

PROJECT PRESENTATION

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AXIS 2 : The performance model of financial cooperatives



PROJECT 2

COMPARATIVE ANALYSIS OF THE SOCIAL EFFICIENCY OF COOPERATIVE BANKING

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The legal forms of financial institutions (commercial banks, savings banks and cooperative banks) present three different forms of ownership; a priori it implicates different strategies, governance and also results and performance. It is a challenge to establish not only how to define the social and economic banking efficiency, but also if these efficiencies are different according to the typology of financial institutions.

An exploratory descriptive analysis is necessary, in relation to all financial institutions in the European Union (EU-15). It will show the differentiation of the banking typologies (commercial, savings and cooperative banks) in relation to a specific country; the banking size will be monitored too.

As we face a serious gap in the existing literature, reinforced by the interest of the society in this topic, the following research questions will be answered:

- Firstly: Does the legal form affect the economic and/or social efficiency of financial institutions? discretion management will be analysed in this section.
- Secondly; what type of banking carries out the best social and/or economic efficiency?
- Thirdly; is the relationship between social and economic efficiency divergent or convergent?

Aiming to answer to these research questions, we will use the Bankscope (Bureau Van Dijk) database using the data envelopment analysis for developing the efficiency of banks; also a Factorial Analysis of Variance will be applied, including the legal form as moderator variable, and country and size as control variables.

The usefulness of the research results is focused on four complementary lines:

1) Contribution to the scientific theoretical framework, because the project results fill the gap about two scientific problems; the first one in relation with the stakeholder theory, the Jensen governance problem; and the second one in relation with the social-cost paradox. This analysis will allow the refuting, or possibly the strengthening of these two scientific questions, and it will open the window to establish new banking strategies and governance.

2) Contribution to public policy, because the project results can provide a guidance on the selection of the optimal model in relation to the expected result (based on the efficiency of companies but not only the economical one focused on shareholders, but also the social one in which all stakeholders are taken into consideration); this will involve public intervention in favour or against a particular business model.

3) Contribution to the banking management analysis, possibly because during the analysis process shortcomings in existing indicators related to social value will be identified; this will lead to proposals for the introduction of new social indicators enabling a more efficient analysis; the social accounting, in terms of social sphere results established by financial institutions.

4) Construction of a social accounting, the results outcome implicates some improvements not only in the analysis but also in the process; more precisely it will probably show the increasing interest of businesses, society and politics in developing a systematic information and analysis process based on the social value generated by the organizations.

The results will be disseminated not only in working papers, but also in various publications. Moreover, the work in progress will be evaluated in different national and international conferences. The results will be reviewed by cooperative, commercial and saving bank professionals to include their feedback and integrate the most important results in their strategy processes and in their banks' governance with the aim to fill the gap about social efficiency; such an important topic in the current context.