IJCEAS

*International Journal of Contemporary Economics and Administrative Sciences*
*ISSN: 1925 – 4423*
*Volume: XV, Issue: 1, Year: 2025, pp.022-036*

# Corporate Governance and Financial Performance: Case Study Banks in Turkey

**Servet SAY** [1]
**Sevdie ALSHIQI**[2]
**Mesut DOĞAN**[3]
**Arbana SAHITI**[4]
**Ayşe Meriç YAZICI**[5]

Received: 30.11.2022, Accepted: 23.06.2025
10.5281/zenodo.16443452

## Abstract

The purpose of this paper is to identify the determinants of board size. In other words, it is aimed to determine the corporate governance variables and firm-specific internal factors that determine the board size of banks. For these purposes, the data of 10 banks whose stocks were traded in Borsa Istanbul (BIST) between 2010-2020 were used in the research. Balanced panel data analysis was used in the study. Unit root tests, cross-section dependence, heteroskedasticity tests, and White Period Standard Errors and Covariance Method were used in empirical analysis. According to the analysis results, there is a positive and statistically significant relationship between board size and return on assets, foreign board member ratio, supervisory board member ratio, duality, and total assets. On the other hand, there is a negative relationship between the size of the board of directors and the market value/book value, free float ratio, the capital share of the largest shareholder, the ratio of female and independent board members.

**Keywords:** Board Size, Ownership Structure, Corporate Governance

**JEL Classification:** G21, G34, L25, C23, J16

[1] Selçuk University, E-mail: servetsay@selcuk.edu.tr, ORCID: https://orcid.org/0000-0003-4216-6650

2 PhD, University of Prishtina, E-mail: sevdie.alshiqi@uni-pr.edu, ORCID: http://orcid.org/0000-0002-1110-3078

3 Bilecik Seyh Edebali University, E-mail: mesutdogan07@gmail.com, ORCID: https://orcid.org/0000-0001-6879-1361

4 PhD, University of Prishtina, E-mail: arbana.sahiti@uni-pr.edu , ORCID: https://orcid.org/0000-0002-9669-5913

5 Istanbul Gelisim University, E-mail: ayazici@gelisim.edu.tr, ORCID:https://orcid.org/0000-0001-6769-2599

IJCEAS

*International Journal of Contemporary Economics and Administrative Sciences*
*ISSN: 1925 – 4423*
*Volume: XV, Issue: 1, Year: 2025, pp.022-036*

## 1. Introduction

Since the beginning of the 2000s, corporate governance practices have gained importance in increasing the competitiveness of enterprises. Due to the accounting scandals (Enron, Tyco, Merrill Lynch, WorldCom, Parmalat, etc.), it has been revealed that corporate governance practices are insufficient. These accounting scandals have caused companies to lose the trust of interest groups (Dogan, 2018). The intertwining of the concepts of audit and internal audit and the misbehavior of the business managers in their decisions can be counted. All these experiences have made the board of directors and ownership structure of companies even more questionable. It can be expressed as a collection of systems that regulates the relations of an enterprise with its shareholders in a narrow sense and regulates the relations between the enterprise and society in a broad sense (Dogan and Topal, 2016).

Theoretical approaches affecting corporate governance; It originates from different fields such as economics, accounting, finance, sociology, psychology, law, management and organization. The theoretical foundations of corporate governance are based on studies on conflicts of interest that arise as a result of the separation of firm ownership and management (Zahra and Pearce, 1989). These theories are Stakeholder Theory, Agency theory, Myopic Market Theory, Stewardship Theory, Resource Dependence Theory, Transaction Cost Theory, Managerial Hegemony Theory. Although each of these theories has an important contribution to the development of theoretical aspects of corporate governance, no theory can explain the structure behind corporate governance. For this reason, it has not been possible to develop a general theory of corporate governance. This is largely due to the complexity of the subject (Alp and Kılıç, 2014; Dogan, 2020).

There is a growing lack of confidence in global financial markets due to the lack of certain aspects of corporate governance practices. Agency theory: argues that potential conflicts of interest between company managers and shareholders will increase agency costs and reduce performance. On the other hand, representation theory emphasizes the service role of managers and does not acknowledge the existence of an internal conflict between managers and shareholders. In this context, the purpose of this paper is to identify the determinants of board size. In other words, it is aimed to determine the corporate governance variables and firm-specific internal factors that determine the board size of banks. For these purposes, the data of 10 banks whose stocks were traded in Borsa Istanbul (BIST) between 2010-2020 were used in the research.

The findings of this study will be particularly useful for corporate governance practitioners, policymakers, and bank managers seeking to optimize the structure of their boards. For corporate governance experts, understanding the factors influencing board size can aid in formulating strategies to improve governance practices, enhance board effectiveness, and ensure compliance with regulatory standards. Bank managers can use insights to assess factors such as firm size, financial performance, and the composition of the board impact governance and

decision-making processes. Additionally, policymakers and regulatory authorities may find the results valuable for designing policies that promote efficient board structures, which could lead to improved financial performance and overall stability in the banking sector. Furthermore, investors may consider these findings when evaluating the corporate governance quality of banks, as larger boards with diverse compositions may signal stronger governance practices, potentially influencing investment decisions.

## 2. Conceptual Framework

The examination of company boards of directors and ownership structures was carried out with the Cadbury (1992) report, which revealed the financial dimension of corporate governance for the first time. Academic studies in this field also gained momentum with the study of Hermalin and Weisbach (1991) in about the same period. In the period following these two studies, the structure of the board of directors and the variables related to the ownership structure has been examined in studies conducted for many developed and emerging markets.

Boards of directors are among the basic corporate governance mechanisms. The interaction between the members of the board of directors who direct the company for the purpose of creating value and internal and external actors is defined as corporate governance. Therefore, the effectiveness of the board of directors is closely related to creating value for the company (Huse, 2004: 392). However, weak corporate governance is seen as the product of an ineffective board of directors. Many corporate governance reform advocates have often argued that the board of directors and ownership structure will improve corporate governance practices and financial performance (Anne and Williams, 2003: 466).

Corporate governance is generally the mechanism that is expected to help businesses maximize their performance, effectiveness and efficiency. In addition, it is also expressed as a control and management system that explains in detail the regulations and rules that businesses should consider in their decisions regarding their activities and reveals the rights and responsibilities of the shareholders (Akdoğan and Boyacıoğlu, 2010: 12). The Board of Directors, on the other hand, is formed in such a way as to ensure that efficiency is at the highest level and that it carries out its decision-making, executive and representation functions independently, away from any conflict of interest among all stakeholders. The ability, skill and experience levels of the members of the board of directors and the degree of independence affect the performance level and success of the board of directors and directly determine the success of the enterprise in achieving its goals (SPK, 2014: 24).

The mission of the board of directors, as the highest decision maker, is to proactively steer the institution and to add permanent and lasting value to its stakeholders in the long run. Although the board of directors is not involved in daily operations, it is a multi-faceted body that determines the rules of the game, plays the role of both coach and referee. The boards of directors are responsible for maintaining the balance between the return of strategic choices, the risk profile, the short- and long-term balance of performance, the fair protection of interests among shareholders, taking priority and promoting innovation, and audit and control

functions. It is therefore important to maintain a prudent balance in their decisions. The supervisory, guiding, rule-making and exemplary responsibilities of the boards of directors make a strong structure mandatory (Argüden, 2007: 15).

Boards of directors have different structures according to countries. In countries such as the USA, England, and Japan, the boards of directors are single stage. This type of board of directors has undertaken the management of the company as a proxy on behalf of the main right holders. In countries such as Germany, the Netherlands and Finland, the boards of directors have two-stage duties. In addition to the executive board, which undertakes the normal management duties of the company, there is a supervisory board, usually composed of independent members outside the company, which elects and appoints them, monitors and directs them. In two-stage boards, the powers and duties of the usual single-stage boards of directors are distributed between two different boards (Ülgen and Mirze, 2007: 431).

It is important to examine the board of directors as the executive body where strategies are determined, decisions are taken, and action plans are determined. Therefore, most of the studies examining the effects of company management on financial performance focus on the characteristics of the board of directors (Taşkın, Durak and Aktaş, 2013). However, the size of the board of directors is important because it is one of the focal points of corporate governance practices, the independence of the board is emphasized in many corporate governance reports, and it plays an important role in the operation of the enterprise. At the same time, the size of the board of directors is a very important point in terms of corporate governance, as it will increase the representation rate in company management (Okur, 2014: 37). They argued that the investors of enterprises with more boards of directors would have lower borrowing costs because it is thought that the financial accounting processes of these enterprises are monitored more effectively (Anderson et al. 2004).

When the studies on the size of the board of directors are examined, three basic theories emerge. These theories are Agency Theory, Representation Theory, and Resource Dependency Theory. The agency theory states that large organizations need more members to monitor and control the activities of the firm, while the resource dependency theory similarly emphasizes that large firms should have more members to access these resources as they will need more resources. In terms of agency theory, since more members will examine management decisions, they may not be cautious against agency problems. For this reason, agency theorists have argued that a limit should be placed on the number of members. In terms of resource dependency theory, on the other hand, boards with a large number of members mentioned that they will provide more connections and thus increase the performance of the firm, claiming that it will be easier to access resources. In terms of representation theory, the number of dependent members is important because it is assumed that the dependent members have superior knowledge that can influence the board's decisions. In the representation theory, managers act as a servant of the

company instead of looking after their own economic interests as in the agency theory (Ekşi, 2009: 133).

## 3. Literature Review

Fewer board members will result in higher membership coordination, fewer communication problems, and may have more effective supervisors. In firms with larger boards, the responsibility for overseeing management is expected to be more spread, as each board of directors individually has fewer responsibilities. Firms with fewer board members are believed to be more efficient and profitable because they exercise their control roles better (Jensen and Meckling, 1976). However, fewer boards can cause less bureaucratic problems, and a smaller board can provide better financial reporting control (Ahmed, Hossain and Adams, 2006). Fama and Jensen (1983); Lipton and Lorsch (1992); Jensen (1993) argued that if the number of board members is high, the decision-making processes of the companies slow down, and this situation causes communication problems in the companies.

The importance of the independence of board members is emphasized in agency theory. According to the agency theory, the members of the board of directors from outside the organization are important in terms of providing control within the organization (Fama and Jensen, 1983). There is a consensus in the literature that the number of board members from outside the company is higher in effective boards of directors (Zahra and Pearce, 1989). In the resource dependency theory, one of the reasons for having members of the board of directors from outside the company is stated as providing access to managerial skills and knowledge that are not available within the company (Pfeffer and Salancik, 1978). Guest (2009); Bozec (2005) found a negative relationship between the number of independent boards and firm performance, whereas Davila (2013); Bouaziz and Triki (2012); Authors such as Black and Kim (2007); Kismawadi (2023); Molla et al. (2023). argued that there is a positive relationship. Apart from these studies, Priya and Nimalathasan (2013); Moscu (2013); Saravanan (2012); Authors such as Vafeas and Theodorou (1998) could not find a significant relationship between the number of independent boards and firm performance. The studies mentioned above demonstrate that the size of the board of directors has a complex impact on bank performance, and this effect may vary depending on the structure of the boards, the qualifications of their members, and decision-making processes. While some studies suggest that an increase in board size can have positive effects, others argue that very large boards may negatively affect performance.

Two theories come to the fore in studies examining the relationship between female board members and financial performance. The first of these is the agency theory. According to the agency theory; If there is diversity in the board of directors in terms of gender, it will increase the independence of the board of directors and thus a balanced board of directors will be formed and will cause the decisions taken not to be taken on behalf of any individual or group. According to the second theory, Resource dependency theory; Increasing diversity in the

board of directors in terms of gender, ethnicity and cultural background will increase the independence of the board of directors (Ocak, 2013).

According to the resource dependency theory; Increasing diversity in terms of ethnic origin and cultural background in the board of directors will increase the independence and performance of the board of directors. According to the agency theory, If there is diversity in the board of directors in terms of ethnicity, it will increase the independence of the board and thus the performance of the business will be positively affected. Oxelheim and Randøy (2003), Kondrunina (2013) found a positive relationship between foreign board member and financial performance, whereas Masulis, Wang and Xie (2012); Cavaco et al. (2013) found a negative relationship.

There are two theories about CEO duality: Agency Theory and Representation Theory. According to the agency theory, it is argued that if there is CEO duality in the firm, it will be more difficult to supervise the CEO and will negatively affect the firm's performance (Rechner and Dalton 1991). Because one of the duties of the board of directors is to oversee the CEO. The fact that the auditor and the auditee are the same person will prevent the company from showing high performance. Representation theory causes CEO duality to increase firm performance. CEO duality enables the company to focus on its goals and to implement decisions faster (Baliga et al., 1996).

The shareholder holding the largest share of capital has a say in the decisions to be taken by the enterprise. In other words, it can play an active role in the decisions to be taken by the management. An agency problem may arise between minority partners and controlling partners (La Porta et al. 1999). Koerniadi and Tourani-Rad (2012); Vo and Phan (2013) defined shareholders with more than 5% capital as block holders. Fauzi and Locke (2012) stated that shareholders with more than 20% capital share are the major shareholders. When the studies were examined, Cheung et al. (2007); Fauzi and Locke (2012) found a negative relationship between the largest shareholders' capital share and firm performance, whereas Reyna and Encalada (2012); Kang and Kim (2012); Abbasi et al. (2012); Kevser and Dogan (2021); Biondi and Graeff (2024); Karmani, et al. (2024) have identified a positive relationship. In addition, Cook (2013); Vo and Phan (2013) argued that the existence of the largest shareholder does not have an effect on the financial performance of the firms.

## 4. Methodology

When the studies on the size of the board of directors are examined, there are three basic theories. These theories are Agency theory, Stakeholder Theory, and Resource Dependency Theory. According to the agency theory; A limit should be imposed on the number of board members. In terms of resource dependency theory, boards with more members provide more connections. This makes it easier to access resources. In the representation theory, on the other hand,

managers act as a servant of the company instead of looking after their own economic interests as in the agency theory.

The purpose of this paper is to identify the determinants of board size. In this context, it is aimed to determine the corporate governance variables and firm-specific internal factors that determine the board size of banks. For these purposes, the data of 10 banks whose stocks were traded in Borsa Istanbul (BIST) between 2010-2020 were used in the research. In the study, the number of independent-female (FEMALE)-foreign (IND) board members, CEO duality (CEO), and the number of supervisory board members (AUDIT) were used as board structure. As the ownership structure variables, the share of the largest shareholder (BLOCK) and the free float ratio (FFR) variables were used. Firm-specific variables are firm size (ASSET), leverage ratio (LEVERAGE), return on assets (ROA), market value/book value ratio (TOBIN). In this study, the errors were corrected by using the fixed effects model, the White period standard errors and the co-efficient method. Thus, the developed model has become resistant to errors

.

The data used in the study; It is balanced data panel because it covers 11 years of data from 10 banks. First of all, Hausman test was used to decide whether the unit effects are fixed or random in the research. The Modified Wald Test for Heteroskedasticity was used in the study. Autocorrelation in the developed models was measured. Pesaran test was used to determine the cross-sectional dependence of the variables. In case of heteroscedasticity, autocorrelation and cross-section dependence in the estimation of the regression model, the variance of the error term is not equal to the unit matrix. This causes inconsistency of the model and affects its effectiveness. For these reasons, standard errors should be corrected if at least one of the heteroscedasticity, autocorrelation and cross-section dependencies is present in the model. The White Period Standard Errors and Covariance Method was used in the study because it is resistant to heteroscedasticity, autocorrelation, and cross-section dependence.

## 5. Findings

In this section, the results have been represented that affect the board size of the banks.

IJCEAS

*International Journal of Contemporary Economics and Administrative Sciences*
*ISSN: 1925 – 4423*
*Volume: XV, Issue: 1, Year: 2025, pp.022-036*

**Table 1. Descriptive Statistics**

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|---|---|---|---|---|
| ROA | 110 | -2,20 | 3,01 | 1,3158 | ,78669 |
| TOBIN | 110 | ,30 | 6,70 | 1,1940 | ,90115 |
| BOARD | 110 | 5,00 | 14,00 | 10,1455 | 2,11086 |
| IND | 110 | ,00 | 2,67 | ,2788 | ,27086 |
| FEMALE | 110 | ,00 | ,33 | ,1077 | ,08544 |
| FOREGN | 110 | ,00 | 1,00 | ,2935 | ,27947 |
| AUDIT | 110 | 2,00 | 5,00 | 2,5091 | ,78688 |
| CEO | 110 | ,00 | 1,00 | ,9545 | ,20925 |
| BLOCK | 110 | 25,01 | 99,88 | 60,2627 | 23,92336 |
| FFR | 110 | ,12 | 51,20 | 27,0550 | 17,37494 |
| LEVERAGE | 110 | 12,80 | 30,80 | 16,1835 | 2,45962 |
| ASSET | 110 | 2,57 | 13,21 | 11,98 | 1,253 |

In Table 1, the descriptive statistics of the banks examined in the research are given. According to the results, the average board size of the banks was determined as 10.14.

**Table 2. Panel Unit Root Test Results**

| Variables | LLC Test | | PP Fisher Test | |
|---|---|---|---|---|
| | T-test | p | Statistic | p |
| ROA | -12,740 | 0,0000 | 65,219 | 0,0000 |
| TOBIN | -8,754 | 0,0005 | 75,865 | 0,0000 |
| BOARD | -43,754 | 0,0000 | 78,975 | 0,0000 |
| IND | -43,755 | 0,0023 | 32,046 | 0,0021 |
| FEMALE | -4,780 | 0,0001 | 28,609 | 0,0034 |
| FOREGN | -34,854 | 0,0002 | 23,023 | 0,0064 |
| AUDIT | -7,724 | 0,0034 | 29,632 | 0,0024 |
| CEO | -13,855 | 0,0001 | 32,749 | 0,0024 |
| BLOCK | -34,864 | 0,0002 | 27,640 | 0,0022 |
| FFR | -52,643 | 0,0000 | 36,745 | 0,0001 |
| LEVERAGE | -4,643 | 0,0016 | 38,764 | 0,0003 |
| ASSET | -45,564 | 0,0000 | 123,852 | 0,0000 |

In Table 2, it was investigated whether the series were stationary or not. In order to obtain econometrically meaningful relationships between the variables, the series must be stationary. In this study, the Fisher ADF Root Test from the first generations was used, which is an appropriate method in non-normal distribution (non-parametric) analyzing cases where there is a correlation between units. In addition, LLC (2002) test, which is an alternative to Fisher ADF Root Test, was used. As seen in Table 2, both root test results show that the series are stationary.

In other words, because the series are stationary, the null hypothesis (H0), which argues that the variables have unit roots, is statistically rejected.

Table 3. Hausman Test

| **Chi² testi** | **Olasılık (p)** |
|---|---|
| 67,5206 | 0,0000 |

In Table 3, Hausman test was used to decide whether the model would have fixed effects or random effects in the panel data set. When the Hausman test results are examined, it shows that choosing the fixed effects model will give more accurate results because the probability value determined is less than 0.05.

Table 4. Autocorrelation Test Results

| **DurbinWatson test** | **LBI test** |
|---|---|
| 1,46 | 1,63 |

In the panel data analysis, it was used to test whether there is autocorrelation in the models. If the values are less than 2, it means that there is autocorrelation. When the test results are examined, it is seen that there is autocorrelation ($p<0.05$). Since the Durbin Watson statistic obtained in the study is 1.46, it indicates that there is a first-order autocorrelation in the model.

Table 5. Cross-Section Dependency Results

| **Pesaran CD Test** | |
|---|---|
| **Value** | **p** |
| 19.981 | 0,0000 |

In Table 5, the Pesaran CD test was used to measure the cross-sectional dependence in the fixed effects model. As a result of the analysis, since the probability value is less than 0.05, it is understood that there is a cross-section dependence.

Table 6. Heteroskedasticity Test Results

| **Wald Test** | |
|---|---|
| **Chi2** | **p** |
| 6505.65 | 0,000 |

In Table 6, Wald Test was used to measure whether there is a heteroskedasticity problem. According to the results, Since the probability value is less than 0.05, the H0 hypothesis is rejected and there is a heteroskedasticity problem in the model.

IJCEAS

*International Journal of Contemporary Economics and Administrative Sciences*
*ISSN: 1925 – 4423*
*Volume: XV, Issue: 1, Year: 2025, pp.022-036*

**Table 7. Results of White Period Standard Errors and Covariance Method**

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 10.85279 | 1.782003 | 6.090217 | 0.0000 |
| ROA | 0.549259 | 0.211463 | 2.597426 | 0.0108 |
| TOBIN | -0.796165 | 0.215137 | -3.700745 | 0.0004 |
| FFR | -0.038158 | 0.015249 | -2.502304 | 0.0140 |
| BLOCK | -0.021711 | 0.011036 | -1.967296 | 0.0520 |
| FOREGN | 2.590292 | 0.878518 | 2.948478 | 0.0040 |
| FEMALE | -4.694831 | 2.287792 | -2.052123 | 0.0428 |
| IND | -0.915730 | 0.423859 | -2.160458 | 0.0332 |
| CEO | 1.925979 | 0.918719 | 2.096375 | 0.0386 |
| AUDIT | 0.766765 | 0.234413 | 3.270993 | 0.0015 |
| ASSET | 2.66E-06 | 1.13E-06 | 2.356017 | 0.0205 |
| LEVERAGE | -0.142233 | 0.087488 | -1.625737 | 0.1072 |
| $R^2$ | 0.474690 | Mean dependent var | | 10.14545 |
| Adj. $R^2$ | 0.415727 | S.D. dependent var | | 2.110856 |
| F-statistic | 8.050603 | Durbin-Watson stat | | 0.755545 |
| p | 0.000000 | | | |

In Table 7, a model has been developed for the factors that determine the board size. According to the results of the White period standard errors and covariance coefficient method; there is a positive and statistically significant relationship between board size (BOARD) and return on assets (ROA), foreign board member ratio, supervisory board member ratio, duality and total assets ($p<0.05$). Hence, the increase in the number of foreign and supervisory board members, asset profitability and firm size causes an increase in the number of board members. On the other hand, there is a negative relationship between the size of the board of directors and the market value/book value (TOBIN), free float ratio (FFR), the capital share of the largest shareholder, the ratio of female and independent board members ($p<0.05$). The increase in the market performance, the capital share of the largest shareholder, and the ratio of women and independent members of the board of directors cause a decrease in the number of board members.

## 6. Conclusion

With Auditing, accounting and corporate governance scandals in 2001 and 2002 (Enron, Tyco, Merrill Lynch, WorldCom, Parmalat etc.) affected many countries. As a result of these scandals, in companies; The concepts of

independent and internal audit, boards of directors, ownership structures have gained importance and have led to an increase in research on these issues in recent years. In addition, the high quality of corporate governance helps companies to obtain financing at low cost and to overcome crises more quickly.

In the studies on the number of board members, they stated that if there are fewer board members, it will cause higher membership coordination, less communication problems and they will have more effective supervisors. In companies with larger boards, the responsibility for overseeing management is expected to be more diffused, as each board of directors individually has less responsibilities. In addition, in other studies, it has been argued that if the number of board members increases, the decision-making processes of the firm slow down and, in this case, the efficiency of the firm decreases. On the other hand, there are also studies claiming that it will be easier to access resources since the boards with a large number of management members will provide more connections.

The aim of this paper is to identify the determinants of board size. For these purposes, the data of 10 banks whose stocks were traded in Borsa Istanbul (BIST) between 2010-2020 were used in the research. There is a negative relationship between the size of the board of directors and the market value/book value, free float ratio, the capital share of the largest shareholder, the ratio of female and independent board members ($p<0.05$). On the other hand, there is a positive and statistically significant relationship between board size and return on assets, foreign board member ratio, supervisory board member ratio, duality and total assets. Shukla and Limbasiya (2020) conducted similar research in terms of the Indian stock market, and as a result of the study, they found that the market value and profitability were determinants of the size of the board of directors. Palacin-Sánchez et al. (2018) determined that firm age, level of financial leverage, and ownership structure are the determinants of the size of the board of directors. Mustafa et al. (2020) found that CEO duality, firm profitability, firm size, firm size are determinants of board size.

Based on these results, it can be observed that several factors influence the size of the board of directors. First, there is a positive and significant relationship between board size and return on assets (ROA), the ratio of foreign board members, the ratio of supervisory board members, duality, and bank size. This suggests that as a bank's size and financial performance increases, the need for more board members rises, and the number of foreign and supervisory board members can also influence the size of the board. On the other hand, a negative relationship is found between board size and market value/book value (TOBIN), free float ratio (FFR), the capital share of the largest shareholder, and the ratio of female and independent board members. This indicates that higher market performance, larger capital share of the largest shareholder, and a greater ratio of female and independent members lead to a decrease in the number of board members. In light of these results, it can be suggested that companies should consider not only firm size and financial performance but also the ratio of female and independent members and market performance when determining board size. While companies may aim to increase the diversity of their boards and make decision-making processes more effective, it should be considered that larger

boards are not always more efficient. In situations where increasing board size is necessary, financial performance and market conditions should be considered, and efforts should be made to ensure representation of independent and female members on the board. The findings obtained in the research is of great importance for investors, researchers, financial regulators and top management of enterprises. In the studies to be carried out to create a new corporate governance model, it will provide researchers with the opportunity to build the corporate governance model in this research

## References

Abbasi, M., Kalantari E. & Abbasi H. (2012). Impact of Corporate Governance Mechanisms on Firm Value Evidence from the Food Industry of Iran. Journal of Basic and Applied Scientific Research, (5), 4712-4721.

Ahmed, K., Hossain, M. & Adams, M. B. (2006). The Effects of Board Composition and Board Size on the Informativeness of Annual Accounting Earnings. Corporate Governance: An International Review, 14(5), 418-431.

Akdoğan, Y. E. & Boyacıoğlu, M. A. (2010). Corporate Governance In Turkey: An Overview. Selçuk Üniversitesi Sosyal Bilimler Enstitüsü Dergisi, 24, 11-30.

Alp, A. ve Kılıç S. (2014). Kurumsal Yönetim Nasıl Yönetilmeli (1.Baskı). İstanbul: Doğan Kitap.

Anderson, R., Mansi S. & Reeb, D. (2004). Board Characteristics, Accounting Report Integrity and the Cost of Debt. Journal of Accounting and Economics, 37, 341- 342.

Anne, H. C. & Williams, M. S. (2003). International Comparative Analysis of the Association Between Board Structure and The Efficiency of Value Added by a Firm from its Physical Capital and İntellectual Capital Resources. The International Journal of Accounting, 38, 465- 491.

Argüden, Y. (2007). Yönetim Kurulu Sırları: Yasam Kalitesi İçin Kurumsal Yönetişim. Rota Yayınları, İstanbul.

Baliga, B. R., Moyer, R. C. & Rao, R. S. (1996). CEO Duality and Firm Performance: What's The Fuss?. Strategic Management Journal, 17, 41- 53.

Biondi, Y., & Graeff, I. J. (2024). Between prudential regulation and shareholder value: An empirical perspective on bank shareholder equity (2001-2017). Accounting, Economics, and Law: A Convivium, 14(3), 395-429.

Black, B. S. & W. Kim (2007). The Value of Board İndependence in an Emerging Market: IV, Did and Time Series Evidence From Korea. University of Texas Law, Law and Econ Research Paper No. 89.

Bouaziz, Z. & Triki, M. (2012). The İmpact of The Board of Directors on the Financial Performance of Tunisian Companies. Universal Journal of Marketing and Business Research, 1(2), 56- 71.

Bozec, R. (2005). Boards of Directors, Market Discipline and Firm Performance. Journal of Business Finance & Accounting, 32(9), 1921- 1960.

Cadbury, A. (1992). Report of the Committee on the Financial Aspects of Corporate Governance. London: Gee Publishing.

Cavaco, S., Challe, E., Crifo, P., Reberioux, A. & Roudaut, G. (2013). Board Independence and Operating Performance: Analysis On (French) Company and Individual Data. Departement D'economie, Ecole Polytechnique Centre National De La Recherche Scientifique, http://econpapers.repec.org/paper/drmwpaper/2014-2.htm, 12.04.2022

Cheung, Y.L., Connelly J. T., Limpaphayom, P. & Zhou L. (2007). Do Investors Really Value Corporate Governance? Evidence from the Hong Kong Market. Journal of International Financial Management and Accounting, 18(2), 86- 122.

Cook, R. (2013). The Relationship between Corporate Governance Practices and Firm Performance in the Junior Canadian Life Sciences Sector, Saint Mary's University, Master of Business Administration, Halifax, Nova Scotia, Canada.

Davila, J. P. (2013). Board Characteristics and Firm Value: Evidence from Colombia. http://world-finance-conference.com/papers_wfc2/329.pdf, 11.02.2022.

Doğan, M. (2018). Kadın yönetim kurulu üye sayısının finansal performans üzerinde etkisi: Literatür taraması. Uluslararası Yönetim Akademisi Dergisi, 1(2), 132-141.

Doğan, M. (2020). Institutional Ownership and Firm Value: A Study on the Bist Manufacturing Index. Ekonomika, 99(2), 59-75.

Doğan, M., & Topal, Y. (2016). Yönetim Kurulundaki Yabancı Üye Sayısının ve Yabancı Sahipliğinin Finansal Performans Üzerindeki Etkisi. Ege Academic Review, 16(1).

Ekşi, C. (2009). Yönetim Kurulu Üyeliği ve Şirket Performansı: Türk Firmaları İçin Bulgular. (Yayınlanmamış Doktora Tezi). Hacettepe Üniversitesi, Ankara.

Fama, E. F. & Jensen, M. C. (1983). Separation of Ownership and Control. Journal of Law and Economics, 26(2), 301-325.

Fauzi, F. & Locke, S. (2012). Board Structure, Ownership Structure and Firm Performance: A Study of New Zealand Listed-Firms. Asian Academy of Management Journal of Accounting and Finance, 8(2), 43– 67.

Guest, P. M. (2009). The Impact of Board Size on Firm Performance: Evidence From The UK. The European Journal of Finance. 15(4), 385- 404.

Hermalin, E. B. & Weisbach M. S. (1991). The Effect of Board Composition and Direct Incentives on Firm Performance. Financial Management, 20, 101-112.

Huse, M. (2004). Boards, Governance and Value Creation: The Human Side of Corporate Governance. Cambridge: Cambridge University Press.

Jensen, C. M. (1993). The Modern Industrial Revolution, Exit and the Failure of Internal Control Systems. Journal of Finance, 48, 831– 880.

Jensen, M.C. & Meckling, W.H. (1976). Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure. Journal of Financial Economics, 3(4), 305- 359.

Kang, Y. S. & Kim, B. Y. (2012). Ownership Structure and Firm Performance: Evidence from the Chinese Corporate Reform. China Economic Review, 23, 471– 481.

Karmani, M., Boussaada, R., & Hakimi, A. (2024). On the non-linear relationship between large shareholders and bank performance: North African banks vs. banks in the Middle East. Regional Science Policy & Practice, 100010.

Kevser, M., & Doğan, M. (2021). The Impact of Ownership Concentration on Bank Profitability: Is the Effect Linear or Non-Linear? An Empirical Evidence For Turkey. Journal Global Policy and Governance, 10(2), 3-20.

Kismawadi, E. R. (2023). Improving Islamic bank performance through agency cost and dual board governance. Journal of Islamic Accounting and Business Research.

Koerniadi, H. & Tourani-Rad A. (2012). Does Board Independence Matter? Evidence from New Zealand. Australasian Accounting Business and Finance Journal, 6(2), 3- 18.

Kondrunina, K. (2013). International Diversity of Boards in Ukraine: Implications for Corporate Governance and Performance", http://www.eerc.ru/Selected/Selected_WS35/Proposal_Kondrunina, 10.04.2022.

La Porta, R., Lopez-De-Silanes, F. & Shleifer, A. (1999). Corporate Ownership Around the World. Journal of Finance, 54, 471-517.

Lipton, M. & Lorsch, W. J. (1992). A Modest Proposal for Improved Corporate Governance. Business Lawyer, 48(1), 59- 77.

Masulis, R. W., Wang, C. & Xie, F. (2012). Globalizing The Boardroom-The Effects of Foreign Directors on Corporate Governance and Firm Performance. Journal of Accounting and Economics, 53, 527– 554.

Molla, M. I., Islam, M. S., & Rahaman, M. K. B. (2023). Corporate governance structure and bank performance: evidence from an emerging economy. Journal of Economic and Administrative Sciences, 39(3), 730-746.

Moscu, R. G. (2013). The Relationship between Firm Performance and Bord Characteristics in Romania. International Journal of Academic Research in Economics and Management Sciences, 2(1), 167- 175.

Mustapha, Y. I., Nafiu, A. I., Abdul, F. A., & Omolekan, O. J. (2020). Determinants of Board Size and Its Composition: Evidence from Nigerian Manufacturing Sector. Kelaniya Journal of Management, 9(1).

Ocak, M. (2013). Yönetim Kurulu ve Üst Yönetimde Yer Alan Kadınların Finansal Performansa Etkisi: Türkiye'ye İlişkin Bulgular. Muhasebe ve Finansman Dergisi, 60, 107- 126.

Okur, M. R. (2014). Kurumsal Yönetim Uygulamalarının Hisse Performansına Etkisi: Borsa İstanbul Üretim Sektörü Üzerinde Bir Uygulama. (Yayınlanmamış Yüksek Lisans Tezi). Yaşar Üniversitesi, İzmir.

Oxelheim, L. & Randøy, T. (2003). The Impact of Foreign Board Membership on Firm Value. Journal of Banking & Finance, 27, 2369– 2392.

Palacín-Sánchez, M. J., Bravo, F., & Reguera-Alvarado, N. (2018). Characteristics and determinants of the board of directors of growing Spanish SMEs going public. Journal of Small Business and Enterprise Development.

Pfeffer, J. & Salancik, G. R. (1978). The External Control of Organizations: A Resource Dependence Perspective. New York: Harper & Row.

Priya, K. & Nimalathasan, B. (2013). Board of Directors' Characteristics and Financial Performance: A Case Study of Selected Hotels and Restaurants in Sri Lanka. Merit Research Journal of Accounting, Auditing, Economics and Finance, 1(2), 018- 025.

Rechner, P. L. & Dalton, D. R. (1991). CEO Duality and Organizational Performance: A Longitudinal Analysis. Strategic Management Journal, 12, 155- 160.

Reyna, J. M. S. M. & Encalada, J. A. D. (2012). Ownership Structure, Firm Value and Investment Opportunities Set: Evidence from Mexican Firms. Journal of Entrepreneurship, Management and Innovation (JEMI), 8(3), 35- 57.

Saravanan, P. (2012). Corporate Governance and Company Performance- A Study with Reference to Manufacturing Firms in India. http://www.nfcgindia.org/pdf/cor_gover_manu_firms.pdf, 01.11.2022.

Shukla, H., & Limbasiya, N. (2020). Determinants of Board Characteristics: Evidence from India. IUP Journal of Corporate Governance, 19(4).

SPK (2014). http://www.spk.gov.tr/apps/teblig/displayteblig.aspx?id=435. 01.08.2022.

Taşkın, F. D., Durak, M. G. ve Aktaş, M. (2013). Kurumsal Yönetim Uygulamalarının İşletme Performansı Üzerindeki Etkileri: Bist Şirketleri Üzerinde Bir Uygulama. 17. Finans Sempozyumu/23-26 Ekim 2013/Muğla.

Ülgen, H. ve Mirze, S. K. (2007). İşletmelerde Stratejik Yönetim (4. Baskı). İstanbul: Arıkan Basım.

Vafeas, N. & Theodorou, E. (1998). The Relationship between Board Structure and Firm Performance in the UK. British Accounting Review, 30, 383- 407.

Vo, D. & Phan, T. (2013). Corporate Governance and Firm Performance: Empirical Evidence From Vietnam, http://www.murdoch.edu.au/School-of-Management-and-Governance/_document/Australian-Conference-of-Economists/Corporate-governance-and-firm-performance.pdf, 12.05.2022.

Zahra, S. A. & Pearce, J. A. (1989). Boards of Directors and Corporate Financial Performance: A Review and Integrative Model. Journal of Management, 15, 291-334.