

## GOVERNANCE AND HUMAN CAPITAL IN ITALIAN CO-OPERATIVE AND POPULAR BANKS: MANAGING THE COMPLEXITY

Candida Bussoli  
LUM Jean Monnet University, Italy  
bussoli@lum.it

Claudio Giannotti  
LUM Jean Monnet University, Italy  
giannotti@lum.it

### **Abstract:**

This paper aims to investigate the existence of a statistically significant relationship between performance and loan quality variables and the number of employees, the size of the board and the number of committees in Italian co-operative and popular banks, in the years 2010-2012. The analysis method is based on multivariate panel regressions models.

The main results of the paper are related to the existence of a positive relationship between the loan quality and the number of committees and of employees: as the number of employees (proxy of the size and complexity of the structure) and the number of committees (proxy for the complexity of the board) grows, the loan quality worsens. The number of committees also shows a negative relationship with return on average equity.

The main results of the paper suggest to manage and reduce the complexity of the governance structure of co-operative and popular banks.

*Keywords: corporate governance, co-operative banks, popular banks, human capital, management*