

The Relationship between the Board Structure and Corporate Governance - Borsa Istanbul Case¹

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Abstract

There were corruption scandals such as Worldcom and Enron in America, Parmalat in Italy, Kanebo in Japan, Yanguangxia in China, which shook the public's confidence in financial markets and caused great economic issues. These developments increased the importance of corporate governance and the structure of board of directors. The four main principles of corporate governance are transparency, fairness, responsibility and accountability. The Board of Directors is the high-level decision-making, executive and representative authority and create value for shareholders. The Board of Directors, manages the company in the light of mission, vision and values to achieve sustainable profitability. Many factors (the structure of the Boards of Directors, the number, gender and qualifications of their members, selection method...etc.) effect the success of the Boards of Directors. In the study, based on the data of 31 companies, including BIST XKURY, for the years 2013-2020, the relationship between Board structures and corporate governance compliance scores was examined using panel data analysis (PDA). As a result, it was found that there is no significant relationship between the independent variables examined and the number of non-executive members serving on the Board of Directors and the company's success in corporate governance practices. In addition, positive or negative relation has been detected between the company's success in corporate governance practices and the total number of the Board members, the number of the female members, the number of foreign members, the number of independent members, the situation of the General Manager/CEO and the Chairman of the Board of Directors, and the members of the Audit Committee, Corporate Governance Committee and Early Detection of Risk/Risk Management Committee.

Keywords: Corporate Governance, Board of Directors, Corporate Governance Principles, Borsa İstanbul Türkiye.

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