

A Research On The Effects Of Corporate Accounting Practices On Corporate Companies

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Extensive Summary

Institutionalization increases the transparency and credibility of businesses and makes the assets permanent in the international markets (Bekci ve Gör, 2016: 3). The corporate governance that emerged with institutionalization aims to give the right information by acting transparently (Koçel, 2003: 469). In order for corporate governance to function effectively, it is necessary to comply with international standards and to ensure independence of the executive board (Lazereva et al., 2007: 2). Moreover, in the international competitive environment, corporate governance provides the enterprises to fulfill their activities in accordance with the legislations and regulations in order to meet the expectations of the shareholders and the society in line with the establishment objectives (Küçüksözen et al., 2005: 102).

In this study, the relationship between corporate governance concepts and conservatism concept was examined. Corporate governance has become a subject that attracts the attention of policy makers, investors and researchers, especially in the post-financial crisis period. In this context, it is possible to find many studies related to the subject in the national and international literature. The establishment of corporate governance mentality in companies allows the increasing company value, competitive power, profitability and stakeholder prosperity, decreasing cost elements, increasing credibility and opening to foreign markets more easily. Therefore, corporate governance is an issue that is focused significantly by OECD in the international and CMB in Turkey.

Another important concept related to corporate governance in companies is conservatism. Conservatism is also part of the management based on social responsibility approach. An effort to better demonstrate the financial status of the companies' managers can cause the financial statement users to mislead. This is the opposite of conservatism. Conservatism indicates that the power of the administration is

a strong element of demand for monitoring and management styles (Caskey and Laux, 2015). In this respect, it is important for companies to continue their assets by acting cautiously against risks and to follow a policy that does not deviate from corporate governance principles.

The data used in the study were obtained from financial statements, annual reports and internet sites of the companies registered to the BİST-100 Index. The study covers seven years' data from 2009 to 2015. Included in the BİST-100 Index are data for 74 companies which have been consistently included for seven years, excluding sports, banking and finance sectors. Due to the non-compliance of the sports companies' operating periods and the financial statements of the companies in the banking and finance sectors, the companies in these sectors were excluded from the scope of the study. The representation of the main mass of the companies included in the study is 100%. Conservatism (MUH) is dependent variable in this study. Dependent variable is determined by market value / book value ratio. This ratio, which is used in the measurement of conservatism, was developed by Beaver and Ryan, Feltham and Ohlson models. Beaver and Ryan also developed this model to reveal the following model:

$$\text{Conservatism} = \text{Market Value} / \text{Book Value}$$

In this study, the relationship between conservatism and corporate governance practices of BİST-100 index companies is examined. In order to achieve this aim, a survey was conducted on the companies traded on the BİST-100 Index. Due to the difference in the financial statements and the period difference with the companies in the banking and finance sectors, sportive companies were not included in this study. The variables used in the analysis were chosen from studies in the literature. As a result of the study, it was determined that the number of top managers and the number of female members in the executive board were statistically significant associations with corporate governance practices and conservatism. It has been found that corporate governance practices that increase the independence of the board are inversely related to conservatism. It has been determined that the company size, leverage ratio, current ratio and sector also affect conservatism. The results are consistent with the literature. It is seen that the number of female members is in a negative relationship with conservatism. On the other hand, it has also been determined that the inclusion of the companies to the corporate governance index does not affect the conservativeness in relation to corporate governance practices.