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Appendix D

COEFFICIENTS OF RANK CORRELATION

*Table D-1—COEFFICIENTS OF RANK CORRELATION FOR SELECTED FINANCIAL RATIOS AMONG MINOR INDUSTRIAL DIVISIONS**

<i>Financial Ratio</i>	<i>Coefficient of Rank Correlation</i>			
	<i>Between Income and Deficit Corporations for 1937</i>	<i>With Average Asset Size of Corporation for 1937^b</i>	<i>With Ratio of Net Income to Net Worth for 1937^b</i>	<i>Between 1937 and 1931^c</i>
Cash/total assets	.51	-.28	.30	.70
Government securities/total assets	.31	-.12	.47	.53
Cash plus government securities/total assets	.48	-.41		
Receivables/total assets	.80	-.41	-.55	.86
Receivables/sales	.79	.07	.00	.80
Inventory/total assets	.88	.05	.02	.94
Average inventory/sales	.64	.37	.18	.73
Other investments/total assets	.32	.21	.31	.61
Capital assets/total assets	.84	.32	-.26	.92
Capital assets/sales	.90	.44	-.11	

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Table D-1 (concluded)—COEFFICIENTS OF RANK CORRELATION FOR SELECTED FINANCIAL RATIOS AMONG MINOR INDUSTRIAL DIVISIONS^a

Financial Ratio	Coefficient of Rank Correlation			
	Between Income and Deficit Corporations for 1937	With Average Asset Size of Corporation for 1937 ^b	With Ratio of Net Income to Net Worth for 1937 ^b	Between 1937 and 1931 ^c
Notes payable/total assets	.40	-.52	-.34	
Notes payable/sales	.24	-.09	-.34	
Accounts payable/total assets	.44	-.43	-.14	
Accounts payable/sales	.51	.07	-.17	
Long-term debt/total assets	.77	.15	-.28	
Capital stock/total assets	.38	.00	-.02	
Surplus/total assets	.19	.45	.42	
Net worth/total assets	.52	.37	.45	.78
Current assets/current liabilities	.51	.26	.38	
Invested capital/capital assets	.68			.31
Net income/net worth	-.20	.50	.08	.85
Total assets/sales	.89			
Average asset size of corporation	.75			
Current assets/total assets		-.28	.05	
Current assets/sales		.34	.24	
Current liabilities/total assets		-.54	-.27	
Current liabilities/sales		.14	-.15	
Notes and accounts payable/total assets				.67
Notes and accounts payable/sales				.71
Net worth/total debt				.72

^a For a list of the 61 minor industrial divisions, see Appendix E. The standard error of the rank correlation coefficient for 61 cases is 0.13.

^b Based upon ratios for income and deficit corporations combined as given in the Data Book (described in Chap. 1, p. 2, fn. 1).

^c Based upon ratios for income and deficit corporations combined. Data for 1931 are derived from *Source Book of Statistics of Income for 1931*.

**Table D-2—COEFFICIENTS OF RANK CORRELATION BETWEEN
SELECTED BALANCE-SHEET RATIOS***

<i>Ratios</i>	<i>Coefficient of Rank Correlation</i>
Inventory/total assets with inventory/sales	.65
Receivables/total assets with receivables/sales	.27
Accounts payable/total assets with accounts payable/sales	.34
Notes payable/total assets with notes payable/sales	.48
Inventory/total assets with notes payable/total assets	.43
Inventory/sales with notes payable/sales	.17
Inventory/total assets with receivables/total assets	.43
Inventory/sales with receivables/sales	-.03
Accounts payable/sales with receivables/sales	.59
Accounts payable/sales with notes payable/sales	.42
Accounts payable/total assets with notes payable/total assets	.39
Current assets/total assets with current liabilities/total assets	.49
Current assets/sales with current liabilities/sales	.48
Long-term debt/total assets with notes and accounts payable/total assets	-.05
Long-term debt/total assets with capital stock/total assets	-.22
Long-term debt/total assets with fixed capital assets/total assets	.42
Capital stock/total assets with surplus/total assets	-.12

* The computations are based upon ratios for income and deficit corporations combined, as given in the tables in Data Book (described in Chap. 1, p. 2, fn. 1).