IMPACT OF THE EXTERNAL MARKETS ON THE FINANCIAL STRATEGIES OF THE QUOTED FIRMS:

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Purpose – The most of practical work that corroborate governance theory has studied the relationship between corporate governance and firm performance. The study of the effect of external markets on financial strategies has been less pronounced and less explored in financial and previous literature. The paper aims to clarify the impact of external markets on financial strategies in the Tunisian context. It proposes an advanced model of econometric applied to Tunisian data of panel. The study aims to active the role of control mechanism in corporate governance in order to discipline the leaders and realize the stakeholders’ interests.

Design/methodology/approach – The paper opted for an exploratory study using the hypothetical-deductive method, including 196 observations of Tunisian firms listed on the Stock Exchange market. The data were complemented by documentary analysis; including the statistics come from the data stock exchange published by the financial market and the annual progress reports of the companies.

Findings – The paper provides empirical insights about are the external markets representing an efficient control tool permitting to orient the financial strategies of the leaders towards the interests of the shareholders? From the econometric tests applied to Tunisian data of panel, the results show that the result shows the incapacity of external markets to exert an efficient control in order to discipline the leaders and realize the stakeholders’ interests. It corroborates the hypothesis advanced by the entrenchment theory. The goods and services markets don’t encourage the leaders to contract the debt that permits to escape at control exerted by stakeholders. Moreover, the financial market doesn’t constitute an efficient mean that get the leaders to profit the advantages of mergers strategies and to improve then the stakeholders’ objectives.

Research limitations/implications – To clarify the role of external mechanism of control in corporate governance, the research may study the complementary or substitutability effect between the external and the other mechanisms of governance and its impact on financial strategic of firm.

Practical implications – The paper includes implications for the strategy of ‘self-acquisition’. The companies must invest in the research and development and implement new training schemes for their personnel, in order to carry out the competitive advantages and to attract the national and international investors.

Originality/value – This paper fulfils an identified need to study the efficient degree of external markets in the value creation of the shareholders in the corporate governance of Tunisian companies.
Keywords: External market - Financial strategies - The governance theory- Stakeholders’ interests.
Article Type: Research paper

Introduction:

In financial optics, there are certain organizational mechanisms which can constitute a key factor for the organizations’ success. In fact, they are able to discipline the leaders and to carry out thereafter the interests of stockholders (Charreaux and Pitol-Belin, 1992). Traditionally, the theoretical literature identifies two groups of disciplinary mechanisms:

* Internal mechanisms: the board of directors, the remuneration system of the leaders, the formal structure, the culture of company, the internal reputation, the confidence, etc…

* External mechanisms at the firm: in particular, legal environment, associations of consumers, competition in the market of the goods and services, competition in the market of leaders, market of policy and social capital and the financial market.

Several works were interested in the study of the conditions of effectiveness of the external mechanisms of control of the company (Walsh and Seward, 1990; O’ Sullivan and Wong, 1998; Sundaramurthy, 2000; Cremers and Nair, 2005). These mechanisms include/understand, in particular, the markets of the goods and the services, the financial market, the management training and labour markets and the market of policy and authorized capital. However, the near total of the empirical studies conclude, both in the United States and in France, than the richness of the shareholders is appreciably influenced by these mechanisms of control. Of France, these mechanisms of external discipline consist in excluding the inefficient individuals (Trébucq, 2005). Indeed, obeying the law of competition, the market of the goods and services oblige the leaders to manage the company and this as well as possible in a transparent way (Charreaux, 1997; Bienaymé, 1998). The efficiency of the financial markets encourages the leader to manage the company in accordance with the interests of the shareholders under penalty of being more or less quickly replaced (Charreaux, 1997). This stock exchange market reacts positively to the advertisement of a change of leader (Pigé, 1997).

In the American market, the competing pressure makes it possible to dissuade the leaders to manage the company with the detriment of the owners’ interests (Demsetz, 1983 and Shleifer and Vishny, 1989). The important pressures of control exerted by the market of the goods and services provide an adequate control of the leaders (Binder, 1983). However, Jensen (1986) stresses that the forces of the market can be insufficient in the new activities and it become necessary to resort to other modes of control. The financial markets evaluated positively the arrival of new leaders when the company took new strategic orientations. The succession corresponds to the voluntary of an adaptation to the changes of the commercial and competing environment (Friedman and Singh, 1989). However, Lubatkin, Chung, Rogers, Owers (1989) conceive that the successions constitute negative information for the financial investors.

Because of these debates relating to the effectiveness of the control of the external markets on the financial strategies of the leaders, the objective of this article consists of answering a fundamental question interesting financial research in Tunisia, to know:

“In what way do the external markets represent an efficient control tool permitting to orient the financial strategies of the leaders towards the interests of the shareholders?”

The rest of this paper is arranged as follows. After this introduction, the second part provides the theoretical framework for the study and proposes the assumptions relating to the relation between the external markets of discipline and the financial strategies. The third part describes the data and variables used in the empirical analyses. The results of regression model are presented in the fourth
part. Finally, the paper discusses the conclusions reached by the study and indicates directions for future research.

**Theoretical framework:**
According to the agency theory, the interests of the shareholders and leaders do not converge necessarily. Conflicts of interests can appear as from the moment when the shareholders delegate the decision-making to their leaders. The shareholders require a maximization of the value of their shares whereas the leaders can have other objectives like the maximization of the company richness and not only objectives of the shareholders (Donaldson and Preston, 1995; Berman, Wicks, Kotha and Jones, 1999) and in certain cases, the maximization of their personal interests (Chaganti and Damanpour, 1991; Paquerot and Mtanios, 1999). The shareholders strategies consist of setting up control systems of the action of the leaders in order to solve the conflicts of interests and to ensure a type of management centered on the maximization of the shareholders value (Hermalin and Weisbach, 2003; Cheng, Nagar and Rajan, 2004). These control systems are often taken under the generic term of “Corporate governance”. The system of companies government makes it possible to include the external markets thus constituting a spontaneous mechanism of government (Williamson, 1991b) or not specific to the company (Charreaux, 1997). The governance theory conceives that the external markets constitute a means which can influence the decisions taken by the financial direction of the company. These markets include, in particular, the markets of the goods and the services, the financial market, the management training and labour markets and the market of policy and social capital.

**Markets of the goods and the services:**
The market of the goods and services operates a certain control on the leaders insofar as the leaders, as well as the firms, obey the competition law (Cremers and Nair, 2005). Competition accelerates and multiplies the comparisons of performances (Bienaymé, 1998). It obliges the leaders to manage the company in a transparent way (Charreaux, 1997). In this respect, Demsetz (1983) conceives that the competing pressure prevents the leader-owner to carry out too important taking away which would be reflected in the prices would make the firm less competitive. In the case of separation shareholder-leaders, Hart (1983) shows that the mechanisms of market force the leaders of the managerial firms to manage in accordance with the interests of the shareholders, by creating via the prices an interdependence between the actions and the utility functions of the leaders. However, Jensen (1986) stresses that the forces of the market can be insufficient in the new activities or the activities characterized by substantial revenues and it becomes necessary to resort to other modes of control.

**The financial market:**
The market financier\(^1\) intervenes like ultimate system of control (Charreaux, 1994). It is also the market “of the control of the companies” (Basket, 1965). This mechanism of control plays on several levels. Initially, this market permits the shareholders to evaluate the consequences of the decisions taken by the leaders, thanks to the signals which constitute the stock exchange courses (Reinganum, 1985; Furtado and Rozef, 1987). In second place, this market makes it possible at a firm to take the control of another firm by various procedures (Grossman and Hart, 1983). It constitutes the place where the leaders team, having for objective the control of the companies resources (Jensen and Ruback, 1983). In third place, certain types of contracts such as the negotiable options on the financial market make permit to solve some of the problems arising from the relation of agency and the information asymmetry between the leaders and the shareholders (Haugen and Sembet, 1986). This mechanism of control seemed the market where the leaders are in competition to acquire the

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\(^1\) The relationship between the financial market and the labour market had analyzed by Campbell and Kracaw (1980).
control of the companies or to adapt the quasi-rents generated by the firms (Shleifer and Vishny, 1989; Castanias and Helfat, 1992).

The labour market and the market of the leaders training: 
The labour market and the market of the leaders training constitute two modes of control having an influence on the decisions taken by the leaders within the company. As for the first market, the market of the leaders plays a particularly important role (Fama, 1980). It is subjected to a strong competition like the market of the goods and services (Alchian, 1969; Fama, 1980; Fama and Jensen, 1983; Charreaux, 1997). A bad reputation on the market of the leaders would make the managerial task much more difficult at the time of a possible search for employment. A too important taking away of the leaders would have as a consequence either a loss of personnel, or a loss of qualification. This prospect can lead the leader to manage the company as well as possible interests of the shareholders. The market of the leaders constitutes, thus, a means which obliges the leaders to be effective (Charreaux, 1996). In the private company, the control of the leaders is done in particular by the market of the leaders (Breton and Wintrobe, 1982) who undergo a risk to be made replace by internal or external competitors at the firm if they do not appear powerful enough with the eyes of the shareholders. The value of capital-human of the leaders on the labour market depends mainly on the performance carried out (Charreaux, 1997). An effective labour market is that which directs the powerful leaders towards the performing firms. However, Faith, Higgins and Tollinson (1984) provide that the recruiting of new leaders constitutes an effective means to discipline the leaders in place. This means in particular makes it possible to fight against the agreements which are established between the members of the current brains trust and who lead them to adapt the managerial revenues.

The market of the management training presents a mode of control resulting from the confrontation of the offers of the various networks of formation (Charreaux, 1997). Indeed, it plays a determining part insofar as it contributes to the constitution of the human capital (Riley, 1976; Weiss, 1995) and of the social capital of the leaders (Coleman, 1990; Measuring rod, 1998). The formation system constitutes a criterion and a fundamental value in the choice of the company officers. In fact, certain authors allot the failure of certain economic systems to that of the system of formation. In this context, Arrow (1973), Riley (1976) and Weiss (1995) attribute the performance of the American economy to the nature of the formation. In the same way, it is frequent to partly charge the responsibility for the economic problems encountered by the French economy, with the supposed failures of its system of formation (Sandoval, 1996; Cahuc, Zylberberg, 1996; Lemistre, 2000).

The political market and the market of the social capital: 
The political market and the market of the social capital constitute two spontaneous and nonspecific mechanisms (Coleman, 1988). On the one hand, the political market presents a control mode which utilizes economic arguments and integrates the authorities (international, national, local...). It induces interventions aiming at influencing the managers’ decisions of firm (Charreaux, 1997). The employees or the shareholders can prefer to act by the political way to force the leaders. However, the leaders can intervene by the political way to get certain resources (Barney, 1991; Grant, 1991). For this purpose, they can sit their entrenchment strategy while acting, for example, on the promise of jobs creation. The political market can influence the whole of the contracts or the whole of the agency relationship. Moreover, the politicians do not consider the agency problems with the concern of minimizing the agency costs, but like sources of revenues (Grundfest, 1990). It facilitates the control of the agent and plays probably an essential role to allow the creation of the organizational capital (Hart and Quinn, 1993).

On the other hand, the market of the social capital constitutes a whole of the available resources by the means of social networks (Pigé, 1998). It also represents the characteristics of the social life such as the networks, the standards and confidence making it possible participants to act more effectively to pursue shared goals (Putnam, 1993). The relationships between the individuals form a network which supports the success of the firm actions (Bowles and Gintis, 2002). In this context, Coleman
(1988) distinguishes three types of social relations which are at the origin of the shape of social capital. The first form is consisted obligations born of the rendered services. The value of the social capital thus created depends on the reliability of the social environment and the importance of the credits which an individual holds. It is about the shape of capital that is comparable to the networks of confidence identified by Breton and Wintrobe (1982), but which extends beyond the borders from the company. The second shape of the social capital is attached to the information which can be acquired via the relational networks. The third form is associated the social norms which frame the actions, for example, the ethical norms adopted by certain mediums of businesses. Competitions between the leaders on the market of the social capital and the norms are elements of the system corporate governance whose importance seems to be unknown.

**The Assumptions of research:**

Charreaux (1991) estimates that a very low pressure competing on the market of the goods and services can involve a high growth of the company, which makes it possible to reduce the incentives of the leaders to manage the company in an effective way. The growth of the firm increases the resources under managerial control and consequently increases the leader power (Mueller, 1969). The growth rate of the activity does not constitute only the variable dependent on the environment but can constitute a means to generate the agency relationship itself. The leader of a family firm can slow down the growth of his company, to avoid opening the capital or to contract an additional debt and to incur thus agency costs (Charreaux, 1991). Nevertheless, to have a high growth rate does not mean to present a weak risk of wasting of funds. These results corroborate the thesis of Jensen (1986) who conceives that the firms with weak growth know more problems of free cash-flow and can use the debt to solve them. Mehran (1992) and Gaver (1993) stress that the firms having large growth opportunities are less involved in debt than those with weak growth opportunities. Myers (1977) noted that the level of debt has a negative relationship to the growth opportunities. According to this author, the agency costs between shareholders and creditors will be all the more high as the future value of the growth opportunities is more important compared to the current value of the assets in place. From the view point of pecking order theory (Myers, 1984; Myers and Majluf 1984), the companies with strong options of growth and its need for important financing will firstly call upon the external financing which is done by the loan initially. The external sources of financing least prone to asymmetries of information will be privileged, such as for example the short-term debt. The growth of the business turnover is a dynamism indicator of the company, a fast growth of the company supposes the mobilization of important financial resources especially by an increased recourse to the debt (Shabou, 1997).

From the view point of the bankruptcies’ costs, the presence of growth options makes it possible to limit the recourse to the debt since the value of these credits is almost null in the case of liquidation. The existence of growth option supports the alignment of the interests between the shareholders and the managers; and the financing by own capital stock is a judicious choice (Jung, Kim and Stulz, 1996). On the other hand, in absence of the agencies conflicts, the debt is the suitable vehicle because it disciplines the managers (Jensen, 1986; Stulz, 1990). The study of Lang, Ofek and Stulz (1996) revealed a negative effect of the debt on the performance of the companies with weak opportunities’ growth and positive for those which have important opportunities’ growth. The growth of the credits reflects the needs for financing resulting from the financial policy from the firm. This result is in conformity with the predictions of the pecking order theory. This theory conceives that the stronger growth opportunities realize only in the firm that is confronted with the external problem of financing. The found result contradicts, moreover, the theory of Miller (1977) and the empirical result obtained by Lööf (2004) in the American context.
More recently, several empirical works have confirmed a negative relation between the level of debt and the opportunities growth (Rajan and Zingales, 1995; Hovakimian, Opler and Titman, 2001; Hovakimian, Hovakimian and Tehranian, 2003). Indeed, Rajan and Zingales (1995) note that this negative correlation is due mainly to the firms which emit own capital stocks. This is why they advance an alternative explanation: the companies would tend to emit own capital stocks when the price of the actions is high. Hovakimian, Opler and Titman (2001) and Hovakimian, Hovakimian and Tehranian (2003) notice that the reduction in the debt ratio is due primarily to the modification of the assets’ portfolio of the company in favour of the growth options.

Ha: The activity growth of the company has a significantly negative impact on the level of debt.

The external discipline exerted on the leaders’ management can be also assured by the financial market. For Shleifer and Vishny (2003), the leaders of the firms whose prices are overestimated could be tempted to carry out mergers acquisitions of the firms correctly evaluated (or relatively less evaluated) in order to consolidate, in the long run, the value of their firms. An increase in the number of overestimated firms is more probable during the periods when the prices of the actions strongly increase; the handling of the market value by the acquired firms seemed a possible explanation of the activity development of mergers acquisitions in the United States in the Sixties and 90. In the financial market, when the prices of firms’ courses increased, they could use their actions as currency of exchange to carry out other mergers and acquisition (Brabet, 2002). The known companies with strong stock exchange capitalization take part largely in the phenomenon of merger acquisition. Khaber, Mourier and Parisot (2004) observe that the raising of actions’ prices during the recent period (1997-2002) in the United States was accompanied by an intensification of the activity of mergers-acquisitions carried out by American firms. Gugler, Mueller and Yurtoglu (2004) note that the overvaluation of the American stock exchange market influenced the activity development of mergers-acquisitions during the period 1981-1999. Briciu (2006) has studied the relationship between the evolution of courses’ prices and the activity of mergers-acquisitions realized by European firms belonging to 15 sectors in 8 countries during period 1985-2002. Briciu (2006) observe that the evolution of courses’ prices has a positive influence on the activity of mergers-acquisitions but it is significant only for three countries: Germany, Great Britain and Italy. During the period of prices rising, the influence amplifies significantly in the half of analyzed countries (French, Great Britain, the Netherlands and Sweden). It is almost significant with the threshold of 15% in Italy and Spain. In the two other remaining countries, the influence is not significant.

Hb: The prices of the actions have a significantly positive influence on the activities of fusions acquisitions carried out by the companies.

Methodology:

Description of variables:

The empirical study adopts a hypothetical-deductive step which consists of checking specific assumptions applied to a sample of the firms quoted on the stock exchange market. These firms operate in various branches (industry, business, tourism and transportation). The firms belonging to the financial sector like the banks, the insurance companies and the leasing companies were not included in this sample. The collected statistics come from the data stock exchange published by the
financial market over a period of seven years from 1999 until 2005. The variables measured in this study\(^2\) are recapitulated in the two following tables:

**Table 1: Description of the dependent Variable**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Measures</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ Debt policy</td>
<td>The debt policy corresponds to the debt ratio financial debts/total assets (variable FDTA). Such a measurement was used by Moussu and Thibierge (1997), Shyam-Sunder and Myers (1999), Booth, Cornett and Tehranian (2002) and Flannery and Rangan (2006).</td>
<td>The debt policy applied by the companies is regarded traditionally as a tool for control of the leaders (Jensen and Meckling, 1976), which permits to reduce discretionary flows of liquidities (Jensen, 1986). However, it can be regarded as a lever at the disposal of the leaders (Chapuis, 2002), which makes it possible to eliminate partly competition from other leaders (Paquerot and Carminatti-Merchant, 2003).</td>
</tr>
</tbody>
</table>
| ♦ Policy of mergers-acquisitions | The policy of mergers-acquisitions (variable PMA) is measured by the ratio of Q of Tobin. The Q of Tobin ratio brings the market value of the firm to the replacement value of its assets. The majority of the empirical studies calculate Q of Tobin as being the relationship between the market value of the company and the book value of the assets (Charreaux, 1997; D Jama and Paring, 2006). | * The development of mergers-acquisitions policies is reinforced by the improvement of the social status of the leaders (Micrometer caliper and To bore, 2001; Faccio and Masulis, 2005).  
* The replacement value of the assets depends on the rate of the assets depreciation which is due to the physical strain and/or technical progress and of the growth rate of the equipment price. However, it is difficult to obtain information relating to these rates (Linderberg and Ross, 1981), this is why the study retains only the book value of the assets.  
* The evaluation method of mergers-acquisitions based on Q of Tobin was implemented by Golbe and White (1988) and Weston, Chung and Hoag (1990). These authors conceived that the activity of mergers-acquisitions would intensify when Q of Tobin records low values, namely lower than 1. |

**Table 2: Description of the independent Variable**

<table>
<thead>
<tr>
<th>Independent variables</th>
<th>Measures</th>
<th>Commentaires</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ Market of the goods and services</td>
<td>The market of the goods and services constitutes an external mechanism of control which consists in disciplining the leaders to carry out the growth of the firm activity. This market is measured by the growth rate of sales turnover (variable GRST) which was used by Charreaux (1991), Jensen, Solberg and Zorn (1992), Agrawal and Jayaraman (1994), Johnson (1995) and Wendy and Colin (2003).</td>
<td>The growth of the sales turnover constitutes an indicator of firm dynamism, which supposes the mobilization of important external financial resources (Myers and Majluf, 1984; Shabou, 1997).</td>
</tr>
<tr>
<td>♦ The size of company</td>
<td>The size of company (Variable SIZC) is measured by the logarithm of the total assets (Charreaux, 1991; Fama and French, 1992; Rajan and Zingales, 1995; Ozkan, 2001).</td>
<td>* The size constitutes a very important explanatory variable in the analysis of the behaviors of the organizations (Kremp and Stoss, 2001). It contributes to the formulation of the capacity and the</td>
</tr>
</tbody>
</table>

\(^2\) The independent variables relating to the external markets are indicated only by the market of the goods and services and the financial market. The study is unaware of the other markets (markets of leaders training, political and social market…) considering the absence of information relating to the measurements indices.
The prestige of the leaders (Marris, 1964; Lambert and Larcker, 1991).

* The firm size presents a factor determining of its structure of the capital (Baker and Wurgler, 2002; Hovakimian, 2005).

Financial market
The Financial market is measured by the stock exchange courses of the companies noted with the close of each financial year (variable SECR). This measurement was used in particular by Paquerot and Chapuis (2003).

The evolution of the stock exchange courses can be interpreted like a significant indicator of the control exerted by the financial market. It constitutes signals permitting the shareholders to evaluate the consequences of the decisions taken by the leaders (Reinganum, 1985; Furtado and Rozeff, 1987; Khaber, Mourier and Parisot, 2004).

Regression Model:
The relation between the markets of external discipline and the financial strategies was estimated starting from the two following models of regression:

Model 1: $FDTA_{i,t} = e_i + \beta_1 \times GRST_{i,t} + \beta_2 \times SIZC_{i,t} + w_{i,t}$

Model 2: $PMA_{i,t} = e + \beta_1 \times SECR_{i,t} + \varepsilon_{it}$

In which:
- $FDTA_{i,t}$: Debt ratio of firm $i$ at time $t$
- $GRST_{i,t}$: Growth rate of sales turnover of firm $i$ at time $t$
- $SIZC_{i,t}$: Logarithm of the total assets of firm $i$ at time $t$
- $PMA_{i,t}$: Q of Tobin ratio of firm $i$ at time $t$
- $SECR_{i,t}$: Stock exchange courses of firm $i$ at time $t$

$e$, $\beta_1$ and $\beta_2$ constitute the unknown parameters of the model;
$e_i$ the individual specific effect
$\varepsilon_{it}$ the residual model, with $(\varepsilon_{it} = u_i + w_{it}$, $u_i$ represents an effect specific to the company supposed to be random and $w_{it}$ is a standard residual term).

Results of the empirical studies:

Descriptive statistics:
Kremp and Stoss (2001) estimate that the bigger company has more easily to access to international financial market. They conceive that the size can constitute a determinant of debt in Germany and not in French. In fact, the companies with dimensions of big size, in the Tunisian financial market, reach the financial resources easily and are involved in debt more than the other companies. Thus, table 3 shows that the debt increases with the size. This result was not confirmed in Germany. In fact, Rajan and Zingales (1995) explain this result by the fact that the firms of big size, more transparently suffer less informational asymmetry, enter the financial market more easily and they are, thus, less involved in debts. The larger company can diversify more, the probability of bankruptcy being weaker and it can be involved more in debt. It can benefit debt lever, which can increase the possibility of their debts and can guarantee the commitment of its portfolio assets.

Table 3: Structure of the liability of the sample companies according to the size in 1999 and 2005 (nap in million dinars Tunisian):

<table>
<thead>
<tr>
<th>Médianes</th>
<th>0 to 100 employee</th>
<th>100 to 200 employee</th>
<th>200 to 600 employee</th>
<th>600 to 1000 employee</th>
<th>1000 to 2000 employee</th>
<th>More than 2000 employee</th>
<th>Whole</th>
</tr>
</thead>
</table>
From the year 1999, the number of the operations carried out relating to fusion-acquisitions on the Tunisian financial market which is weakly compared to the European market. The operations of fusion-acquisitions relate to, in particular, the industrial and commercial sector (Figure 1). Since the year 2000, the industrial sector has occupied an important place in the exercise of these operations in order to profit from the advantages of these strategies, especially, in the sectors of car, equipment and electric materials. In addition, the geographical distribution of Fusion-acquisitions reveals that the main part of the operations of fusion-acquisitions remains national. The number of the operations of fusion-acquisitions international is weak. Thus, the Tunisian companies are not the subject of a supported interest on behalf of the foreign purchasers. This can be explained by the difficulties under consideration by the foreign companies deciding to be established in Tunisia like the presence of the protectionist barriers with the entry, compatibility problems of the organizational culture, etc.

Regression result:
The empirical study tested the relation between the external markets and the financial strategies of the leaders. After having estimated the coefficients of model 1 by the method of ordinary least squares, table 4 indicates that the explanatory capacity of the model is not satisfactory considering the coefficient of F Fisher that not significant (Prob > F = 0.3424). Within this framework, the growth of the sales turnover has a positive effect (0.0336115) on the debt ratio but not statistically significant. Thus, the assumption (Ha) according to which the activity growth of the company has a

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3 See in particular Jean-louis Mucchielli and Philippe Kohler (2000).
4 The coefficients of the first model can be estimated by the method of ordinary least squares (OLS). The homoscedasticity assumption is justified because (p-value = 0.5097) > (alpha = 5%) and the errors of the individuals are auto-correlated because the value of Durbin-Watson (Dw = 0.64547301) is lower than (DLL =1.75).
**significantly negative impact on the level of debt** seems rejected. This result shows that the majority of the Tunisian companies carrying out a level of growth raised do not ensure the financing of their investments in priority by the debt. A very low competing pressure on the market of the goods and services can lead the leader to manage the credits of the company in an effective way and to carry out the growth desired without making recourse to the debt. The activity growth of the company can increase the leader capacity. It seems that the market of the goods and services does not encourage the leaders to contract a debt to finance the majority of the companies’ investments. This situation makes it possible to the leader to escape control from the shareholders exerted by the debt. In the same way, the size of the company has a positive incidence (0.0734038) on the debt ratio but not statistically significant, which cancels the idea according to which the large companies which are generally quoted on the stock exchange have more facility to enter the markets of the capital to get the financial resources which they need.

By retaining the ratio of Q Tobin like endogenous variable in model 2, the realization of the statistics of Fisher associated with the test with homogeneity with the constants is 3.78. This value is higher than the F (4.19). The p-value (= 0.0200) is largely lower than the threshold of 5%, which makes it possible to reject the null assumption H0 of equality of the constants. In this case, the model includes individual effects. The probability of the Hausman test is higher than the degree of confidence (Prob> chi2 = 0.8408). For this purpose, the model obtained represents a model of panel with random individual effects. The residues of this model are not homoscedastic. Thus, the coefficients of this model can be estimated through the method of generalized least squares (GLS). After having corrected the autocorrelation model, the results show that the evolution of the stock exchange courses has a positive effect (0.0011936) on the ratio of Q Tobin but not statistically significant (table 4). This analysis corroborates, thus, the studies of Briciu (2006) made on the German and British companies and rejects the assumption (Hb) according to which the prices of the actions have a **significantly positive influence on the activities of fusions acquisitions carried out by the companies. From this view point, the financial market always does not constitute the effective means which leads the leader to exert policies of fusion and acquisition with other companies. The absence of these policies can lead the company not to acquire new technologies, not to reinforce its credibility towards its partners and not to improve thereafter the objectives of the shareholders.**

**Table 4 : Regression result**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FDTA</td>
<td>PMA</td>
</tr>
<tr>
<td>Constant</td>
<td>-0.2049661</td>
<td>0.2775508***</td>
</tr>
<tr>
<td>GRST</td>
<td>0.0336115</td>
<td>-</td>
</tr>
<tr>
<td>SIZC</td>
<td>0.0734038</td>
<td>-</td>
</tr>
<tr>
<td>SECR</td>
<td>-</td>
<td>0.0011936</td>
</tr>
<tr>
<td>Test of Fisher</td>
<td>1.08</td>
<td>-</td>
</tr>
<tr>
<td>Wald chi2</td>
<td>-</td>
<td>0.31</td>
</tr>
<tr>
<td>Test of Hausman</td>
<td>4.99*</td>
<td>0.04</td>
</tr>
<tr>
<td>Test of Breush-Pagan</td>
<td>1.35</td>
<td>9.49***</td>
</tr>
</tbody>
</table>

Note: * Represents being significant at the level of 10%
*** Represents being significant at the level of 1%

**Conclusion and discussion:**

This article appreciates the important degree of the control exerted by the external markets in the financial strategies of the companies. From the econometric estimates, the results detect the inefficiency of the external markets to discipline the leaders of the companies in order to meet the shareholders’ interests. The assumptions advanced by the entrenchment theory are corroborated in the Tunisian context. Indeed, the market of the goods and services do not encourage the leaders to
contract a debt what enables them to escape the control exerted by the shareholders. Moreover, the financial market always does not constitute the effective means which leads the leaders to benefit from the advantages of the policies of fusion and acquisition and to improve thereafter the objectives of their shareholders. The empirical study shows that the companies with dimensions of big size do not reach the financial resources easily and are not involved in debt always more than the other companies. It also shows that the operations of fusion-acquisitions are used little with the Tunisian context. Such a situation can be due, on the one hand, with the problems in particular related to the incompatibility of the organizational cultures between the companies. The most qualified leader, who is able to solve these problems in a pragmatic and adequate way in order to profit from the advantages of these rapprochement strategies. In addition, it seems that the companies with dimensions are not accustomed to exert this kind of strategies. Therefore, they must be directed for example towards the strategy of ‘self-acquisition’ and not towards the strategy of ‘acquisition’ i.e., the companies, which want to carry out the competitive advantages and to attract the national and international investors who must invest in the research and development and implement new training schemes for their personnel.

**Reference:**


