

**CORPORATE GOVERNANCE AND ITS EFFECTS ON PROFITABILITY
OF SELECTED FIRMS LISTED ON TURKEY CAPITAL MARKETS****Mursal Safi**Istanbul Aydin University
Institute of Graduate Studies Social Sciences
Department of Business Administration**ABSTRACT**

The study objectives were to determine the effect of corporate governance through shareholders, public disclosure, corporate Board of directors and corporate Stakeholders on profitability of selected firms listed on Turkey capital markets. The data was attained from 338 respondents through questionnaires; the analysis was done using simple linear regression analysis. The studies conclude that the public disclosure is key determinants for the profits attaining. Secondly the study concludes that corporate Stakeholders had a moderate significant effect on the profitability of the companies. It's concluded that the corporate Stakeholders can be used to influence profits of the companies listed on the capital markets to some extent. Finally. It's concluded that the corporate Board of directors can be used to influence profits of the companies listed on the capital markets to some extent. The study recommends that shareholder interest need to be adequately catered for to increase the profitability of the companies. It's significant that modes of cooperation are existing in attaining a fully reliable force of the operations to significantly strive for the profitability of the companies. The study recommend that corporate Stakeholders need to be well developed, fairly operating and making sound appearances in the decision making of the companies. The study recommend for efficient policy on the corporate board of directors polices on planning necessary for attaining a mass avenue of the people's environment for the significant management of the boards, their size determination and operations efficiency.

Keywords:

Corporate Governance, Profitability, Turkey capital Markets

INTRODUCTION**1.1 Background of the study**

Baydoun (2017) argued that corporate governance is the respective roles and responsibilities that affect the steering in the course for the companies and a key avenue for generating profitability of the organizations. The corporate governance occurs in the reflection of the economic, historical, cultural and legal characters for the country in the business history and corporate scales. This enables the shaping of the ownership structures and patterns amongst the economies in financing the options available for the business. Corporate governance is connected to the ownership, control, structures and patterns prevailing in the economies. The ownership, control structures and patterns prevail in the economies. The distinction between the ownership and control of the explanations in the ownership of the hire for the managers (agents) who provide control and manage the assets of the firms in intrinsic characteristics for the corporations and are central for the corporate governance model (Bhaduri & Selarka, 2016).

Corporate governance has become a popular discussion topic in developed and developing countries. The widely held view that corporate governance determines firm performance and protects the interests of shareholders has led to increasing global attention (1997). However, the way in which corporate governance is organized differs between countries, depending on the economic, political and social contexts. For example, firms in developed countries have dispersed shareholders and operate within stable political and financial systems, well developed regulatory frameworks and effective corporate governance practices

Developed economies including the ones from Europe have also embraced mechanisms aimed at enabling and attaining profitability. Eling and Marek (2013) examine insurance industry in the UK and Germany and address compensation, monitoring, and ownership structure as determining corporate governance factors of risk-taking behavior. The main result of the research is to confirm existence of significant influence of all mentioned elements on

risk taking; more precisely, all three are found to be negatively correlated with firm risk, meaning that companies with more independent board members, more frequent board meetings, higher number of block holders and higher levels of compensation engage in less risk taking (Eling & Marek, 2013).

Turkey is an interesting country to study for several reasons. It is an important middle-income developing market. Historically, Turkish legal rules and institutions have been weak and have given firms great flexibility to choose their governance practices. Access to finance is an important constraint on growth for many Turkish firms (World Bank, 2010). Foreign investment both direct and portfolio investment is extremely important; foreign investors own around 65% of the market capitalization of the Turkey stock market, Borsa Istanbul (Capital Markets Board of Turkey, 2011). Better governance can help firms raise capital. Yet governance may also limit the ability of the controllers of public firms to engage in self-dealing. Many Turkish public firms are members of large business groups, most of which are family controlled. In related work (Ararat, Black, and Yurtoglu, 2016), we study the effect of business group membership on firm-level governance, and the effect of group-level corporate governance on group level market value and profitability.

1.2 Statement of the Problem

Corporate governance entails mechanisms sufficient for ensuring the safety and financial health of organizations. The management of the organizations has made attempts to improve profitability of the organizations through system and procedure integration of the governance structures (Yameen, Farhan and Tabash, 2019). The activities of the corporate governance are intended to stimulate profitability of the organizations. The profits of the organizations in form of return on the assets, return on equity and profit margin of organizations in Turkey continue to dwindle despite the prevalence of corporate governance mechanisms necessary for the reduction of the organization disturbances and inducement of the values necessary for the organizations. Corporate profitability in the banking sector of Turkey still remain an issues especially with the prevalence of the COVID 19 pandemic that hit hard the economy, the state of the prevalence of the financial system of the country that relies on business is affected and nothing much is in explanation to accuse the occurrence of the vice in Turkey (Martin, Farndale, Paauwe and Stiles, 2016). Corporate governance represents the state of governance of the organizations in countries anchored on means through which the organizations manage the affairs of their organizations. Corporate governance through effective management of the shareholders, stakeholders, board of directors and public disclosure is necessary in enabling the performance of the economies, the state of these proper functioning could be a driver for a better corporate environment, Notwithstanding, the current study is a precursor to the situation and presents the need for a study on the effect of corporate governance on profitability of selected firms listed on Turkey capital markets.

1.3 Objectives of the study

1.3.1 General Objective of the study

To determine the effect of corporate governance on profitability of selected firms listed on Turkey capital markets.

1.3.2 Specific Objectives of the study

- 1) To examine the effect of share holders on Profitability of selected firms listed on Turkey capital markets.
- 2) To assess the effect of corporate Public Disclosure on Profitability of selected firms listed on Turkey capital markets.
- 3) To determine the effect of corporate Stakeholders on Profitability of selected firms listed on Turkey capital markets.
- 4) To examine the effect of corporate Board of directors on Profitability of selected firms listed on Turkey capital markets.

1.4 Significance of the research

The present study will contribute to the existing body of knowledge concerning corporate governance practices and profitability by examining the corporate governance structures of Turkey and how these structures can reflect the accountability of the board to shareholders and other stakeholders through firm performance

To date there has been much research carried out on the effect of corporate governance on organizational performance in commercial banks. This study may therefore adds knowledge to the already existing current stock of knowledge regarding this area of study for future researches especially the study of variables and their relationships.

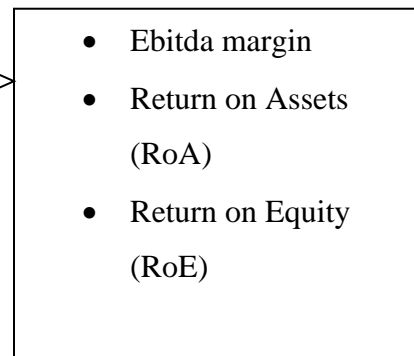
Currently this will be the first study that considers the effects of corporate governance practices in the area of CSR reporting on the value of firms in a developing market, which is subject to political instability but high growth prospects.

1.5 Conceptual Framework

Independent Variable Corporate Governance



Dependent Variable Profitability



The investigation of relationship between corporate governance and profitability, Evidence from Turkish Capital markets. The independent variable corporate governance is measured through share holders, corporate Public Disclosure, corporate Stakeholders and corporate Board of directors. The profitability is measured through Ebitda margin, return on Assets (RoA) and return on Equity (RoE). The study results in the study provided indicate that corporate governance affect profitability of selected firms listed on Turkey capital markets.

2.0 Review of Literature

2.1 Effect of share holders on Profitability

Özyeşil and Akturk (2019) conducted a study on the effects of corporate governance quality assessment notes of firms traded on Borsa Istanbul on the stock prices of firms were investigated with the help of the New Generation Panel Data Analysis methods of 27 firms using the annual data of 2012-2018 period. The presence of cross-sectional dependence among firms included in the analysis; Breuschand Pagan (1980) were tested by LM test, Pesaran (2004) LM test, Pesaran (2004) CD test and Baltagi, Feng and Kao (2012) LMBCtest and it was found that there was a horizontal cross-sectional dependence between firms.

Iannotta, Nocera and Sironi (2017) explored the impact of alternative ownership models and ownership concentration on bank profitability, cost efficiency and risk using a 5-year data from 181 large banks situated in 15 countries in Europe. After controlling for country and time effects as well as bank characteristics, they found that government-owned and mutually banks exhibited lower profitability than their private counterparts, even though government banks had lower costs.

2.2 Effect of Corporate Public Disclosure on Profitability

Edogbaya and Kamardin (2015) also examined the impact of financial disclosure and firm performance in Nigeria listed companies. Secondary data was collected from the listed firms and panel data analysis was used to analyse the data. Firm performance was measured by Tobin's Q and ROA and financial disclosure was checked against 17 attributes based on disclosure and disclosure rules and one (1) was awarded when a firm meet the said criteria and zero otherwise. It was hypothesized that financial disclosure and information disclosure had a positive relationship with firm performance which supported after the analysis

Jahanshad, Heidarpoor & Valizadeh (2018) examined the relationship between financial information disclosure and firm performance among Tehran securities exchange listed companies. Panel data was collected among 94 companies which are listed in 2006 to 2011. Financial disclosure measure was adapted from Standard and Poor's model 35 items on financial disclosure and information disclosure. Financial disclosure was measured using market to book value, price to cash flow, price earnings ratio, market adjusted stock return. Panel regression analysis was used to analyse the data and the study found positive and significant relationship between market to book value, price earnings ratio, market adjusted returns and firm performance. Although, price to cash flow had an inverse relationship it was not significant. Jahanshad *et al.*, further argued an increased information disclosure increased firm performance.

Aksu and Kosedag (2016) examined the relationship between disclosure and disclosure on firm performance for 52 Turkish firms. Firm performance of the sample was measured by the ROA, ROE and market excess return while disclosure and disclosure was assessed by checking against the prepared check list. The result of the study showed a negative, but significant relationship between the two variables.

Pervan and Visic (2018) investigated the influence of firm size on the success of the Croatian medium-size and large enterprises. Online data for 1722 firms from Croatian Financial Agency and Amadeus database was gathered from year 2002 to 2010. Firm's success was measured in the perspective of profitability and hence profitability ratio such as ROE, ROA, profit margin, EBITDA margin, EBIT margin was used. Firm size was assessed using the logarithm of firm assets and number of employees. Analysis of the data showed that there was significant and weak positive relationship between firm size and profitability of the firm.

2.3 Effect of corporate Stakeholders on Profitability

Advocates of stewardship theory presume that management's primary focus is to maximize company performance and market value, creating more benefits for the steward and principal (Liu, Luo, Huang, & Yang, 2017). However, management does play a role in stewardship theory because they align their benefits with the firm's objectives. In stewardship theory, management focuses on protecting the principals and increase profits (Silva, Quelhas, Gomes, & Domingos, 2017). In agency theory, however, managers work for their self-interests.

Ahmadi Simab and Shams Koloukhi (2018) acknowledged that under stewardship theory principals give management the tools necessary to empower them to perform in the best interests. Agency theory can cause mistrust between agents and principals. Still, the principals need to build a trusting relationship with the stewards to avoid a monitored and controlled structure. One of the main distinguishing features of stewardship theory is replacing a lack of trust (Martin, Farndale, Paauwe, & Stiles, 2016). When management has full authority, they can make independent decisions that are best for the company.

According to the parties concerned stakeholders are divided into two internal and external parties. Internal party is a person of a company, people or institutions that are directly involved in the activities of the company, such as shareholders, managers and employees. While external parties is an outsider of a company, person or agency who are not directly involved in the activities of the company, such as consumers, community, government and the business environment. According Warsono et al. (2009) that the basis of theory stakeholder is the company has become very large, and causes people to be pervasive that companies need to carry out their accountability to the various sectors of society and not just to shareholders only.

2.4 Effect of corporate Board of directors on Profitability

Talamo (2011) analysed existing corporate governance rules and identified the key determinants of corporate governance mechanisms. Aren, Kayagil and Aydemir (2014) investigated the mechanisms and effects of corporate governance of firms operating in the Istanbul Stock Exchange (ISE). The study sample size comprised 162 ISE listed companies, and it was found that firms' value is the most crucial factor for enhancing the level of corporate governance. It was also revealed that substantial value mediates the association between the ratio of corporate investor and corporate governance levels. On the other hand, growing corporate governance implementation is positively associated with firms' performance.

In the study by Mustafa and Havane (2020) which intended to determine the effect of corporate governance ratings on financial performance the sample included data from 27 listed companies on the Borsa Istanbul's corporate governance index from 2012 to 2018. There was existence of cross-sectional dependence among the firms included in the sample analyzed based on Breusch and Pagan (1980) LM test, Pesaran (2004) LM test, Pesaran (2004) CD test

and Baltagi, Feng and Kao based on LMBC (2012) LMBC test. According to the findings based on the cross dependence in the firms tested for Stationarity. The causality relationship between the series are examined by Dumitrescu and Hurlin (2012) method and the causality relations are found from the corporate governance rating of the firms to the operating profits. The coefficients in the econometric model are estimated that the annual operating profits will increase by 110.74 Million TL when corporate governance quality (ratings) of the firms increases by 1 unit.

3.1 Research Design

The study will use a descriptive research design based on quantitative techniques to analyze. The study quantitative approach is used for its suitability to the purpose of developing research Questions and is appropriate for the type of numerical data required in the study (Schweitzer, 2009). Creswell (2009) stated that the quantitative approach was most appropriate for the analysis of numerical data. This study will use causal research design and precisely used multi variant linear regression model. Causal research studies the effect of one variable on another or on various variables.

3.2 Population

The population is a complete set of individuals, cases or objects with the same observable characteristics (Mugenda, 2003). The target population of this study will be consisting of the bank's financial statements. The study population will be anchored on the state of the companies needed and information will be attained from the study area based on published financial statements of the companies on the capital markets of Turkey. The study targets employees of the banks which is estimated to be 6,750. A sample of 364, respondents

3.3 Analysis of Data

The study employed both descriptive and inferential statistics to analyze the effect of corporate governance on profitability.

4.1 Findings, Analysis and Interpretations

4.1 Frequency Distribution

The bio-data for the respondents, the information attained here is presented on gender, age, marital status of respondents, education and time of work in the banks amongst the respondents of the study.

Table 4.1: Demographic Traits of the respondents

Category		Frequency	Percent
Gender	Male	230	68.0
	Female	108	32.0
	Total	338	100.0
Education	Diploma	41	12.1
	Degree	98	29.0
	others	199	58.9
	Total	338	100.0
Age	Below 20 Years	13	3.8
	20 - 30	51	15.1
	30 – 40	99	29.3
	40 – 50	101	29.9
	50+	74	21.9
	Total	338	100.0
Marital Status	Single	96	28.4
	Married	219	64.8
	Separated/ Divorced	23	6.8
	Total	338	100.0
Time of work	Less than 5 years	87	25.7

6-10years	51	15.1
10-15 years	114	33.7
15 years above	86	25.4
Total	338	100.0

Source: Field Data, 2022

On the gender of the respondents, the male respondents were 68% and female respondents 32% of the study. The results show that the male respondents were more dominant in the study. The education for the respondents was majorly degree with 29%, other which had post graduate had 58.9% of the study and diploma had 12.1% of the study. On the age of the respondents the respondents of 40-50 years were 29.9% of the study, those of 30-40 were 29.3% and those of 20-30 years were 15.1% of the study and 50 above had 21.9% of the study and 3.8% were for below 20 years.

4.5 Effect of share holders on Profitability of selected firms listed on Turkey capital markets

The study first objective was to examine the effect of share holders on Profitability of selected firms listed on Turkey capital markets. To fulfill this objective and test the hypothesis, the study employed regression analysis to test the existence of the effect between share holders on Profitability of selected firms listed on Turkey capital markets

Table 4.5: Regression on effect of share holders on Profitability of selected firms listed on Turkey capital markets**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.171 ^a	.029	.026	.44184

a. Predictors: (Constant), Share Holders

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.979	1	1.979	10.136	.002 ^b
	Residual	65.594	336	.195		
	Total	67.573	337			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Share Holders

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.774	.104		26.790	.000
	Share Holders	.112	.035	.171	3.184	.002

a. Dependent Variable: Profitability

Source: Primary data, 2022

Table 4.5 show regression on effect of share holders on Profitability of selected firms listed on Turkey capital markets. The study results had an attained r-value of .171, indicating that share holders contribute to profitability of the selected firms of the Turkey capital market by 17.1%. The results indicate that the rest of the factors explain the profitability of the companies by 86.9% of the study. The analysis of variance show that the P-value attained from the analysis was .002, the study indicate that there is a statistically significant relationship between share holders and profitability of the selected firms listed on Turkey capital markets. The study results show that the state share holders are significant at 95% confidence interval, the study indicate a significant relationship.

Concerning the coefficients of the study, the t-values for profitability was 26.790 while that of share holders was 3.184, because the t-value for the dependent is higher than that of the independent variable, it implies a significant association of the variables. The P-values are 0.000 and 0.00 respectively indicating that there is a significant effect of share holders on Profitability of selected firms listed on Turkey capital markets. It implies that improving the stakeholders significantly increases the profitability of the companies.

4.5.2 Effect of corporate Public Disclosure on Profitability of selected firms listed on Turkey capital markets

The second objective of the study was to assess the effect of corporate Public Disclosure on Profitability of selected firms listed on Turkey capital markets. To fulfill this objective and test the hypothesis, the study employed regression analysis to test the existence of the effect between share holders on Profitability of selected firms listed on Turkey capital markets.

Table 4.6: Effect of corporate Public Disclosure on Profitability of selected firms listed on Turkey capital markets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.435 ^a	.189	.187	.40373

a. Predictors: (Constant), Public Disclosure

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.804	1	12.804	78.553	.000 ^b
	Residual	54.768	336	.163		
	Total	67.573	337			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Public Disclosure

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.140	.110		19.457	.000
	Public Disclosure	.281	.032	.435	8.863	.000

a. Dependent Variable: Profitability

Source: Primary data, 2022

Table 4.6 show regression on effect of Public Disclosure on Profitability of selected firms listed on Turkey capital markets. The study results had an attained r-value of .435, indicating that Public Disclosure contributes to profitability of the selected firms of the Turkey capital market by 43.5%. The results indicate that the rest of the factors explain the profitability of the companies by 56.5% of the study.

The analysis of variance show that the P-value attained from the analysis was .000, the study indicate that there is a statistically significant relationship between Public Disclosure and profitability of the selected firms listed on Turkey capital markets. The study results show that the state Public Disclosure are significant at 95% confidence interval, the study indicate a significant relationship.

Concerning the coefficients of the study, the t-values for profitability was 19.457 while that of public disclosure was 8.863, because the t-value for the dependent is higher than that of the independent variable, it implies a significant association of the variables. The P-values are 0.000 and 0.00 respectively indicating that there is a significant effect of public disclosure on Profitability of selected firms listed on Turkey capital markets. It implies that improving public disclosure significantly increases the profitability of the companies.

4.5.3 Effect of corporate Stakeholders on Profitability of selected firms listed on Turkey capital markets.

The third objective of the study was to assess the effect of corporate stakeholders on Profitability of selected firms listed on Turkey capital markets. To fulfill this objective and test the hypothesis, the study employed regression analysis to test the existence of the effect of corporate stakeholders on Profitability of selected firms listed on Turkey capital markets.

Table 4.7: Effect of corporate Stakeholders on Profitability of selected firms listed on Turkey capital markets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.154 ^a	.024	.021	.44309

a. Predictors: (Constant), Corporate stakeholders

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.606	1	1.606	8.181	.004 ^b
	Residual	65.966	336	.196		
	Total	67.573	337			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Corporate stakeholders

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.384	.104		32.583	.000
	Corporate stakeholders	.120	.042	.154	2.860	.004

a. Dependent Variable: Profitability

Source: Primary data, 2022

Table 4.7 show regression on effect of corporate holders on Profitability of selected firms listed on Turkey capital markets. The study results had an attained r-value of .154, indicating that corporate stakeholders contribute to profitability of the selected firms of the Turkey capital market by 15.4%. The results indicate that the rest of the factors explain the profitability of the companies by 84.6% of the study. The analysis of variance show that the P-value attained from the analysis was .004, the study indicate that there is a statistically significant relationship between corporate stakeholders and profitability of the selected firms listed on Turkey capital markets. The study results show that the state corporate stakeholders are significant at 95% confidence interval, the study indicate a significant relationship.

Concerning the coefficients of the study, the t-values for profitability was 32.583 while that of corporate stake holders was 2.860, because the t-value for the dependent is higher than that of the independent variable, it implies a significant association of the variables. The P-values are 0.000 and 0.004 respectively indicating that there is a significant effect of corporate stakeholders on Profitability of selected firms listed on Turkey capital markets. It implies that improving the corporate stakeholders significantly increases the profitability of the companies.

4.5.4 Effect of corporate Board of directors on Profitability of selected firms listed on Turkey capital markets.

The fourth objective of the study was to assess the effect of corporate stakeholders on Profitability of selected firms listed on Turkey capital markets. To fulfill this objective and test the hypothesis, the study employed regression analysis to test the existence of the effect of corporate stakeholders on Profitability of selected firms listed on Turkey capital markets.

Table 4.8: Effect of corporate Board of directors on Profitability of selected firms listed on Turkey capital markets.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.109 ^a	.012	.009	.44579

a. Predictors: (Constant), Corporate Board of Directors

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
-------	--	----------------	----	-------------	---	------

1	Regression	.801	1	.801	4.028	.046 ^b
	Residual	66.772	336	.199		
	Total	67.573	337			

a. Dependent Variable: Profitability

b. Predictors: (Constant), Corporate Board of Directors

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.851	.124		22.962	.000
	Corporate Board of Directors	.080	.040	.109	2.007	.046

a. Dependent Variable: Profitability

Source: Primary data, 2022

Table 4.8 show regression on effect of Corporate Board of Directors on Profitability of selected firms listed on Turkey capital markets. The study results had an attained r-value of .109, indicating that Corporate Board of Directors contributes to profitability of the selected firms of the Turkey capital market by 10.9%. The results indicate that the rest of the factors explain the profitability of the companies by 89.1% of the study.

The analysis of variance show that the P-value attained from the analysis was .046, the study indicate that there is a statistically significant relationship between corporate board of directors and profitability of the selected firms listed on Turkey capital markets. The study results show that the state Corporate Board of Directors are significant at 95% confidence interval, the study indicate a significant relationship.

Concerning the coefficients of the study, the t-values for profitability was 22.962 while that of Corporate Board of Directors was 2.007, because the t-value for the dependent is higher than that of the independent variable, it implies a significant association of the variables. The P-values are 0.000 and 0.004 respectively indicating that there is a significant effect of corporate board of directors on Profitability of selected firms listed on Turkey capital markets. It implies that improving the corporate board of directors significantly increases the profitability of the companies.

5.0 Conclusion and recommendations**5.1 Conclusion**

The study objectives were to determine the effect of corporate governance on profitability of selected firms listed on Turkey capital markets. Specifically was to examine the effect of share holders on Profitability, secondly to assess the effect of corporate Public Disclosure on Profitability, then determine the effect of corporate Stakeholders on Profitability and finally to examine the effect of corporate Board of directors on Profitability of selected firms listed on Turkey capital markets. The study concludes that share holders have a low effect on the Profitability of selected firms listed on Turkey capital markets. The study conclude that increasing the share holder concerns in the business is significant in generate the profitability of the companies. It's worth noting that stakeholders are significant determinants of the profitability of the companies though to a low level

Secondly the effect of corporate Public Disclosure on Profitability of selected firms listed on Turkey capital markets was significant, the study conclude that corporate disclosure had a moderate significant effect on the profitability of the companies. Its concluded that the public disclosure are key determinants for the profits attaining

Thirdly the effect of corporate Stakeholders on Profitability of selected firms listed on Turkey capital markets was significant, the study conclude that corporate Stakeholders had a moderate significant effect on the profitability of the companies. Its concluded that the corporate Stakeholders can be used to influence profits of the companies listed on the capital markets to some extent.

Finally, effect of corporate Board of directors on Profitability of selected firms listed on Turkey capital markets was significant, the study conclude that corporate Board of directors had a moderate significant effect on the profitability of the companies. It's concluded that the corporate Board of directors can be used to influence profits of the companies listed on the capital markets to some extent.

5.2 Recommendations

The study recommends that share holder interest need to be adequately catered for to increase the profitability of the companies. Its significant that modes of cooperation are existing in attaining a fully reliable force of the operations to significantly strive for the profitability of the companies.

The study recommends for periodic and timely public disclosure of the companies performance in order to marker the companies products, attract new funders significant in enabling the performance of the organizations in the country. Thirdly the study recommend that corporate Stakeholders need to be well developed, fairly operating and making sound appearances in the decision making of the companies, Its proper that companies employ the means for a conducive inculcation of stakeholders to attain development. Corporate Board of directors has a key avenue in attaining the profits for the companies. The study recommend for efficient policy on the corporate board of directors polices on planning necessary for attaining a mass avenue of the people's environment for the significant management of the boards, their size determination and operations efficiency.

REFERENCES

- Ahmadi Simab, A. R., & Shams Koloukhi, A. (2018). Examining the relationship of CEO compensation, duality of managing director, and weakness of internal organizational controls with audit fee. *International Journal of Organizational Leadership*, 7, 153-161
- Baydoun, N., (2017). Corporate governance in five Arabian Gulf countries', in *Managerial Auditing Journal*, Vol. 28, Issue 1, pp. 7 – 22.
- Bokpin, G. A. (2019). Ownership structure, corporate governance and bank efficiency: an empirical analysis of panel data from the banking industry in Ghana. *Corporate Governance: The International Journal of Business in Society*, 13(3), 274-287.
- Doku, J. N., Kpekpena, F. A., & Boateng, P. Y. (2019). Capital structure and bank performance: Empirical evidence from Ghana. *African Development Review*, 31(1), 15–27.
- Feils, D., Rahman, M., & Sabac, F. (2018). Corporate governance systems diversity: A coasian perspective on stakeholder rights. *Journal of Business Ethics*, 150, 451–466. doi:10.1007/s10551-016-3188-5
- Fung, B. (2019). The Demand and Need for Disclosure and Disclosure in Corporate Governance. *Universal Journal of Management*, 2(2),72-80
- Gedajlovic, E., & Shapiro, D. M. (2012). Ownership structure and firm profitability in Japan. *Academy of Management Journal*, 45(3), 565-575.
- Ghosh, S. (2018). Governance reforms and performance of MENA banks: Are disclosures effective? *Global Finance Journal*, 36, 78–95. doi:10.1016/j.gfi.2018.01.002
- Iannotta, G., Nocera, G., & Sironi, A. (2017). Ownership structure, risk and performance in the European banking industry. *Journal of Banking & Finance*, 31(7), 2127-2149.
- Jahanshad, A., Heidarpoor, F., & Valizadeh, Y. (2014). Relationship between Financial Information Disclosure and Financial Performance of Listed Companies in Tehran Stock Exchange. *Research Journal of Recent Sciences*, 3(3), 27-32,
- Javaid, F., & Saboor, A., (2015). Impact of Corporate Governance index on Firm Performance: evidence from Pakistani manufacturing sector. *Journal of Public Administration and Governance*, 5(2), 23-42
- John, K., DeMasi, S., & Paci, A. (2016). Corporate governance in banks. *Corporate Governance: An International Review*, 24(3), 303–21. doi:10.1111/corg.12161
- Kapoor, S. (2009). *Impact of Dividend Policy on Shareholders' value: a Study of Indian Firms*. Jaypee Institute of Information Technology, India.
- Kapopoulos, P., & Lazaretou, S. (2017). Corporate ownership structure and firm performance: evidence from Greek firms. *Corporate Governance: An International Review*, 15(2), 144- 158.

- Nguyen, T. V., Pham, T. T., Nguyen, C. P., Nguyen, T. C., & Nguyen, B. T. (2019). Excess liquidity and net interest margins: Evidence from Vietnamese banks. *Journal of Economics and Business*, 1–9. doi:10.1016/j.jeconbus.2020.105893
- Özyeşil M and Akturk B E (2019). The Effects of the Corporate Governance Quality of Companies on the Price Performance: A New Generation of Panel Data Analysis on the Companies Listed in the Borsa İstanbul Corporate Governance Index. Yıl: 2019 Cilt: 0 Sayı: 16 ISSN: 2148-2683 / 2148-2683 Sayfa Aralığı: 620 - 630 Metin Dili: İngilizce. DOI: <https://doi.org/10.31590/ejosat.571948>
- Özyeşil M and Havane T (2020). An Analysis Of The Relationship Between The Quality Of Corporate Government Activities And The Financial Performance By Panel Data Analysis Under Cross-Sectional Dependency: An Investigation On The Companies Listed In The Borsa İstanbul Corporate Governance Index. *Beykoz Akademi Dergisi*, 2020; 8(1), 137-153. Gönderim tarihi: 31.01.2020 Kabul tarihi: 21.05.2020 DOI: 10.14514/BYK.m.26515393.2020.8/1.137-153
- Pillai, R., & Al-Malkawi, H.-A. N. (2017). On the relationship between corporate governance and firm performance: Evidence from GCC countries. *Research in International Business and Finance*, (July), 0–1. <https://doi.org/10.1016/j.ribaf.2017.07.110>
- Raza, W., Hayat, K., Farooq, N., & Bilal, H. (2020). Corporate governance and return on equity evidence from Pakistan Stock Exchange. *Journal of Accounting and Finance in Emerging Economies*, 6(1), 63–72.
- Yameen, M., Farhan, N. H., & Tabash, M. I. (2019). The impact of corporate governance practices on firm's performance : An empirical evidence from Indian tourism sector. *Journal of International Studies*, 12(1), 208–228. <https://doi.org/10.14254/2071-8330.2019/12-1/14>
- Yu, M. (2018). State ownership and firm performance: Empirical evidence from Chinese listed companies. *China Journal of Accounting Research*, 6(2), 75-87