Chapter 5

Corporate Governance and Accountability in the Age of Multilevel Governance in Turkey

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ABSTRACT

Corporate governance and accountability are getting more and more important both for world and Turkish economies thanks to increasing competitiveness conditions among companies. Applications of corporate governance principles can show differences from country to country. In Turkey, The Capital Markets Board issued corporate governance principles in 2003 to improve the corporate governance environment and integrate the Turkish capital market with global financial markets. The board has also adopted these principles in 2005 and made them final. The new Turkish Commercial Code is based on corporate governance principles. The new Turkish Commercial Code constitutes the legal infrastructure for corporate governance practices.

INTRODUCTION

The 20th century saw massive growth in serious management thought. Organization theories acquired new importance, although the board of directors did not appear on most organizations charts. Strategic management has made great strides, but the contribution of the board seldom received a mention. Important theories and practices were developed for the management of finance, marketing, and operations, although little regard was shown for the role of managers. This was the era of management theories, management consultants, management gurus, and managemet teaching, all reflecting a preoccupation with management. (Tricker, 2015:3)

Corporate Governance is the relationship between shareholders and their companies Some agreement and the way in which shareholders act to encourage best practice. Progressively, this includes shareholder 'activism' which involves a campaign by a shareholder or a group of shareholders to achieve change in companies (The Corporate Governance Handbook, 1996).

Various studies centering on different policy sectors, in multiform national and local environments, find broad convergence toward a policy-making style dominated by cooperation among government levels and between public and non-public actors. Governance' as a particular style of governing refers to 'sustaining co-ordination and coherence among a wide variety of actors with different purposes and objectives such as political actors and institutions, corporate interests, civil society, and transnational governments'. In its 'multilevel' form, it involves 'a large number of decision-making arenas . . . differentiated along both functional and territorial lines, and . . . interlinked in a non–hierarchical way" (Papadopoulos, 2007:470)

The concept of multi-level governance has been so widely adopted because it raises important questions about the continuing importance of nation states and central governments, and focuses attention on other levels and other actors, including non-state actors, as well as on the many ways in which governing functions can be discharged by agencies other than central government itself.

Accountability is an obligation to present an account of and answer for the execution of responsibilities to those who entrusted those responsibilities. On this obligation depends the allocation of praise and blame, reward and sanction so often seen as the hallmarks of accountability in aciton.

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