

0.40

0.20

0.00

-0.20

-0.38

Multicollinearity

Indicator *i*

Indicator i

Removed

Integrated

The correlation matrix illustrates the relationships between the various independent indicators used in the Ordinary Least Squares (OLS) regression analysis. This type of chart, listing the same variables both in columns and rows, allows for the comparison of each indicator with all others. This matrix, representing the regression coefficients indicating positive, negative, or no associations, is essential for identifying multicollinearity issues. These results then allow for adjusting the regression model by excluding the identified indicators, thereby improving the accuracy and reliability of the model's estimates.