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The Influence of Governance Mechanisms on the Banking Performance: Comparison between the Model Franco-Italian and the Model Germano-Nippon

By Boudabbous Sami & Yosra Elhaj Ali

University of Sfax, Tunisia

Summary- The goal of this research is to treat the influence of governance mechanisms on the banking performance in two systems of governance universal. There are three models of governance virtually universal. We are going to put the light on the model germano-Nippon and the model Franco-Italian and on the measures of the performance. Then, we will analyze the effects that exercise internal governance mechanisms on the social performance of banks belong to the context germano-Nippon and the context Franco-Italian. To estimate the performance, we retained three performance measures that are ROA, ROE and MTB, and to apprehend the governance we retained the council of administration, its size, its independence and the concentration of capital. In order to study the impact of the internal governance on the banking performance in the context germano-Nippon and the context Franco-Italian. In this framework, we have produced mixed results, which differ from one context to another.

Keywords: *governance, performance, the system of governance germano-Nippon, the system of governance Franco-Italian.*

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Boudabbous Sami [α] & Yosra Elhaj Ali [σ]

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Keywords: governance, performance, the system of governance germano-Nippon, the system of governance Franco-Italian.

I. Introduction

The banking sector plays an important role dans financial stability. Given the vital role that it plays and its specificities by report to the ordinary firm, the Bank has specific governance mechanisms. Also, each country adapts a governance system adapts to its policies.

Practically, there are three models of the governance system; who are the Anglo-Saxon model, model germano-Nippon and the model Franco-Italian. The laws that guide the functions of the Bank vary from one country to another which causes a difference between the influence of governance mechanisms on the performance of banking. Our research work, we will analyze and compare the influence of the mechanisms of internal governance on the social performance of banks in the context Germano Nippon and the context Franco-Italian.

Author α: Professor in Management Science, University of Sfax, Tunisia.
Author σ: PHD candidate in the Faculty of Economic and Management Sciences Sfax. e-mail: elhajaliyosra@yahoo.fr

II. Review of the Literature

a) *The performance*

The performance is defined by Machesnay (1991) by the degree of achievement of the goal sought. The performance of the Bank is one of the privileges all stakeholders leaders, investors or employees. It is a goal to arrive. Therefore, several researchers have studied the performance of the bank and they find that it is attached to the effective governance mechanisms to achieve good profitability and improve it.

The performance measures

According Amblard (2006), "the measure of performance is an essential dimension in any organization whose existence depends on the efficiency. The concept is however far from one-dimensional ". Therefore, the performance may be economic, financial, social, environmental, etc., ... Therefore, the increase in the number of dimensions generates an increase of the indicators to measure these dimensions.

The bank or any organization seeks to improve their performance, but it must measure the performance to be able to measure the differences between performance through time.

The performance can be measured quantitatively or qualitatively since it has several dimensions. Therefore, the assessment of the performance can be at various levels as social, environmental, economic, scholar and financial.

Also, the effectiveness and efficiency of the Bank can be measured through reports. To measure the effectiveness, we use the report between the result obtained and the objective. To measure the efficiency, we report the result obtained to the means applied.

b) *The Governance*

For Charreaux (1997), the governance is expressed by a set of "organizational mechanisms having for effect to delineate the powers and to influence the decision of the leaders.". In another way, governance it is a power born between the hands of the mechanisms to manage the actions of the leaders in favor the organization. Therefore, in order to maximize the performance, the board of directors is required to confine the powers of leader and guide its strategies in the interest of the firm. More, Zingales (2000) has announced that governance refers to "a set of laws and rules which govern the operation of the firm." In this framework, for having a good operation of the firm, he must have good laws and rules. Therefore, a good governance creates a good operation of the Bank. Therefore, the governance mechanisms are responsible for the operation of the Bank.

The main universal systems of governance

- The system oriented market (the Model Anglo-Saxon)

The system oriented market is characterized by a developed financial market which presents the dynamo of funding systems, discipline of the behaviors of leaders and of the monitoring. This system is applied in the United States and Great Britain. In this context, the banks have a low detention of actions in the firms. Therefore, the banks in a context anglo-saxon play their ordinary roles. In this model, the shareholders have a great importance in the firm.

- The system network oriented (the Model germano-Nippon)

The system network oriented SE differs from the system oriented market by the term universal bank. The system oriented market has of commercial banks and investment banks. Moerland (1995) stipulates that Germany, Japan and a few Latin countries are the paramount countries which practice the system oriented-network which is also named the model germano-Nippon. In this context, these countries promote a banking sector powerful and important to finance the economic agents.

- The intermediate system (the Model Franco-Italian)

The intermediate system is also named the model Franco-Italian is strongly practiced within France and Italy. The hybrid system is characterized by the presence of the State in shaping the governance. Then, the system Franco-Italian is located between the systems markets and network systems. This median system is characterized by the intervention of the State.

c) *Few empirical studies concerning the impact of governance on the banking performance*

The influence of internal mechanisms of governance on the banking performance remains little study. Moreover, we will deal with the impact of the Council of Administration and of the ownership structure on the performance.

❖ The impact of the Board of Directors on the Bank performance

Moreover, we will deal with the impact of size of the Council on the performance and the impact of the Duality on the performance.

The impact of the size of the Board of Directors on the Bank performance

Hasndres and Vallelado (2008) find that the function between the size of the Board of Directors and the banking performance is not linear and its curve takes the form of a U overthrown.

Adams and Mehran (2003) postulate that the banks that have boards of directors of large size have performance more raised that banks with advice from smalls sizes.

It is a good idea to check the conclusions of these studies by the following hypothesis:

H11: The size of the board of directors has a positive impact on the performance of the banks in a context germano-Nippon.

H12: The size of the board of directors has a negative impact on the performance of the banks in a context Franco-Italian.

The impact of the presence of institutional investors to the Council on the banking performance

Similarly, Agrawal and Knoeber (1996) find that the institutional investors looking to stay in the board of directors in order to monitor the more possible the affairs of the manager. Subsequently, their presence in the Council of Administration allows you to vote dans the decisions of recruitment, remuneration and revocations of managers and the policy of the dividends. Without forgetting, its privilege access to internal information of the bank and its power to have clarification about the banking actions.

Carleton et al. (1998) and the tip (2000) see that the representatives of institutional investors to the Council, sometimes, affect the decisions of leaders in order to optimize the benefits of their holdings and thus advance the performance of the Bank.

Nevertheless, the arguments presented above concerning their efficiencies in the control and their positive roles in the improvement of the performance incentive to install the following hypothesis:

H21: There is a positive impact of the presence of institutional investors to the Council on the banking performance in a context germano-Nippon.

H22: There is a positive impact of the presence of institutional investors to the Council on the banking performance in a context Franco-Italian.

The impact of the Duality of direction on the banking performance

The Duality of directions also called the cumulation of C posts is to say one man has two positions that are of general director and president of the Council. For a rooting strategy, the function CEO of a bank would be able to benefit from its privileges. Then, the leadership team can take root when there is a poor monitoring.

Boyd (1995) has concluded that the duality of functions positively affects the performance. On the ground American, Pi and Timme (1993) noted that the cumulation of steering functions and monitoring within the banks generates a low profitability of assets (ROA). This conclusion is consolidated by Rechner and Dalton (1991). These researchers are interested in the banks and found that the duality affects weakly, positively and significantly the performance. Therefore, we note that the duality positively influences the economic performance of the Bank.

The hypothesis that arises:

H31: There is a positive impact of the Duality on the banking performance in the context Germano Nippon.

H32: There is a negative impact of the Duality on the banking performance in the context Franco-Italian.

- The impact of the ownership structure on the banking performance

Moreover, we will deal with the impact of the Mechanism ownership structure on the performance.

The impact of the concentration of capital on the banking performance

The concentration of capital and the nature of the shareholders (as institutional investors, foreign shareholders and the State,...) swaying between be positively or negatively correlated with the banking performance. Spong et al. (1996) inspire, with 143 U.S. banks from 1990 to 1994, that the concentration of capital positively affects the banking performance. Therefore, according to these results we can point out that there is a positive correlation between the concentration of capital and the performance of banking.

Crespí et al. (2004) stipulate that the increase in the participation of the majority shareholders causes an increase in the measured performance by ROA for some Spanish banks during the period 1989-2000. This researcher confirms the idea of the existence of a positive relationship between the concentration of capital and the performance of banking.

Caprio et al. (2006) show, at the base of its study on 244 banks from 44 countries, that the concentration of ownership positively affects the banking performance such that, at the international scale, most banks have a structure of concentrated ownership and that the majority shareholder is a family or the State. In this framework, we note that at the international level the performance of banking is positively affected by the concentration of capital.

On the ground in Argentina, Pinteris (2002) find a negative report but not statistically significant between the concentration of ownership and the performance of banking.

The hypothesis that arises is:

H41: There is a positive impact of the concentration of capital in the hands of five majority shareholders on the banking performance in a context germano-Nippon.

H42: There is a negative impact of the concentration of capital in the hands of five majority shareholders on the banking performance in a context Franco-Italian.

The impact of the share ownership of institutional investors on the banking performance

Berger and Bonaccorsi di Patti (2003) stipulate, at the base of his study concerning 695 U.S. commercial banks between 1990-1995, that the large institutional investors generate consequences of monitoring that decrease the agency costs and increase the performance.

Empirically, McConnel and Servaes (1990) prove that there is a positive relationship between the share ownership of institutional investors and the stock market performance. Therefore, there is a positive correlation between the stock market performance and the shareholding of the institutional investors.

By contrast, Barclay and Holderness (1991) and Shleifer & Vishny (1997) postulate that the performance and the efficiency of the firms depend on the behavior of institutional investors and of the activity of their integration within the governance. These researchers found that the behavior of institutional investors depends on purpose of their integration. Subsequently, this mechanism of governance can negatively affect the performance.

Paquerot (1997) think that the increase of the amounts invested by the institutional investors make these latter in dependence of the leaders. This dependence is certified by the event, in this situation, the risks of loss of annuities and of the quasi-rents may compel them to the support. Therefore, the purpose here is to achieve a minimum yield authorizing to prepare their risks. The hypothesis that arises is:

H51: There is a positive impact of the capital held by institutional investors on the banking performance in a context germano-Nippon.

H52: There is a negative impact of capital held by institutional investors on the banking performance in a context Franco-Italian.

III. The Methodology

In this work we have studied the impact of governance mechanisms on economic performance, financial, Fellow of thirty banks belong to the German system-Nippon and thirty banks belong to the system Franco-Italian. The collection of data was performed via the annual publications (the balance sheet, the stock data, the result state) between 2004 and 2013. To measure the governance, we used the council of administration, its size and its independence, and the concentration of capital. For the performance, we will

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use the measures that have been used in previous studies.

In order to study the impact of the internal governance on the financial performance, economic in the ten years between 2004 and 2013. The models below are inspired to the article of EYA Noubbigh (2010). The report between the governance and the performance measures will be measured via the following models:

Equation 1

$$ROA = \alpha + \beta 1 \ln BOASIZit + \beta 2\ DUALit + \beta 3 TOP5it + \beta 4\ INSTSIZit + \beta 5\ INSTit + \beta 6 \ln SIZEit + \varepsilon it$$

Equation 2

$$ROE = \alpha + \beta 1 \ln BOASIZit + \beta 2\ DUALit + \beta 3 TOP5it + \beta 4\ INSTSIZit + \beta 5\ INSTit + \beta 6 \ln SIZEit + \varepsilon it$$

Equation 3

$$MTB = \alpha + \beta 1 \ln BOASIZit + \beta 2\ DUALit + \beta 3 TOP5it + \beta 4\ INSTSIZit + \beta 5\ INSTit + \beta 6 \ln SIZEit + \varepsilon it$$

The table of dependent and independent variables

The dependent variables	Formula of measurement	The independent variables	Meaning	Formula of measurement
ROA	Profits/Total of assets	LNBOASIZ	The size of the Council	The logarithm of the total number of directors within the Council.
ROE	Net result/own funds	DUA	The duality	1: Separation 0: duality
MTB	Capitalization of capital/own capital	TOP 5	The percentage of the capital held by the five majority shareholders	The percentage
		INSSIZ	The number of institutional investors members to the Council	Logarithm of the number of institutional investors members to the Council.
		INS	The percentage of the capital held by institutional investors	The percentage
		SIZ	The size of the bank	The natural logarithm of the total of the assets of the Bank.

a) *Analysis and interpretation of results*

In what follows, we will deal with the results of the effect of governance on the performance on the two systems.

❖ The impact of governance on the performance in the banks of the system Franco-Italian

In what follows, we will interpret and analyze the regression results derived from the output of the E-views.

The model estimates

In a first step, we proceeded to a regression in the block of our samples in applying the method of ordinary least squares OLS.

The following table relates the regression model relating to the fixed effect of governance on the economic performance ROA of banks of the context Franco-Italian.

➢ Analysis of the economic profitability ROA

The test of homogeneity

Test effects	Statistics	D.f.	Prob.
Cross-section F	16.04	(13.1)	0.00
Cross-section Chi-square	141.76	13	0.00

Calculated F = 16.04, F0.05 tabulated = 3.112

We observe that F calculated is higher than F tabulated, then we accept the hypothesis H1. Therefore, our model is heterogeneous and it is necessary to perform the test of Hausman to determine if the fixed effect or random.

The test of specification Hausman

Summary Test	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	47.02	7	0.0

According to the calculation of the test of Hausman, we note that Qh is greater than the fractile of the Act of KHI- two in the ROA model and therefore we find the estimate to a fixed effect, therefore reject the hypothesis H0. The estimation of the model ROA by the panel set.

Table 3 : Estimation of ROA by the fixed panel

Variable	Coefficient	Prob.
Constant	0.381234	0.0447
Size of the Council	0.000519	0.9857
Duality	0.046850	0.2693
The majority share-holders	-0.063205	0.6068
Number of Institutional Investors	0.100156	0.0002
Capital held by the Inv. Ins.	9.54E-05	0.0061
Size of the bank	-0.025049	0.0075
R-squared	0.718456	

The significance of the variables of the model ROA

The size of the Bank has a negative impact on the economic performance. In another way, the increase in the size of the Bank generates a decrease of the economic performance of the Bank of hybrid model.

The capital held by institutional investors and the number of institutional investors within the Council have a positive influence on the economic performance of the banks of our sample. This is confirmed by Whidbee (1997).

According to the table, the number of institutional investors in the Council has a positive influence on economic performance Roa. Similarly, Agrawal and Knoeber (1996) find that the institutional investors looking to stay in the board of directors in order to monitor the more possible the affairs of the manager.

The explanatory power of the model

R^2 is strong, then the model is persistent.

- Analysis of the financial profitability ROE

The test of homogeneity / heterogeneity

Test effects	Statistic	D.f.	Prob.
Cross-section F	2.101	(13,118)	0.0187
Cross-section Chi-square	28.947	13	0.0067

Calculated F = 2.101 tabulated F = 3.112

We observe that F is calculated at less than F tabulated so the model is homogeneous and subsequently we will choose the model estimated by the OLS method. Therefore, our interpretations will be based on the model estimated by the OLS method without individual effect.

Table 5 : The estimate of ROE by OLS

Variable	Coefficient	Prob.
Constant	0.066554	0.6916
Size of the Council	-0.016911	0.0858
Duality	0.092208	0.0079

The majority shareholders	0.118249	0.2817
Many of the Investors ins.	-0.003971	0.8635
Capital held by Inv. Ins.	-8.82E-07	0.9769
Size of the bank	-4.13E-05	0.9960
Correlation Coefficient	0.021587	

The significance of the variables of the model ROA

The variable size of the board of directors is negative and statistically significant at threshold 10%, which implies that a Council of small size generates an increase in the financial performance of the banks of the hybrid model of governance.

The duality of functions The functions positively affects the financial performance. That is confirmed by Dedman and Lin (2002).

The explanatory power

We note that R2 is low, then this model is not too persistent.

- Analysis of the stock market performance

The following table shows the effect of the internal governance on the stock market performance during ten years.

Equation 3

$$MTB = \alpha + \beta 1 \ln BOASIZit + \beta 2\ DUALit + \beta 3 TOP5it + \beta 4\ INSTSIZit + \beta 5\ INSTit + \beta 6 \ln SIZEit + \varepsilon it$$

In this framework, we will go to the test of homogeneity/ heterogeneity of Fischer

Test effects	Statistics	D.f.	Prob.
Cross-section F	13.71	(13,119)	0.0
Cross-section Chi-square	165.93	13	0.0

Calculated F = 16.8 is greater than the tabulated F = 3.112

The calculation of the test of specification Fischer leads that F calculated is higher than F tabulated, where the model is heterogeneous and therefore we are going to perform the test of Hausman.

The test Hausman

Summary Test	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	22.74	7	0.0019

We note that Qh is greater than the fractile of the Act KHI-two at the threshold of 5 per cent, so we reject the null hypothesis (H0). Then the model to individual effect fixed.

Table 8 : The estimate of the MTB by the fixed effect

Variable	Coefficient	Prob.
Constant	4.446715	0.0000
Size of the Council	0.380315	0.0055
Duality	0.169767	0.5698
The majority shareholders	0.706853	0.3015
Number of Institutional Investors	-0.488284	0.0004
Capital held by the Inv. Ins.	4.28E-05	0.7115
Size of the bank	-0.214286	0.0000
Correlation Coefficient	0.713362	

The significance of the variables

The size of the Council of the Council of Administration and the stock market performance are positively correlated. Therefore, the increase in the size of the Board of Directors improves the stock market performance of banks saw that the increase in the number of members of the board of directors creates a diversification and a multiplicity of knowledge and experiences. This result is confirmed by Haniffa and Hudaib (2006).

The variable the number of institutional boards of directors has a negative impact on the stock market performance of banks. This result is confirmed by Barclay and Holderness (1989).

The size of the Bank and the stock market performance are negatively correlated. Therefore, the Bank would be more creative value when it is small in size.

The explanatory power of the model

We note that the coefficient of determination is strong (71.33%). This implies that our model is persistent.

❖ The impact of governance on the performance in the banks of the system germano-Nippon

Moreover, we are going to interpret and analyze the regression results derived from the output E-views.

➢ Analysis of the financial profitability ROE

The test of homogeneity

Test effects	Statistics		Prob.
Cross-section F	1.564046		0.1300

Calculated F = 1.56 F0.05 tabulated = 3.112

We observe that F is calculated at less than F tabulated, then we accept the hypothesis H0. Therefore, our model is homogeneous and therefore we choose the model estimated by the OLS method.

Table 10 : The estimate of ROE by OLS

Variable	Coefficient	Prob.
Constant	0.054956	0.1033
Size of the Council	-0.016911	0.0858
Duality	0.092208	0.0079
The majority shareholders	0.106100	0.0013
Number of Institutional Investors	0.046280	0.6749
Capital held by the Inv. Ins.	-0.041961	0.5598
Size of the bank	0.000611	0.9449
Correlation Coefficient	0.129906	

The significance of the variables of the model ROE

The evolution of the return on the assets (as a percentage of the asset) and its potential determinants is represented as follows.

The variable duality of functions has a positive and statistically significant coefficient on the threshold 5%. This result is explained that an accumulation of position control with the position of decision causes an increase in the performance of the banks. That is confirmed by Dedman and Lin (2002) emphasized that the separation of the functions does not generate a progress of the performance. Therefore, the hypothesis H21 is accepted.

In addition, the variable size of the board of directors is correlated negatively and significantly (the threshold 10%) with financial performance. Therefore, we can see that the increase in the size of the Board of Directors will result in a deterioration of the performance.

The variable "capital held by the majority shareholders" is positively and significantly related with the financial performance (ROE). Therefore, the presence of the majority shareholders within the Council of Administration positively affects the financial performance of banking. This is confirmed by Joh (2003) and Holderness (2003). Therefore, the hypothesis H41 is accepted.

The explanatory power

We note that R 2 (R-Squared = 0.14) is low, then this model is not too persistent.

➢ Analysis of the economic profitability ROA

The test of homogeneity

Test effects	Statistics	D.f.	Prob.
Cross-section F	2.579506	(10.92)	0.0084

Calculated F = 2.579506, F 0.05 tabulated = 3.112

We observe that F is calculated at less than F tabulated, then we accept the hypothesis H0. Therefore, our model is homogeneous and therefore we choose the model estimated by the OLS method.

Table 12 : The estimate of ROA by OLS

Variable	Coefficient	Prob.
Constant	0.053532	0.0096
Size of the Council	-0.002325	0.0284
Duality	-0.911149	0.0002
The majority shareholders	-0.002097	0.2626
Number of Institutional Investors	-0.020217	0.0014
Capital held by the Inv. Ins.	-0.003364	0.6627
Size of the bank	-0.000422	0.7272
Correlation Coefficient	0.305761	

The significance of the variables of the model ROA

According to this model, the two variables the size of the Board of Directors and the number of institutional investors present to the board of directors have a significant effect and negative impact on the economic performance of the banks of our sample.

We note that the variable size of the Board of Directors recognizes a significant negative coefficient. This result is explained that the increase in the size of the Board of Directors creates conflicts in the taking of decisions, and subsequently a decrease in economic performance.

The variable duality is negatively related and significantly with the economic performance (ROA). Therefore, the separation of the functions of control and direction positively affects the economic performance of banks. Same case concerning the variable "institutional investors", it is negatively and significantly related to the economic performance. That is to say the presence of institutional investors within the Council of Administration negatively affects the economic performance.

The variable INSSIZ reflects the presence of institutional investors to the boards of administration and monitoring. According to the table, this variable has a negative influence and significant work on the economic performance Roa.

The explanatory power

We note that R 2 (R-Squared = 0.30) is low, then this model is not too persistent.

- Analysis of the stock market performance MTB

We are going to do the test of homogeneity / heterogeneity of Fischer.

Test effects	Statistics	Prob.
Cross-section F	9.004337	0.0000

The calculation of the test of specification Fischer leads that F calculated is higher than F tabulated, where the model is heterogeneous and therefore perform the test of Hausman.

The test of Hausman

Summary Test	Chi-Sq. Statistics	Chi-Sq. D.F.	Prob.
Cross-section random	14.338635	7	0.045

We note that Qh is greater than at fractile of the Act KHI-two at the threshold of 5 per cent, so we reject the null hypothesis (H0). Then the model to individual effect fixed.

The stock market performance estimated by the method of least-squares to individual effect fixed.

Table 15 : The estimate of the MTB by the fixed effect

Variable	Coefficient	Prob.
Constant	0.047411	0.0001
Size of the Council	0.000516	0.0055
Duality	0.003281	0.0657
The majority shareholders	-0.009246	0.0197
Number of Institutional Investors	-0.011622	0.0004
Capital held by the Inv. Ins.	-0.003979	0.1791
Size of the bank	-0.00298	0.4760
Correlation Coefficient	0.692699	

The significance of the variables of the MTB

The variable size of the board of directors is positively correlated with the stock market performance. Therefore, the hypothesis H11 is accepted.

The variable duality presents a positive coefficient. This is confirmed by Dedman and Lin (2002). Therefore, the hypothesis H21 is accepted.

The variable that contains the number of institutional advice has a negative impact on the stock market performance of banks. This result is confirmed by Weinstein and Yafeh (1998). In another way, an increase in the number of institutional investors on the boards of directors will cause a decrease in the stock market performance since these investors are going to vote for the decisions that promote their own interest by discriminating against the stock market profitability of the Bank. The presence of institutional investors to the board of directors has a negative relationship with the performance of the Bank.

The explanatory variable Top 5 presents a negative and significant coefficient. Then, the concentration of capital has a negative impact on the stock market performance, therefore the stock market performance and the concentration of capital are negatively correlated.

The explanatory power

In our case, R2 is strong this leads us to conclude that our model is persistent.

❖ A comparison between the results

Moreover, we will compare the effects of governance on the performance on the two models of governance (hybrid model and model network oriented).

Table 16 : A comparison between the banks of two models of banking Governance

	The model network oriented			The Hybrid Model		
	ROE	RO A	MTB	ROE	ROA	MTB
Size of the Council	-	-	+	-		+
Dual	+	-	+	+		
Top 5	+		-			
Inssiz		-	-		+	
Ins					+	-
Siz					-	-

According to this table, we note that the concentration of capital in the hands of the five majority shareholders has no impact on the financial performance, economic and trading of banks of the governance model hybrid. By contrast, in the banks of the model network oriented, this variable has a positive impact on the financial performance and a negative impact on the stock market performance.

Also, the percentage of the capital held by institutional investors has no impact on the economic performance on the two models. But, this variable has a negative impact on the economic performance and a Fellow of the banks of the model network-oriented. By contrast, this variable has a positive impact on the economic performance of banks of the hybrid model.

For the variable size of the bank, it is not correlated with the stock market performance, financial and economic of the banks of the model network-oriented. But, this variable is negatively correlated with the stock market performance and economic development of the banks of the hybrid model.

In the banks of the model network oriented, the duality of functions has a positive effect on the financial performance and stock market and a negative impact on the economic performance. In against part, the duality of functions has a positive impact only on financial performance.

The size of the board of directors has a negative impact and significant impact on the financial performance of the banks of two models. In addition, the size of the board of directors has a significant and positive impact on the stock market performance of banks of the two models. But the impact of the size of the Board of Directors on the economic performance is balance between negative on the banks of the model network oriented and neutral on the banks of the hybrid model.

IV. Conclusion

The aim of our study is to treat the influence of internal mechanisms of governance on the banking performance in the context Franco-Italian and the context germano-Nippon. In this framework, we can emphasize that the mechanisms of governance have a significant impact on the performance, although the meaning of this impact remains undetermined. Since, the empirical results show mixed results, which differ according to the extent of the performance restraint and the context.

The dimensions of the financial performance, economic and stock market are affected by the mechanisms of governance in a different way in most of the results, in addition to its influences can be in the opposite direction of a context germano-Nippon to a context Franco-Italian.

The model Franco-Italian is characterized by the intervention of the State to shape the governance by against the model germano-Nippon is characterized by a banking system powerful and a financial market tightened.

The differences between the two systems are explained by the cultural differences, the institutional infrastructure, the financial development and the policies of the country, etc.

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