike info criterion	4.064889
Sum squared resid	202.1664	Schwarz criterion	4.165245
Log- likelihood	-129.1089	Hannan-Quinn criter.	4.104486
F-statistic	0.749126	Durbin-Watson stat	1.191320
Prob(F-statistic)	0.477010		

Variance Inflation Factors
Date: 06/06/20 Time: 02:07
Sample: 1 65
Included observations: 65

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	2.506509	93.13753	NA
BS	0.003778	29.71018	1.277696
BC	2.664589	35.77957	1.277696