CORPORATE GOVERNANCE IN TURKEY, 2000-2018: A PROCESS STUDY OF TRANSLATION

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ABSTRACT

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Institutional theory in organization studies is concerned with social contexts of organizations. Recently, how these social contexts can be better understood and how organizational responses may contribute to the shaping of these contexts have become a subject of interest in studies centering the concept of translation. In addition, process organization studies that gained popularity as a methodologically different perspective aimed to understand organizational phenomena within a process that can be traced with successive phases. These two approaches, albeit similar in their approaches, have not been fully leveraged in tandem. This dissertation takes corporate governance as an empirical material and attempts to understand how corporate governance as an idea and/or a set of practices have been translated into Turkey, a context that is very much different than the context of which the idea originated. In doing so, the process through which corporate governance has been translated from the concept's initiation in Turkey in 2000 to 2018 when the latest available data was collected is analyzed qualitatively by employing Røvik (2007)'s "rules of translation" approach as adopted by Wæraas and Sataøen (2014). Taking actors of translation as government and public authorities, business associations, consulting firms and corporations, the study reveals that corporate governance has been transformed into a more contextualized version of the concept in three phases and through narratives and practices of the actors who perform different translations depending on their agentic capacities and interests.

ÖZET

TÜRKİYE'DE KURUMSAL YÖNETİM, 2000-2018: ÇEVİRİ LİTERATÜRÜNE GÖRE BİR SÜREÇ ANALİZİ

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Anahtar terimler: kurumsal yönetim, çeviri, süreç çalışmaları, kurumsal kuram, yönetim bilgisi

Örgüt çalışmaları içinde yer alan kurumsal kuram, örgütlerin toplumsal bağlamı ile ilgili bir yaklaşımdır. Son dönemde, hem bu toplumsal bağlamın daha iyi anlaşılması hem de örgütsel tepkilerin içinde bulundukları bağlamı şekillendirebilme becerisi üzerine yapılan çalışmalar çeviri yaklaşımında görülmektedir. Bunun yanında, süreç örgüt çalışmaları yaklaşımının yöntemsel olarak ortaya koyduğu ve örgütsel değişimi birbirini takip eden aşamalar olarak görme eğilimi de popüler hale gelmiştir. Bu iki yaklaşım, temeldeki benzerliklerine rağmen yeterince bir arada kullanılmış değildir. Bu doktora tezi, kurumsal yönetim konusunu bir görgül malzeme olarak merkezine almak kaydıyla, bir fikir ve uygulamalar bütünü olarak kurumsal yönetimin özgün bağlamından oldukça farklı olan Türkiye'ye gelişini ve dönüşümünü çeviri yaklaşımı aracılığıyla açıklamayı hedeflemektedir. Bunu yaparken, kurumsal yönetimin Türkiye'ye ilk kez bir kavram olarak giriş yaptığı 2000 yılından son veri toplanan yıl 2018'e kadar olan süreç Røvik (2007)'in ortaya attığı "çeviri kuralları" perspektifinin Wæraas ve Sataøen (2014) tarafından uyarlanmış biçimini nitel araştırma yöntemi aracılığıyla kullanmayı amaçlamaktadır. Çeviri aktörleri olarak devlet ve devlet kurumları, iş dünyası örgütleri, danışmanlık firmaları ve şirketleri belirleyen bu çalışma, kurumsal yönetimin bağlama uygun bir hale getirilmesi sürecinin üç aşamasını ve bu aşamalarda ortaya çıkan, aktörlerin çıkar ve etkinliklerini yansıtan söylem ve eylemlerinin belirleyici rolünü ortaya koymuştur.

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Çok sevgili annem Nurhan Duygulu,

yürekten destekçim babam Hasan Duygulu,

ve hayat ışığım Dide Duygulu'ya teşekkürlerimle…

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1. INTRODUCTION

This study examines the travel of corporate governance both as an idea and practice to and within Turkey. In doing so the study aims not only to show how corporate governance as an imported concept travelled and was changed along its journey but also through which mechanisms and actors corporate governance emerged as a field and became "translated" within a context other than its original. Taking a process methodological perspective, the encounters of actors and ramifications of these encounters at the field level are traced, reported, and analyzed for the years from the concept's first appearance in Turkey in 2000 until 2018 when the latest available data is collected. Following subsections briefly introduce the theoretical motivations and guiding questions of this study.

1.1. Diffusion and Translation

The introduction of (neo-) institutional theory in the late 1970s, particularly with two papers (Meyer & Rowan, 1977; Zucker, 1977), have started an era of domination of "institutionalism" (Greenwood et al., 2008) in macro organization studies. Evolving around social constructionist school of thought, this domination has persisted thus far with developments as well as gaps and confusions (Greenwood et al., 2017). These developments and confusions to be discussed later, persistence of the "big tent" (Suddaby, 2010) of institutionalism thus far is closely associated with the theory's ability to attend to the social contexts that surround the organizations, in particular the ability of "institutional contexts" that comprise of social understandings to influence organizations in certain ways. Described as, in Zucker's (1983, p. 105) terms "common understandings of what is appropriate, and, fundamentally, meaningful behavior", institutional contexts and the processes through which these contexts impose forces for conformity to organizations has been the focus of the earlier studies in institutional theory.

Organizations, in the late 1970s and early 1980s of the institutional theory were argued to become isomorphic with their institutional contexts in order to have approval of the society, or legitimacy as it has since been referred as the backbone of the theory. The concept of isomorphism, however, came into question even at this early stage such that DiMaggio and Powell (1983) in their seminal article that starts with the question "What makes organizations so similar?", distinguished between competitive isomorphism and institutional isomorphism. In their terminology, while competitive

isomorphism was referred, in the population ecology literature as the domination of the market mechanism and isomorphism through elimination of those who do not conform (Hannan & Freeman, 1977), institutional isomorphism was conceptualized as the increasing similarity of organizations (in time) which results from mechanisms (i.e. coercive, mimetic, normative) through which the organizations in the same field are exposed to. Other ramifications of this seminal study by DiMaggio and Powell are set aside, two concepts they used in their discussion have influenced institutional theory as far as this study is concerned: *Field* and *change.*

The concept of field in DiMaggio and Powell's study is inspired by "the iron cage", a metaphor once used by Max Weber to describe the modern bureaucracies of then rising capitalism in the late 19th century (Weber, 1952). Max Weber argued that the organizations of [his] time, that are under capitalist pressures, had to respond these pressures [of the market] through precision, continuity, and speed in order to survive in the marketplace. DiMaggio and Powell (1983), expanding on Weber's thoughts, argued that the modern bureaucracies, in addition to efficiency and competition concerns, are becoming more similar because of the "structuration" of the fields (Giddens, 1979), that is constant determination of the field through interactions of its participants. Therefore, in DiMaggio and Powell's terms the "iron cage" still exists, but with an addition of "field level pressures". In this line of thought, the structure of a field as DiMaggio and Powell (1983, p. 148) argue "cannot be determined a priori but must be defined on the basis of empirical investigation". This conceptualization of the field has not only extended the depictions of field as competing firms, as it was in the population ecology (Hannan and Freeman, 1977) but also has provided scholars of organizations with a new strand of research and a central construct for institutional theory, i.e. organizational fields (Scott, 1991). Although DiMaggio and Powell (1983) referred to fields as "totality of relevant actors" (p. 148), they did not explicitly cite Bourdieu, who was identified as the core inspiration behind their idea of fields (Greenwood & Meyer, 2008). Greenwood and Meyer (2008) argue that probably because DiMaggio and Powell did not cite Bourdieu explicitly or because scholars preferred a more convenient route, institutional theory overlooked the actors, interests, struggles, and shifting boundaries of the fields until a very recent revival was presented by Hoffman (1999), in the form of "issue field".

Researching institutional evolution and change in U.S. chemical industry, Hoffman (1999) suggested that conceptualizing fields as "the center of common channels of dialogue and

discussion" (p. 352) rather than the dominant view that defines fields around common technologies or industries, enables taking varying interests of actors into account when studying the evolution of a field. This "issue-based" definition of field, although was very similar to the original conceptions of DiMaggio and Powell, rendered "field" as a more "dynamic and capable of moving towards something other than isomorphism" (Wooten & Hoffman, 2017, p. 60). Ramifications of this evolution of the "field" concept are discussed after the other concept, i.e. change, that DiMaggio and Powell brought into attention is introduced in the following paragraph.

Organizational change, as conceptualized by DiMaggio and Powell (1983) referred to organizations' adaptation to isomorphic pressures of the field. However, this "isomorphic change" argument presented in their study has been, as Suddaby (2010, p. 15) puts it, was "taken to stand for the erroneous principle that organizations become isomorphic with each other and that, over time, all organizations would be identical". Moreover, this "erroneous principle" implicitly claimed to perceive organizations as passive recipients of institutional influences. In response to that, DiMaggio (1988) needed to correct this notion of passive recipients and suggested scholars to alter their understandings of organizations as prisoners of their institutional environments. DiMaggio's suggestion was to focus on institutional entrepreneurship, the process through which one or multiple participants in a field initiate changes in the field aligned with their interests. Suddaby (2010) again criticized the scholars who shaped this advice for their presentation of institutional entrepreneurs as "hyper muscular supermen, single handed in their efforts to resist institutional pressure, transform organizational fields and alter institutional logics" (p. 15). Nevertheless, the notions of field and change has become central to institutional theory despite conflicting views on the conceptualizations of these notions.

Subscribing to Scott's (1983) argument that the interorganizational field is the appropriate level of analysis to understand changing institutional practices, scholars of institutional theory directed their efforts to analysis of fields and field-level processes. Of these processes, "diffusion", described as the mechanism through which ideas, practices, and prescribed structures within a field are spread by DiMaggio and Powell (1983), attracted the largest attention (Boxenbaum & Jonsson, 2017). Although introduced by DiMaggio and Powell as a "cause" for isomorphism in organizational fields, many of the scholars that employed the "diffusion" concept have reversed the causal link and presented isomorphism as the cause of diffusion (Boxenbaum & Jonsson,

2017). Moreover, the three mechanisms, *coercive*, *mimetic*, and *normative*, referred as the pathways to institutional isomorphism in DiMaggio and Powell (1983), have been treated as channels of diffusion, that is the ways how ideas or practices diffuse, which "contributed to the confounding of institutionalization with the mere spread of forms and practices" (Greenwood & Meyer, 2008). Particularly with the influence of large-scale quantitative studies in the U.S., field-level change has been conceived as isomorphic change that occurs through diffusion of taken-for-granted, or *legitimate*, practices within a field. However, with the revival of "fields as a highly interactive relational space" and defined as evolving around an "issue" (Hoffman, 1999), explanations based on diffusion model of field level change has become rather insufficient (Wooten & Hoffman, 2017). Moreover, for emerging fields in which fragmentation is present, isomorphic pressures are weak, and boundaries are permeable, "issue-based" field definition suits even better (Zietsma et al., 2017).

An alternative approach to the diffusion models has emerged in the late 1990s in Europe, through Scandinavian scholars' ambition to return to the social constructionist roots of institutional theories as developed by Berger and Luckmann (1966), and through inspiration from science and technology studies of Callon and Latour (Czarniawksa, 2008). "Scandinavian institutionalism", named after works of Scandinavian scholars Czarniawska, Sevon, Sahlin and many others, have started to suggest in the late 1990s that the traditional diffusion model of institutionalization, that is, the conception of ideas and practices exist out there "as is" and diffuse within a field "as is" is problematic at least on two grounds. First, the actors and their interests are missing in the traditional understanding of diffusion as DiMaggio (1988) also noted. Scandinavians suggest "the ideas do not diffuse in a vacuum but are actively transferred and translated in a context of other ideas, actors, traditions and institutions" (Sahlin & Wedlin, 2008, p. 219). Second, by and large, the studies of diffusion have focused on isomorphism (Haveman & David, 2008) that is, convergent behavior in a field is treated as an indicator of functioning of institutional processes (Greenwood et al., 2008). However, Scandinavians argued, rather than assuming mimetic behaviors of organizations in a field, processes behind and reasons of behaviors require further explication in order to respond to the criticisms to institutional theory literature for disregarding dynamism of and within institutional contexts (Dacin, Goodstein, & Scott, 2002). Therefore, the translation approach of Scandinavians, especially after 1996, when the book Translating Organizational Change (edited by Czarnaiwska and Sevon) was published, has emerged not just

as an alternative to diffusion models of change but an alternative epistemological stance with adoption of qualitative methods and emphasizing "change" as given rather than "entity" as given (Czarniawska, 2008), that is entities are in a constant state of becoming.

This dynamism embedded in the "translation" approach is rooted in Actor-Network Theory (ANT), which was developed in the early 1980s by sociologists Bruno Latour and Michel Callon who at that time were studying the sociology of innovation. ANT, among many other things, inspired Scandinavian scholars of organizations with its emphasis on "translation" as a replacement for diffusion (Latour, 1986). Criticizing the latter for being "a physical metaphor" that constructs the researchers' minds in the language of physics, Latour suggested, "translation" as a term provides richness through meanings attached to it. Scandinavian institutionalists, inspired by Latour's suggestion, and by describing organizations as "a combination of change and stability" (Czarniawska & Sevon, 1996, p. 5) managed to espouse the dynamism introduced with ANT's central tenet "translation" with the critics' calls for conceptualizing "change" not as an exception (see, Powell, 1991) but together with stability as an organizational norm (Czarniawska & Sevon, 1996). This "processual focus" (Czarniawska, 2008, p. 773) adopted by Scandinavian organization theorists has enabled these researchers to be interested in "how" institutions change, emerge, or disappear rather than assuming that they do.

The emphasis on "process" on the Scandinavians' side is reflected in much of the empirical studies of "translation" as case studies on public reforms (Sahlin & Wedlin, 2008). In these studies, inclusion of the public sector enabled the examination of how ideas imported from the private sector (e.g. Sahlin-Andersson, 1996; Brunsson, 2006) are translated in a very different context in which administrative traditions are still present. Through these reformation processes presented in case study formats, Scandinavian institutionalism arguably brought dynamism into diffusion studies (Sahlin & Wedlin, 2008). In their recent review of translation studies, however, Wæraas and Nielsen (2016) argued that the inclination of Scandinavian scholars to be compatible with or complementary to American institutionalism rendered their studies apart from their origins, that is ANT. Moreover, these authors also suggest that some of the key processes defined in ANT, such as "construction of macro actors, negotiations, intrigues, acts of persuasion and moments of translation tend to be considerably toned down or simply omitted" (Wæraas & Nielsen, 2016, p. 247). In another recent review, Wedlin and Sahlin (2017) attributed these "toning downs" or

"omissions", albeit not explicitly, to the tradition of keeping the level of analysis at "organizations" rather than focusing on field level changes or ramifications of "translations". These authors, in their extensive review of Scandinavian institutionalism, concluded that the recent efforts of "translation" scholars to focus on "soft regulation" and "governance" that are "primarily triggered by empirical observations" (Wedlin & Sahlin, 2017, p. 115) can bring a more "inter-organizational" focus rather than an "intra-organizational" one.

While the "translation" approach has been recognized as a versatile analytical lens (Wæraas & Nielsen, 2016), on a different strand, process studies of organization had started to gain popularity again in the late 1990s, after its first wave in 1960s (Langley & Tsoukas, 2017), especially following Langley's seminal paper in 1999. Later referred to as a "strong process perspective" (Langley & Tsoukas, 2017, p. 4), this second wave of "process turn" is distinguished from its predecessors with an ontological commitment to viewing the world as "becoming" rather than "being", as it has generally been viewed as such in variance studies, exemplified by structural contingency studies of the 1980s (Langley & Tsoukas, 2017). As it appears in their basic tenets, not just the terminology but also the philosophical roots of the "translation approach" and "process methodology" resemble each other. However, this "coupling" has not been reflected in both sides' works. To be detailed in the following chapter on the theoretical background of this study, this under-utilization of bringing the two perspectives together might be one of the ramifications of aforementioned compatibility concerns of Scandinavian Institutionalists with American institutionalism. Although there are examples (see Cassell & Lee, 2017; Brès & Gond, 2014; Lawrence, 2017) that employed process methodology within a translation approach, the fruitfulness that this "coupling" offers is still recognized only in a limited fashion. For this study, process methodological lens enables conceiving "translation" not as an outcome of the process, but the mechanism through which actors and their interests shape the travel of an idea/practice as the process unfolds. In that regard, multiple translations by variety of "soft actors" (Meyer, 1996), i.e. actors that are embedded in cultural settings and have developed interests in their social context, are the mechanisms that lead to emergence of a field and the travel of the concept within a process.

1.2. The Present Study

As mentioned at the beginning, this study focuses on the travel of corporate governance into and within Turkey. Corporate governance has become a "world society" template (Meyer et al., 1997) since the 1990s (Aguilera & Jackson, 2010). Turkey's first encounter with this notion was through the publication of OECD's Principles of Corporate Governance (1999) in Turkish by the foremost association of big business in the country, TÜSİAD (Turkish Association of Industrialists and Businessmen) in 2000. Selection of Turkey as the setting for this study provides multiple opportunities. First, dependence to the context when an idea/practice is transferred from the centers is more salient due to Turkey's peripheral position in the production of management knowledge (Üsdiken, 2014). Second, Turkey also fits the criteria suggested by Pettigrew (1990, pp. 275-7) that longitudinal studies of change should select a case or cases from extreme, polar situations. In that regard, the setting in Turkey for corporate governance is quite extreme since the imported idea and the existing legislation when the idea was imported were in stark contrast. Moreover, the audience of corporate governance (i.e. publicly traded corporations) in Turkey are mostly family businesses with concentrated ownership structures, which presents a marked difference with the context of discovery (Lincoln & Guba, 1985) of OECD principles of corporate governance. Finally, the research setting satisfies another recommendation of Pettigrew regarding the richness of the site of the study in terms of informative capacity. Since its inception, corporate governance has become almost a buzzword in Turkey, which has led multiple actors to provide extensive content that the "translations" can be traced. In conclusion, the translation process of corporate governance in Turkey enables both a contextually different setting than the one corporate governance originated and a setting with a high density of translations, so a richness in terms of data to be analyzed. An example of this "richness" is visible even at the first glance since "corporate governance" is referred to in its Turkish version as "*kurumsal yönetim*", a term in itself involving a "translation" as literally it means "institutional management".

This study uses Hoffman's (1999) issue-based definition of fields and considers this field to be centered around the issue of corporate governance. There are two reasons for this selection. First, following Yoshikawa, Tsui-Auch and McGuire (2007), corporate governance as a concept or a set of practices is not only relevant for a specific industry but for all publicly traded corporations. Therefore, it is an issue of general rather than specific concern. Second, emerging fields are

described in the literature as domains where "some degree of mutual interest" among members is detected but "little coordinated action exists" among these members (Maguire, Hardy, & Lawrence, 2004, p. 659). These types of fields where members from "multiple exchange fields and civil society" (Zietsma et al., 2017, p. 404) come together to negotiate an emerging issue are better understood within an issue-field perspective.

The fundamental questions guiding this study are (1) how and through which translations has corporate governance been "acclimatized" to an "alien land"; (2) how actors and their heterogeneous interests played a part in the process of translation; (3) how the encounters with the context have transformed "corporate governance" as an idea and practice. Guided by these questions, following chapters are structured in a way that allows the reader to first grasp the basic tenets of institutional theory as it speaks to diffusion of ideas and practices. As a further step, extensions based on these basic tenets that were introduced in the last couple of decades are discussed. The translation approach in organization studies is presented both as an overview and as the approach's relation to extensions of institutional theory. Theoretical discussion is concluded through a summary of process organization studies that popularized the perspective recently.

After establishing the theoretical position of the study, the context of the research is presented in the next chapter. In doing so, not only the period corporate governance was imported and promulgated (i.e. 2000-2018) but also the previous periods are discussed as both the theory and the methodology of the study necessitate contextual sensitivity. In this chapter, a chronological account of incidents is provided so that these incidents collectively comprise the context through which translations occurred and actors are situated. This chapter, after familiarizing the reader with the context, also discusses why corporate governance, at the time of its encounter with Turkey, is identified as an "alien" concept in the study.

In the following chapter, corporate governance as a separate field of scholarly investigation is introduced and the position of the present study vis-à-vis the literature on corporate governance is elaborated. In addition to scholarly work on corporate governance, as an issue how this concept is evaluated in light of issue-based definition of field is further clarified. Finally, the chapter ends with a detailed discussion on the research aims of this study and how these aims might contribute to the literature in general.

In the next chapter, details of the process methodology employed in this study as well as the specific operations conducted as part of this methodology are presented. As part of the methodology, the principles followed in determining the key actors and the data they provide are discussed and ways of obtaining data are also elaborated. As the process perspective dictates, the data is presented in a chronological order. Finally, how the theoretical position of the study and the methodological lens employed in the analysis are contrasted in order to further clarify how the "abduction", i.e. inferring to the most plausible explanation (Pierce, 1958), is achieved as the analysis are conducted (Locke, Golden-Biddle, & Feldman, 2008).

Following the methodology, the analysis chapter starts with a close examination on the initial encounter of Turkey and OECD's corporate governance principles, which was enabled by TÜSİAD's publication in 2000, and consists of examination of three successive phases following this initial encounter. First, the "introduction" phase of corporate governance is analyzed, and instances of translations are reported. This initial phase also involves the participation of the government into the newly emerging field. After 2003, in the "negotiation" phase until 2011, while new actors started to emerge and translate corporate governance, their influences on the field of corporate governance is analyzed and contrasted with each other. In the final section of analysis, the period between 2012 and 2018, the "separation" phase is covered and how the field has evolved in time is explicated. For all three phases, at the end of the analysis, a review of the process is provided, and a respective figure is included to show the process of translation in each phase as they are deemed "crucial in describing and communicating the dynamic process" (Langley et al., 2013) of translation.

After the analyses are presented, the chapter on discussion elaborates on the translations identified in the previous chapter. In doing so, the discussion involves the travel of corporate governance in Turkey by focusing on its three different dimensions (see research methodology chapter for explanation) and a separate account that traces how the context, which contains the actors identified and the practices they produced, changed in accordance with the overall transformations within the field. The discussion is expected to provide not a mere chronology of the analysis for the reader but a narrative account "to clarify sequences across levels of analysis, suggest causal linkages between levels, and establish early analytical themes" (Pettigrew, 1990, p. 280). In the conclusion chapter, the analysis and discussion are summarized in a way to suggest how the

process perspective contributed and might contribute in the future to the endeavors on translation, especially those incorporating issue-field level analysis. Moreover, conclusion chapter addresses the limitations and implications of the present study, for those who might benefit from the approach employed throughout the research.

2. THEORETICAL BACKGROUND

Theoretical foundations of field level change and its reflections on organizations have been one of the fundamental contributions of institutional theory to organization studies. Literatures on diffusion, practice variation, organizational responses, institutional entrepreneurship, institutional logics, institutional work, and translation paved the way for further conceptual and empirical studies that, albeit in different ways, explain or understand how change is initiated, maintained and/or hindered. Although these literatures had variety of agendas other than change or field-level change, this overview aims to cover the literature in relation to how these various approaches conceptualized and studied "changes" of and within organizational fields. Moreover, process organization studies are also covered as their contributions to a more dynamic view of organizational fields has been recognized in this study.

2.1. Change in Institutional Theorizing

2.1.1. Diffusion, Practice Variation and Organizational Responses

In institutional theory research, as briefly covered in the introduction chapter, one of the institutional processes that has attracted the attention of scholars who studied field level change is "diffusion". Starting with Tolbert and Zucker's (1983) seminal paper on civil service reform, how various institutional pressures (i.e. mimetic, coercive) cause isomorphism through diffusion of rules, regulations, and practices has been studied. Mostly quantitative, those analyses have constructed the literature on diffusion in a twofold manner. First, how certain ideas and practices spread has been related to field level mechanisms (Greenwood & Hinings, 1988) and to responses exhibited by organizations (Oliver, 1991). In these studies, organizations are portrayed as reactive entities with little or no influence on the content of the ideas as well as the constitution of field level pressures. Although Oliver (1991) and her successors (see Ingram & Simmons, 1995) introduced strategic considerations to isomorphism, precedence of institutional pressures is presumed (Boxenbaum & Jonsson, 2017). The second strand in the literature has focused on how practices vary as they travel across various contexts and to what extent (Ansari, Fiss & Zajac, 2010; Sanders & Tuschke, 2007, see below).

Although the word "diffusion" implies a straightforward transfer of a practice from one context to the other, some scholars acknowledge the variation that is observable in different degrees. Focusing on conscious reflection and discourse, Gondo and Amis (2013) argue that acceptance and implementation are two distinct processes of a diffusing practice. Their within-organization analysis also speaks to the practice level outcomes such that the level of conscious reflection determines if the practice is modified when it has a low acceptance level. Following an interactional perspective, Ansari, Reinecke and Spaan (2014) studied the adaptation of a quality management practice in a multinational corporation. Although both studies address variations in practices due to either relational ties or properties of practices, the common theme revolves around the notion of "fit". Leveraging the positive connotation of "fit", these studies imply that "fit" is achievable; therefore, all organizational processes or practices can (or sometimes should) be engineered in such a way. However, using "fit" even as a concept implies trans-mission rather than trans-formation (Rottenburg, 1996). While describing practice variation, authors of diffusion depict variation of "fits" in different contexts. For these authors, isomorphism is inevitable in the long run. Therefore, as the contexts become similar the variation of the practices/ideas is expected to vanish in time (Boxenbaum & Jonsson, 2017). Hence, the change inherent in movement is overlooked and transformation and variation of ideas are mentioned in a way that they are episodic.

Later literature on diffusion, in addition, made contributions to the critique of static and passive view of organizations prevalent in mainstream institutional theory studies. Sahlin-Andersson (1996) for instance, argues that along the process of "translation", organizations take the role of editors and reformulate and frame the ideas that are "diffusing". Therefore, diffusion is ontologically impossible since every organization in one way or another has the capacity to reformulate ideas/practices. Galaskiewicz (1991) noted that it would be a mistake to underestimate the "creative and interpretive capacities of actors" in his study on institution building. However, reacting to passive depiction of actors should not direct scholars to an actor-centric view which neglects the effect of more macro (i.e. institutional) forces, which have been central to institutional theory (Suddaby, 2010). As Strang and Meyer (1993) suggest the relational view on its own is not enough for explaining the variety of ideas and practices in contemporary society.

Yet another strand of criticism to diffusion studies has originated in the social movement literature. Social movement scholars argue that any process of diffusion in organizational contexts is subject

to resistance, counterattack, hence power and politics. Therefore, exposure to and emulation of practices/ideas mainly depend on supporters' resources for mobilization. As a result of resource seeking, these practices are subject to modifications and editing (Wedlin & Sahlin, 2017). Djelic's (1998) study on how American corporate organization as a model spread primarily to Europe indicates that even when the context is clearly in favor of diffusion, resistance exists in various forms (unions in this case) and it is only possible to talk about "diffusion" where *carriers* succeed in their effort for "framing". Since framing ideas in a different context contributes to the journey and content of those ideas (Law & Hassard, 1999, p.188), any political activity in favor of or against diffusion of practices should be regarded within the notion of "translation".

Besides conceptual discussions, institutional theory and especially diffusion studies have been criticized in methodological terms. Throughout the 1980s and 1990s, scholars of institutional theory focused on diffusion as institutionalization (Boxenbaum & Jonsson, 2017) and emphasized the "… diffusion of structures and practices across an institutional field, using quantitative, longitudinal and macro-level methodologies based on a positivistic paradigm" (Zilber, 2017, p. 422). The consequences of incorporating a positivist paradigm are twofold. First, as DiMaggio (1988) pointed at a very early stage, scholars *lost* the organization, and interest-based accounts along their journey of identifying fields as the sole determinant of institutional processes. Ignoring micro-processes yielded an organizational theory in which organization is nothing but a passive recipient of field level forces. The second outcome has been discussed only after the linguistic turn (Alvesson & Karreman, 2000) that has enabled varying meaning structures in each context to be taken into consideration. Especially European scholars, despite methodological limitations (Zilber, 2017), identified patterns in meaning structures that were once considered as peculiarities. Furthermore, aligned with meanings, practices were found to manifest qualitative differences in varying contexts (Zilber, 2002). Therefore, the role of context in the travel of ideas/forms/practices has gained an increasing attention.

The emphasis on and challenges to presumed homogeneity of contexts in institutional approaches resonated in studies of institutional pluralism and complexity (Kraatz & Block, 2008). In the latter studies, institutions are treated as both exogenous and constitutive forces that "suffuse" the organization. Therefore, organizations are depicted as not passive recipients but reflexive actors who need to perform agency when conflicting institutional forces and/or beliefs of multiple social

systems are at play. Thus, organizational attributes determine how an organization responds while confronting incompatible prescriptions from multiple institutional logics (Greenwood et al., 2011). Unlike their predecessors, scholars emphasizing institutional complexity also discussed agency and discretion of organizations in their studies. Since DiMaggio's (1988) criticisms regarding lack of power and interest in institutional theory were still unanswered, scholars focusing on multiplicity of institutional pressures argued that with high complexity comes high uncertainty, hence agency is at play when incompatibility of institutions exists (Goodrick & Salancik, 1996).

The most common mechanism scholars investigated in organizational responses to institutional pressures is decoupling. Decoupling, originally conceptualized by Meyer and Rowan (1977), refers to the creation and maintenance of gaps between organizational practices and formal policies to comply with institutional forces that operate against operational efficiency. In the institutional complexity literature, decoupling as a concept has become increasingly popular, since it is suggested that conflicting institutional pressures in a field require organizations to develop more than one façade. Acknowledging that institutional changes result in more than window dressing (Bromley & Powell, 2012), recent studies on decoupling directed attention to negative consequences of decoupling in corporate settings. Whiteman and Cooper's (2016) longitudinal field study, for example, reveals that decoupling has also a connection with corporate irresponsibility such that loosely coupled actors may collectively cause atrocious results. Lyon and Maxwell (2011) examine how BP attempted to divert attention towards its investments in renewable energy sources from harmful petroleum exploration accusations. Therefore, in which ways decoupling may influence the actual processes within organizations have become a relevant question.

Although institutional complexity and decoupling studies have shifted to a more context-oriented view of organizational phenomena, many of the problems remain untouched since those problems are immanent in concepts and definitions. Despite a longitudinal analysis tradition and emphasis on context, mainstream conceptualizations in institutional theory lack capturing the process of change both at the field level and organizational level. Neither complexity nor decoupling literatures, possibly because it is not intended, illuminate processes such as deconstruction or construction of taken-for-granted ideas. This is mainly because "ontology of being" is still more prevalent than process ontology (Bjerregaard & Jonasson, 2014) in institutional analysis. In

institutional complexity studies for instance, although agency is credited in cases of uncertainty, the "becoming" of idea or practice is overlooked. Pluralism and complexity, despite ambiguity connotations, are used as a clash among or collective existence of well-defined institutions or ideas/practices. Institutions are incorporated into organizational analysis as independent rather than dependent variables (Scott, 2008a). Therefore, the common practice in much of institutional theory has been established as assuming instead of questioning the processes and mechanisms that constitute institutions. Translation studies, as I shall elaborate below, have started to offer more profound ways (Zilber, 2012) for circulation and transformation of ideas.

2.1.2. Institutional Accounts of Change: Entrepreneurship, Work, Logics

Organization scholars in the institutional theory camp have discussed change at the organizational and institutional level under various other strands. The notion of institutional entrepreneurship has by far been the most prominent approach in addressing the shortcomings of mainstream institutional theory regarding change. Following DiMaggio (1988) and his notion of institutional change agents; various scholars have become convinced that divergent change at the field level is only possible through "activities of actors who have an interest in particular institutional arrangements and who leverage resources to create new institutions or to transform existing ones" (Battilana, Leca & Boxenbaum, 2009, p. 68). In this literature, power and motivation of actors (Hardy & Maguire, 2008), actors' social positions (Dorado, 2005) embeddedness in multiple fields (Emirbayer & Mische, 1998), role of strategic agency and interests (Beckert, 1999) were considered in an effort to illuminate why and how certain actors can and do initiate change at the field level while others cannot. Although explaining actor-driven institutional change has received considerable support, some other authors argued that this explanation brings a paradox: "Paradox of embedded agency" (Friedland & Alford, 1991; Holm, 1995; Seo & Creed, 2002) refers to the paradox in which actors who are embedded in certain institutional arrangements are also subject to the institutional forces of that particular field; hence their interests, cognitions, identities are also shaped by those institutional arrangements; therefore they should not be able to envision new practices and subsequently get others to adopt them. As Reed (2003) suggests, this discussion in organization theory is nothing but the reflection of the age-old agency/structure debate in sociology. Nevertheless, this debate is still at the core of many "institutional change" scholars' theoretical and empirical studies.

Another recent concept dealing with change at the field level is institutional work. Lawrence and Suddaby (2006, p. 215) define institutional work as "the purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions". The actor-centric view is similar to the institutional entrepreneurship concept but with an emphasis on the work rather than the actor. Besides the criticisms regarding actor-first approaches, the definition and studies based on their framework is criticized by the authors themselves (Hampel, Lawrence & Tracey, 2017) for being outcome oriented rather than means oriented. By "means" authors refer to symbolic, material and relational work that actors perform in the process of institutionalization. In another review, Lawrence, Leca, and Zilber (2013) argue that empirical studies based on the institutional work framework contributed to the dynamism endeavor within institutional theorizing through putting emphasis on the acts rather than actors. However, whether these acts "are successful in shaping institutions, have no effect on them, or have significant but unintended consequences" (p. 1030) are overlooked. Therefore, the "effects" of the "work" are still unrecognized in the literature.

While the institutional entrepreneurship and work literatures focused on agents, Friedland and Alford's (1991) "institutional logics" perspective introduced a multilevel meta-theoretical framework. Institutional logics are defined as "socially constructed, historical patterns of cultural symbols and material practices, assumptions, values and beliefs by which individuals produce and reproduce their material subsistence, organize time and space, and provide meaning to their daily activity" (Thornton & Ocasio, 1999, p. 804). At various levels of analysis, institutional orders are defined as a "frame of reference" that preconditions sense-making of agents, be it individuals or organizations. In addition to the assumption that "institutions operate at multiple levels of analysis and that actors are nested in higher order levels – individual, organizational, field, societal" (Thornton, Ocasio & Lounsbury, 2012, p. 13), institutional logics literature also brought history back into the table (Kipping & Üsdiken, 2014). Moving beyond the early investigators' inclination towards cross-sectional studies (Scott, 2008a), using historical periods as the essence of a context rather than a contextual variable distinguished the institutional logics perspective (Thornton et al., 2012).

The relationship between "translation" and "institutional logics" has turned out to be a productive one, mainly due to the ability of logics to conceive of endogenous institutional change as motivated

by “contradictions” or “ruptures” (Seo & Creed, 2002) between institutional prescriptions (Smets, Aristidou, & Whittington, 2017). For instance, in their ethnographic study, Pallas, Fredriksson and Wedlin (2016) suggest that value systems in a particular context provide the basis for how logics are transferred from a different context. Focusing on the inception of grocery stores’ non-prescription drug selling, Lindberg (2014) argues that multiple logics work as a patchwork when they become part of practice. Blomgren and Waks (2017), on the other hand, building on Meyer’s (1996) “soft actor” perspective, describe “acting” as translating problems and solutions of contradicting logics to one another within organizations. Lawrence (2017), finally, proposes “high-stakes institutional translation” as a particular area of study in which consequences are moral as well as material and, argues that through collective reflexivity a dominant logic might be changed. All these studies contributed to the understanding of translation as a contextually sensitive way of looking at institutional and/or organizational change. Especially displaying “historical cognizance” (Kipping & Üsdiken, 2014) and multi-level understanding of institutions are the key contributions for institutional research. However, despite taking history seriously, many of the institutional logic scholars focus on transition between logics at the expense of overlooking the process or mechanisms. To put it bluntly, they first identify a dominant logic or an emerging one and then examine whether the contradiction between these logics provides institutional level change. This methodology is problematic in two ways. First, they, explicitly or implicitly, presume logics and define them before investigating the actual process. This “deductive” approach is against the very origin of “bringing the society back in” motto of Friedland and Alford mainly because as Friedland (2013) argues “social values are omitted” in Thornton et al.’s framework. These values are not easily detectable, and they make up the most of cultural heterogeneity that enables change at the field-level. Although Thornton et al. (2012) warn scholars for the misuse of ideal types as the only types that exist universally, scholars kept looking for various logics with a top-down approach. Through a top-down approach the constitution of logics and perpetual change in nature of ideas that constitute these changes are overlooked. The second drawback in the “logics” literature is related to one of its major axioms. Thornton et al. (2012, p. 149) claim that language connects practices and symbols to each other at the field level; therefore, theories, frames and narratives are “facilitators” of mobilization and change. This conception implies a duality of practice and symbols and fails to notice symbolic qualities of practice. Furthermore, theorizing, framing, narrating are not only facilitators but also acts in and of themselves. The “space of

translation" (Sahlin-Andersson, 1996, p.78) is more than the bridge between symbols and practices; it comprises all the activities in the process of circulation.

Although the latter approach seems similar to the "translation" perspective, Zilber (2013) argues that institutional logics and institutional work literatures are distinct and this distinction is fruitful since both approaches share a motivation to "bridge tension between structure and agency that undergirds the development of neo-institutional theory for decades now" (p. 89). Therefore, institutional work and logics could be treated as two sides of the same coin and in Kuhnian terms "translation" is a different paradigm in which process and context are at the center of understanding, as elaborated in the following section.

2.2. Translation Approach: An Overview

Introduced by Serres (1982) first, the notion of translation was then adopted by Actor-Network Theorists Bruno Latour, John Law and Michel Callon who undertook various studies on innovation and the sociology of science. Translation, as introduced by Serres refers not only to a mere linguistic meaning but also could occur in many forms. As Latour and his colleagues suggest "…translation is… a relation that does not transport causality but induces two mediators into coexisting" (Latour 2005, p. 108). Mediators, in the language of actor-network theory "transform, translate, distort, and modify the meaning of elements they are supposed to carry" (Latour 2005, p. 39). Thus, a network in which actors are knitted with shared roles and meanings can be formed and persist only if mediators translate the meanings in between contexts. Practically, translation refers to the transformation of ideas into objects, objects into actions and actions into institutions. At the same time translation describes the process in which an idea transforms while travelling in between different contexts. This travel includes how an idea is dis-embedded from its original context and re-embedded into a new one (Czarniawska & Joerges, 1996). Therefore, translation is a concept that covers both within and across levels of ideas, organizations, institutions, and fields.

Any social theory that aspires to explain social order/change is also expected to provide answers to the agency/structure dilemma (Reed, 2003; Archer, 2000). Actor-Network Theory, which is the backbone of the translation approach suggests "understanding agency not in terms of intentionality but in terms of action" (Steen, Coopmans & Whyte, 2006, p. 307). Therefore, instead of a single actor in control, agency is distributed to the bits and pieces of human and non-human participants

of the network in which all these participants are tied together either closely or remotely. Agency is conceived narrowly in institutional theory argue Smets, Aristidou and Whittington (2017) and recommend a more practice-driven approach to the agency/structure/change debate. As the performativity literature suggests, structures and agents are in a constant stage of becoming and they never "be" (Tsoukas & Chia, 2002). Although this ontological approach seems similar to those in translation studies, there is a clear distinction. While "performativity" scholars base their arguments on the idea of reflexivity of agents and inseparability of agent and structure (Wittgenstein, 1953; Giddens, 1984, pp. 116-117), most translation theorists follow Latour's (1999) suggestion to ignore or bypass this issue since this traditional debate is nothing but a predicament of modernism and efforts to overcome offer little value for scholars of social phenomena. Therefore, although practice and translation scholars have "becoming" as the common ontology, the translation approach gives weight to understanding the process of change rather than trying to solve one of the major debates in sociology.

Actor-network theory introduced translation as a concept that explains social processes, although some argue it fails to address "processes whereby an object is transformed into an idea and becomes prepared for diffusion and institutionalization" (Wæraas & Nielsen, 2016, p. 248). Thus, the inception of the translation approach in organization studies started with Czarniawska and Sevon's (1996) discussion regarding how institutional theory might be lacking in terms of explaining the process of organizational and/or institutional change. Scandinavian institutionalism, (SI), as it is named after Scandinavian scholars following Czarniawska, called for attention that adoption of organizational structures in various contexts needs further investigation than the "diffusion" approach. There were two major challenges by SI to mainstream institutional theory. First, circulating ideas, even if they are assumed to diffuse smoothly, can trigger institutional change (Sahlin-Andersson, 1996). Moreover, the change might be inevitable despite a clearly observed decoupling (Sahlin & Wedlin, 2008). The second challenge is related to the pointlessness of seeking an origin and an end (Bourdieu, 1977). As Czarniawska and Joerges (1996) suggest, the popularity of management ideas/practices are not due to their initial properties, but on the contrary, ideas gain popularity and reputation as they flow. Hence, placing too much emphasis on how ideas originate is a futile endeavor while understanding the process through which ideas become "powerful" is a more meaningful effort. In that sense, translation encompasses not only an unorthodox theoretical approach but also a methodological challenge to mainstream literature.

Of course, one should admit that where translation studies position themselves requires an ontological distinction. Beyond philosophical discussions, in a nutshell, translation in SI is distinctive since it assumes "human conduct is perpetually in a process of becoming" (Pettigrew, 1997).

Development of the translation approach exhibits a unique process and examining this process is fruitful for grasping how the theory understands the world. In a recent review Waeraas and Nielsen (2016) argue that although the translation approach has a clear definition, approaches within the camp exhibit variety. These authors argue that approaches to translation are different in actor-network theory, knowledge-based theory, and Scandinavian institutionalism (SI). The thematic analysis of the literature manifests that despite the similarities; Scandinavian institutionalism puts transformation and editing (or reformulating) of ideas and practices at its core mainly because it is coupled with other organizational theories such as diffusion theory, institutional logics, and management fashions. Therefore, SI approach of translation has been adopted in studies that investigate the spread of Total Quality Management (Özen & Berkman, 2007), discourse (Lawrence, 2017), the trade union idea (Cassell & Lee, 2017) and institutional logics (Pallas, Fredriksson & Wedlin, 2016). Scholars, in addition to coupling with other organizational theories, developed ways to adapt the translation approach to various empirical fields in which actors and/or structures are salient. Powell, Gammal and Simard (2005), for example, in their study on San Francisco Bay Area nonprofit community argue that it is possible to characterize different actors depending on the set of influences on them. However, instead of defining the categories in advance, they follow a more inductive strategy in which the categories reveal themselves through some 200 interviews. Therefore, organizations in different categories translate the pressure for more business-like practices at the field level differently. In a similar vein, Yoshikawa, Tsui-Auch and McGuire (2007) examined corporate governance reforms in Japan to understand the role of companies. At the organizational level, these authors identified that the age, culture and structure (financial, ownership, affiliation etc.) of an organization determines how a reform is translated. They also propose that organizational level translations eventually constitute how the innovation is manifested at the field level. Maman (2006), focusing on Israeli business groups, contends that translation is the mechanism through which diffusion of ideas become possible since conflicting interests of actors are unavoidable, and "diffusion" can be achieved only after actors translate an introduced idea. It can be argued that scholars have "translated" the theory as it speaks to their

empirical fields. Nevertheless, in all, translation approach enriches the understanding of how practices become along their journeys.

Along with the aforementioned theoretical and empirical extensions, SI has sought to direct its attention to "carriers, flows, sources of management ideas" (Sahlin-Andersson & Engwall, 2002) and, in addition, to the changes in the nature of those ideas as they flow. To this end, studies in SI have been considered as complementary to the mainstream studies of fashion (Abrahamson, 1996), or nothing more than case stories that provide information regarding contextual differences. However, as the need to explicate how organizational or field level "diffusion" occurs and became prevalent, translation has become more than a complementary but rather an essential part of the mainstream. The *SAGE Handbook of Organizational Institutionalism* (Greenwood et al., 2008), by being the standard setter in in institutionalist studies of organizations, allocated a full chapter to translation and editing by Sahlin-Andersson and, what's more, a full chapter for Czarniawska to reflect on institutional theory's projected future. This growing interest is not only due to the fertile nature of the translation approach as an extension to institutional theory but also because of its versatility that allows incorporation of other conceptual and methodological perspectives. For example, Creed, Scully and Austin (2002), borrowing the agentic view in the translation approach and drawing on social movement theory discussed how power and meaning is incorporated in legitimating accounts in local settings. Zilber (2006), focusing on symbolic qualities of rational myths investigated how discursive dynamics play a role in translations of meanings as they travel through time and across various institutional spheres.

Because the translation approach argues that the context and actors embedded in those play an active role in the transformation of ideas (Sahlin-Andersson, 1996, p.82), both the temporality and spatiality through which an idea or practice is translated becomes analytically meaningful. However, despite the epistemological similarities between process orientated research (see below) and the translation approach (Czarniawska, 2017, p.160) the fruitfulness of translation process studies has been less than expected (Røvik, 2016) partly because the forerunners of translation approach, Scandinavian Institutionalists, "have positioned themselves in relation to management fashion theory or the American version of institutional theory" (Waeraas & Nielsen, 2016, p. 247). In contrast, the origin of the translation approach, actor-network theory, views institutions as "continually made and remade as opposed to existing "out there" with inherent properties and

characteristics" (Whittle & Spicer, 2008). Therefore, Scandinavian institutionalists' positioning leads to curbing the inherent process ontology in the origins of the translation approach to an extent where institutional theory and its concepts can become comparable if not compatible.

2.3. Process Organization Studies

Process organization studies, particularly in the last two decades gained popularity among scholars who are interested in understanding or explaining the mechanisms rather than conceptual constructions that relate two or more variables (Cloutier & Langley, 2020). One key theoretical motivation behind the present study is related to this "process turn" in organization studies (Langley & Tsoukas, 2017). Although changing the focal research questions from organizations to organizing dates to Weick's (1979, 1995) seminal studies on organizing and sensemaking, only recently scholars have appreciated what now has been termed as the "process approach". Albeit rooted in various philosophies, process researchers of organizations have generally recognized that a globalizing world in which inter-connectedness of people, capital and goods has been expanding requires approaching change as "not the exception but the norm" (Langley & Tsoukas, 2017). Therefore, process perspectives are expected to thrive even more in the future by exploring new venues for researchers to understand the social and organizational phenomena.

Increased relevance of process perspectives in organization studies has come in various forms of process studies, fundamentally because of two reasons. The first one is the view that although how change is inevitable and ubiquitous has been acknowledged since Heraclitus of Ephesus, the difficulties of researching and theorizing with process data were also recognized (Langley, 1999). From Heraclitus's "one cannot step twice into the same river" (in Kahn, 1981, p. 53) to Georg Simmel's "temporality" (Levine, 1971) many philosophers of ontology and epistemology have discussed change and process as crucial parts of understanding social phenomena. These philosophical discussions on and varying conceptualizations of process have enabled scholars from different backgrounds such as Henry Mintzberg (2007), James March (1994), and Andrew Van de Ven (1992) to utilize the concept in management and organization studies, namely, strategy formation, decision making, and innovation. Secondly, for organization studies the turn to process can be identified as relatively recent and variation in treatments rather than reconciliation is cherished (Langley & Tsoukas, 2017). For Langley and Tsoukas (2017) process approaches as a fruitful perspective in organization studies began to gain salience with Weick's book called *The*

Social Psychology of Organizing in 1969. For Scott and Davis (2015, p.387), Anthony Giddens's theory of "structuration" (1984) enabled scholars of organizations to further focus on processes within and/or around organizations. Nevertheless, either because of its loaded nature or its newness within organization studies, the variety of perspectives requires any study based on process analysis to declare specifically the perspective to be taken and its benefits as well as limitations.

The consequences of selecting a specific stream of process perspective are twofold. First, it epistemologically determines how the social phenomena should be perceived by the observer/researcher and second, it clarifies the methodological underpinnings such as defining and collecting qualitative data or inferring through and beyond traces of social phenomenon to be examined. Hence, the perspective to be taken through the present study has been decided prior to its formulation and relies on what is called "strong-process perspective" by Langley and Tsoukas, 2017. This perspective does not only acknowledge the occurrence of change but regards it is as constitutive of the world. Therefore, identifying repeated patterns enables abstraction whereas failing to do so signals a "qualitatively different moment" (Tsoukas, 1994). In this regard, a strong-process perspective can be employed in multiple and cross level studies while also allowing for different moments of the process to present different levels of analysis. Second, methodologically, this perspective leaves enough room to treat actions and narratives as data, meaning that they both can be incorporated into the analysis as constituents of the process. In a recent conceptual study, Cloutier and Langley (2020) reviewed process studies of organization in an attempt to uncover how the process approach, albeit in various ways, can contribute to theory development. They identify four process theorizing styles based on the level of analysis, aim of the study and other relevant variables. Among these four styles that are linear, parallel, recursive and conjunctive, the present study follows recursive systemic approach since it "…seeks to explain the dynamics underpinning stability (or even rigidity and/or inertia) or change in a given phenomenon, notably by theorizing about the interplay between micro-level processes that underpin them." (Clotier & Langley, 2020, p. 12). Although in Clotier and Langley's terminology theorizing is usually possible via assessing micro-level processes, this study aspires to contribute to process theorizing via incorporation of macro-level processes as well. In this vein, the qualitative methodology employed in the study enables theorizing through inductive as well as abductive reasoning (Ketokivi & Mantere, 2010).

The theoretical motivation described in the previous paragraphs clearly indicate that a process perspective described as "strong" or "recursive" necessitates a relatively intimate relationship with the phenomenon that is the subject of inquiry. At both conceptualization and data analysis phases, the nature of this intimate relation turns into the most practical tool since the phenomenon at hand might exhibit certain properties that requires high contextual sensitivity. Hence, contextual sensitivity is not just a functional aspect of a strong process study but is the indispensable quality that the study is built upon. With the high contextual sensitivity and phenomenon-centered inquiry, the translation approach within organization studies supersedes many other approaches. Therefore, this study aims to utilize this fit between the translation approach and the strong process perspective.

The emerging interest towards both the translation approach and process organization studies can be crucial for scholars to understand how and through which mechanisms actors participate in a social phenomenon that travels across varying contexts. Process studies bring a novel perspective that enables tracing micro mechanisms while at the same time observing their macro implications. As Langley et al. (2013, p. 10) suggest "process questions take a researcher into a conceptual terrain of events, episodes, activity, temporal ordering, fluidity, and change". This ability of process perspectives, while fitting the central premises of translation approach in terms of understanding and explaining the change, also adds a crucial element of dynamism which conceptually allows for identification of multilevel processual change mechanisms through a chronological investigation of actors and their roles (Wright & Zammuto, 2013). Although many of the empirical translation studies have stuck to process methodology, as exemplified in the literatures of narratives as sources of change (Vaara, Sonenshein & Boje, 2016; Dalpiaz & Di Stefano, 2018), technology and organizations (Van den Steen, 2010; Wahid, 2013), contextualization work (Morris & Lancaster, 2006;Gond & Boxenbaum, 2013), public reforms (Blomgren & Waks, 2017), none of these studies specified the actions that actors performed during these processes by analyzing the outcomes and/or implications at the field level. Those in the Scandinavian Institutionalism camp, albeit without a process emphasis, identified types of translations, borrowing from linguistic translation studies (Gambier & Doorslaer, 2010; Venuti, 2004). Adapting to organizational context, based on Røvik (2007) Wæraas and Sataøen identified "rules" of translation that "guide translation processes and thus influence the contents of organizational ideas as they are transferred from one context to another" (2014, p. 242). These

"rules" (to be further explicated in the next chapter) are adopted in this study to the extent they enable identifying the "moment" and "nature" of the translation that was detected.

Following Sahlin-Andersson's (1996, p. 85) point that "processes seem to reveal the rules which have been followed", Røvik's "rules of translation" matches the quintessential aspect of process studies; an orientation towards activity, temporality and flow (Langley et al., 2013). With this extension to Scandinavian Institutionalism, this study aims to empirically incorporate a process-oriented perspective to the translation approach. In doing so, this study suggests the travel of corporate governance within Turkey, including its arrival, indicates how multiple translations by varying actors co-exist, how this co-existence is manifested at the field level, how the actors and their translations change as the process unfolds and how through these translations corporate governance as an issue-field evolves. By doing so, this study aims to contribute to translation approaches through an issue-based field perspective in which as the issue is translated at the field level, because the translations of the actors are also subject to change and in return, their translations are reflected at the field level as well. Therefore, perceiving translations as "continuous" rather than "episodic" or "instantaneous", the perspective adopted in this study serves the purpose of "understanding the processes of institutional construction, deconstruction, and reconstruction (Greenwood et al., 2008) as well as uncovering "the regularities of translations… how their [translations'] outcomes are connected with real time translation work" (Wæraas & Sataøen, 2014, p. 251). In this vein, the next chapter introduces corporate governance as a research domain that has developed recently, then discusses corporate governance as a field relating to the issue-field discussions presented earlier and concludes with the aims of this study.

3. RESEARCHING CORPORATE GOVERNANCE

The theoretical background of the research, as described in the previous chapter, requires the idea and/or practice of study to be examined substantially so that the travel across contexts can be identified more vividly. In the following subsections, corporate governance as a domain of research is introduced as they are related to the theoretical underpinnings of this study. After establishing how corporate governance and the theoretical approach developed in the previous chapter can inform each other, aims of this study are presented.

3.1. Corporate Governance as a Research Domain

Concerning "the structure of rights and responsibilities among the parties with a stake in the firm" (Aoki, 2000, p. 11), corporate governance as an academic subject of interest has traditionally been studied within an agency theory framework (Aguilera and Jackson, 2003). As Jensen and Meckling (1976) and Fama and Jensen (1983) suggested, within this approach the firm is defined as "nexus of contracts" and the focus is on the problem of "principle and agent". Although corporate governance presents a lucrative research area for power within and around organizations/institutions along with efficiency arguments (Zattoni & Cuomo, 2008), organization scholars began their investigations following North's (1990) emphasis on embeddedness of corporations in a nexus of formal/informal rules. Differently from economists, institutional theorists in organization studies argue that governance involves power and politics; hence, the normative and cultural frames in corporate governance are beyond the exchange-based elaborations. Fiss (2008) argues that distribution of power and order of interests are better ways of understanding governance models. Aguilera and Jackson (2003) contend that agency theory is "undersocalized", disregarding the social forces and processes within and beyond corporate governance practices. Taking stock of comparative corporate governance studies until 2010, Aguilera and Jackson (2010) suggest that more actor-centered and historical views of institutions are required to further the literature in its efforts to elaborate how different corporate governance systems and practices emerge in different contexts. The complexity of configurations, as they propose, can only be understood through paying attention to "dynamic process of mutual interdependence where the emergence or decline of different types of actors is a driving factor behind institutional diversity and change" (Aguilera & Jackson, 2010, p.533).

The historically contingent nature of corporate governance has been examined by Ocasio and Joseph (2005). These authors focused on the vocabularies of corporate governance and investigated how the change in the content and practices can be traced with a cultural evolution perspective. The emphasis on cultural evolution and history is important since it contributes to Aguilera and Jackson's proposition that understanding change in governance models and institutional arrangements requires a longitudinal approach.

Although sensitivity for historical contingencies of corporations and institutions has increased in the last few decades, a full account of institutional change should also pay attention to the other contextual contingencies such as "location". As Aguilera and Jackson (2010) discuss, "to what the extent may practices be borrowed or adapted across international contexts" (p.487) is one of the key questions of corporate governance studies. However, international spread of corporate governance practices has been studied as part of "diffusion" and "convergence" literatures, in which the extent of isomorphism is the focal issue rather than the processes through which variation between contexts emerge. For example, Yoshikawa and Rasheed (2009), in their review article, distinguished between "de jure" and "de facto" isomorphism in which the former refers to convergence in rules of governance in different countries, and the latter refers to convergence of practices. In their framework, moreover, convergence is a social fact in the Durkheimian sense, which means it is a social phenomenon that is almost factual, and there are some drivers and impediments to it. Examining how organizations disclose executive pay in Germany, Chizema (2008) finds that ownership structure has a direct relationship with the nature of responses (either conformance or refusal) exhibited by organizations to the code of corporate governance at the national level. Fiss, Kennedy, and Davis (2012), in their examination of CEO contracts identify that the similarity of CEO contracts depends on multiple variables such as firm visibility, media coverage, and existence of an outsider CEO. These studies assume isomorphism as field-level consequence of institutional processes rather than considering variation and change that may occur in the way in which practices are transmitted.

In their review, Aguilera and Jackson (2010) argued that comparative studies of corporate governance; including economic and management theories, cultural and sociological perspectives, legal perspectives, and political views, share little in common and most of the time this results in "comparing apples to oranges". These authors suggest that understanding the phenomenon with a

bottom-up approach while also accounting for top-down mechanisms may provide macro-questions to be restructured and/or answered along the way. Although these authors do not specifically address translation as the method for the proper endeavor of corporate governance scholarship, investigating the process rather than outcomes is clearly what suits their definition. Hence, the literature would benefit from redirecting its efforts to the study of translation of "apples" into "oranges", both of which are seemingly stable but are, in fact, always in transformation. As Djelic and Sahlin-Andersson (2006) contend, the complex field of transnational governance requires understanding the actual processes and mechanisms of "diffusion".

As the emphasis on processes and mechanisms in corporate governance increased, some scholars employed translation as both a theory and method in their studies. Investigating the process of change, for example, in the German corporate governance context, Buck and Shahrim (2005) criticize diffusion theories for being linear in communication and suggest a more power and interest-based account of diffusion. In order to achieve their aspirations, these authors employ a translation approach and bring in cultural elements such as uncertainty avoidance and collectivism and use these dimensions (Hofstede, 1980) as determinants of variation in innovations (e.g. corporate governance practices). Although their emphasis on the role of context is valuable in and of itself, the authors disregard one critical aspect of the translation approach, which is presuming institutions such as cultural dimensions neglects the interplay between independent entities, namely actors in constant interaction with their contexts (Cerulo, 2009). Furthermore, conceptualizing translation as "culturally bounded diffusion" depicts a very limited understanding of the approach, since institutional theorists have already been taking culture seriously, albeit differently from Hofstede, since the theory's inception (Scott, 2008b, p. 57). Examining organizational responses to institutional pressures Okhmatovskiy and David (2012) found that firms adopt certain internal corporate governance codes and they do so by translating other firms' codes at the national level. These authors focused on how the balance between mimetic forces and organizational attributes (e.g. visibility of corporate governance practices) influence the level of ceremoniality. Differently than practice variation scholars (Ansari, Fiss, & Zajac, 2010), these authors emphasized the mechanisms within the organization. They refer to translation at the organizational level as the continuous interplay between field level pressure and organization's customization of ceremonial and substantive forms of practices. Although their study is illuminating for organizational level analyses, the transformation of "the pressure" itself is ignored,

namely the "traceable associations" (Latour, 2005, p.108) of actors, which reveal which path corporate governance traveled in that specific context.

In their quantitative study on large corporations in France and South Korea, Yoo and Jung (2015) found that some ideas are implemented relatively unchanged while others are adopted with transformation and customization in governance change. Furthermore, their study reveals that the coexistence of new and traditional governance mechanisms is not only possible but also may be more efficient and effective. They also argue that depending on their performance, firms may or may not decide to make customizations in externally transferred governance practices. In another quantitative multi-case study Yoshikawa et al. (2007) identify that the level of divergence in local practices of global corporate governance depends on company age, culture and structure; therefore, the relationship between imitation, translation and innovation at the organizational level is subject to organizational attributes. Their study presents two important and illuminating arguments. First, they empirically establish the non-linear spread of corporate governance as an institutional field level innovation that is pioneered by organizations. Moreover, their hypotheses regarding straightforwardness of diffusion are rejected. Secondly, they argue that the state in Japan played a significant role in the formation of the organizational field of corporate governance and it should not be overlooked in studies outside the U.S. The authors employ the idea that the distinction of micro and macro is not possible and also not useful for analysis (Latour, 1996) and translation refers not only to the strife between change and stability but also the processes in which the field is formed and reformed continuously. Having established corporate governance as a subject that requires multi-level, process-oriented, context- and actor-sensitive approaches, following subsection specifies the field concept as it is employed in this study.

3.2. The Concept of Field

Although scholars have a consensus on the importance of "organizational field" as a central construct for institutional theory, the definition of "field" has been debated over the years. Wooten and Hoffman (2017) provide an extensive review of how the conceptualization of "field" as a core construct has evolved since its inception in institutional approaches. According to these authors, the conceptualization has evolved from a more static depiction to a more dynamic understanding. The initial formulations were based on the idea that collections of actors who are subject to similar institutional forces constitute a field (Scott, 1991). This depiction of the construct provided an

empirical venue for institutional theory scholars who tried to explain "why organizations look similar to each other". Field has been defined as the determinant of organizational structures and "isomorphism" as the natural outcome of organizations that are subject to regulative, normative and cultural-cognitive forces exerted by the field (Scott 2008b, p. 51). However, as Wooten and Hoffman elegantly put it, this conceptualization was criticized by scholars who argued that agency (DiMaggio, 1988), politics (Perrow, 1986), and change (Hirsch & Lounsbury, 1997) were missing in early institutional theory studies.

Toward this end, scholars trying to respond to these criticisms have come up with conceptualizations that allow for more politics and agency, embrace the dynamism in and around fields, and emphasize processes rather than outcomes such as homogeneity. Furthermore, the emphasis on processes required a more heterogeneous depiction of fields in which rather than common technology or market, a specific issue defines the boundaries (Hoffman, 1999). The participants of this newly defined "field" do not need to share the same industry or technology, and furthermore, they might have incongruent purposes revolving around the same issue. With this conceptualization, fields were viewed as more contested, as Bourdieu and Wacquant (1992) put it, a field of struggles. Examining Bourdieu and his influence on organizational analysis, Emirbayer and Johnson (2008) also contend that Bourdieu conceptualizes fields as richly contextualized "relational spaces" in which the interaction of the actors with each other is as significant as the effect of the field on the actors. Examining the extent early studies of institutional theory relied on Bourdieu's understanding of field, Emirbayer and Johnson also point to the fact that institutional theorists borrowed the concept without one of its essential components: "social configurations in which organization fields are themselves embedded" (p. 2). Therefore, extending the definition of the field to include actors with diverse interests in a relational space enriches our understanding of how "struggles" make up the field as it is shaped and reshaped.

The interactive relational space view enables a different approach to be employed in studies that examine change. Combined with issue based definition of the field, the translation approach (Czarniawska & Joerges, 1996; Zilber, 2006) provides a framework in which the practices are translated from the issue-based institutional field to the organizational fields in which organizations are situated collectively (Wooten & Hoffman, 2017), which means the original meaning of an organizational practice changes as individual members incorporate them into their

organizations. Furthermore, the translation approach embraces the bidirectional influence of organizations and fields. Therefore, introduction of an organizational practice, for example corporate governance practices, into a new context can only be understood by taking into consideration how organizations and other field participants translate and also influence this issue-based field level. Having established corporate governance as an issue-field, the aims of this study is presented in the following section.

3.3. Research Aims

As the introductory chapter summarizes, there are three fundamental questions that guide this study. Aligned with those questions, following paragraphs explicate how the present study can contribute to understanding (1) how and through which translations "acclimatization" of corporate governance into an "alien" land has been achieved, (2) how actors and their interests played a part in this process and (3) how the contextual elements changed corporate governance as an idea and practice along its journey. In this vein, next three paragraphs discuss the relevance of the theoretical position of this study vis-à-vis the first research question, the next paragraph links actors and their interests with the "acclimatization" process, and the following two paragraphs relate this study with the changes in the corporate governance as an idea and practice. Establishing the relation between research questions and the design of this study, the ways through which this relation can be maintained, and the aims of this study are best served are discussed at the end of this subsection.

The "acclimatization" of corporate governance into Turkey needs to be understood within the framework of studies on expansion of management knowledge. The era starting in 1980s has witnessed the expansion of management knowledge all around the world (Sahlin-Andersson & Engwall, 2002). This expansion has been studied by scholars by focusing on its various aspects. Guillén (1994), for instance, discusses the historical patterns of how organizational management models are adopted and shows the central role played by the U.S. in sourcing and expanding management knowledge to the rest of the world. Abrahamson and Fairchild (1999) studied the role of fashion and fads in the spread of management techniques while Pollitt (1990) emphasized a trend termed "managerialism" to explain how management knowledge diffused into governmental jobs. These studies accounted for the increasing demand in management knowledge but a more thorough understanding of how this knowledge is actively shaped, transformed, and transferred

(Czarniwska & Sevón, 1996) has been developed only after the translation approach was adopted in organization studies by Scandinavian Institutionalists.

The translation approach provides a new venue for scholars who are interested in change and the travel of ideas and practices from/to various contexts. In this vein, the journey of corporate governance in Turkey both as a concept and set of practices is chosen for multiple reasons. First, as pointed out in the introductory chapter, the translation perspective might help to reveal how an idea/a practice started and continues its journey in a different context than its original one. As Lincoln and Guba suggests context of discovery and context of justification are never the same and rarely similar in their composition (1985, p. 25). Acknowledging this separation and embracing contextual specificities are the prerequisites for an analysis in either "locals". Hence, the study aims to identify how contextual elements and actors embedded in this context were influential regarding the emergence and transformation of field of corporate governance in Turkey, as an issue field.

Secondly, despite the philosophical and conceptual similarities of the translation approach and process studies, almost none of the scholars in either camp fully acknowledged and leveraged these similarities to understand how certain ideas and practices travel across contexts (for examples that do so, see Cassell & Lee, 2017; Vigneau, Humphreys & Moon, 2015; Lawrence, 2017). At the heart of the translation approach lies the argument that "an idea that moves from one place to another cannot remain unchanged". Hence change is inherent in any process of travel of ideas and how change occurs depends on the context of the journey. On the other hand, process studies are based on the following guiding assumptions: embeddedness of levels, temporal interconnectedness, explaining the context and action, holistic rather than linear process explanations, and linking process to outcomes (Pettigrew, 1997). As suggested in the process literature, capturing how movement of an idea or a practice in a specific context causes change at various levels is comprehensible only if one realizes how context and the idea are not decomposable analytically. Therefore, the process of translation of corporate governance in Turkey is conceivable only by incorporating history and sequentiality of events into the description and analysis. In addition, the analysis will indicate how translation unfolds in time.

Third, translation approach is also applicable to the fields in which the mechanisms of "diffusion" of an idea are not distinctly identifiable. Theories of diffusion, isomorphism, practice variation

have originated in the developed economies (mainly in the U.S.), and their external validity depends on the existence of clearly defined variables in contexts where they are applied. In corporate governance, in addition, this variance between contexts becomes even more important because the field is at the intersection of law, economics, business and government policy. For example, in Turkey, some of the business groups are quoted in the stock market as "holdings" (a term used for the apex corporation of a business group) along with their subsidiary companies. This is something remarkably rare in the Anglo-American world and naturally not accounted for in scholarly work. Instead of perceiving this phenomenon as a "marginal case", through translation and process approaches it can be acknowledged as richness in and of itself and a manifestation of contextual specificity that requires further understanding.

The analysis of translation requires actors and their interests to be incorporated into the analysis seriously. How these actors and their varying interests influence the imported and travelling "corporate governance" idea needs to be problematized (Czarniawska, 2008) in order to understand how varying frames of references of these actors (Czarniawska & Joerges, 1996) might result in varying "translations", and finally how these varying translations cause a "chain of events" (Czarniawska, 2004, p. 779) that actively construct and reconstruct a field. Therefore, accounting for actors and their interests is not only an indispensable part of the translation approach adopted in this study, but also informative to the extent that the field is subject to changes as the process unfolds.

Besides contributing to the issue-based field level change literature, corporate governance as a distinct field of practice and theory might benefit from the translation approach. Practically, the translation approach provides the ground for policymakers, organizations, and managers to fully appreciate the OECD's "one size does not fit them all" principle. In order to account for context-specific changes in policies or for certain industries, one needs to identify the means by which the policy might be altered. Therefore, not only for Turkey but also for all countries a process perspective of translation is useful. Furthermore, corporate governance scholars have been trying to emancipate themselves from "undersocialized" agency theory (Aguilera & Jackson, 2003; Shapiro, 2005), and incorporate institutional views (Aguilera & Jackson, 2010) into analysis of cross-national diversity of practices. Translation approach by definition aims to understand this variance through admitting its essentiality in every movement.

Finally, Turkey presents various opportunities for employing a process perspective in studying corporate governance. First of all, by being at periphery in terms of production of knowledge (Üsdiken, 2014) as well as the generation of managerial practices and public policies, the transfer of ideas / practices / structures from centers becomes more salient. Selecting the case of Turkey, as one example, to develop a process analysis fits the criteria presented by Pettigrew (1990, pp. 275-7). Pettigrew suggests that in order to make a longitudinal research on change, selected case or cases should be extreme, polar situations. He also recommends choice of sites to be as informed as possible, which is the case for Turkey since corporate governance has become almost a buzz-word throughout the years since 2000, and both the number of sources and the content they provide are extensive. Therefore, the process of translation of corporate governance in Turkey is not only fruitful for the richness of contextual differences from Anglo-American world provide but also worth to study due to the salience of the practice in Turkish business context.

Considering all the opportunities presented in the previous paragraphs, the study aims to employ the translation approach with a process-centric methodological lens. Conceptualizing translation as a process that unfolds through a sequence of events contributes to the translation approach by adding a more dynamic perspective. The dynamic approach combined with sensitivity for the context of the process satisfies at least two of Scott and Davis's (2007 p. 376, p. 384) suggestions for the future of organization studies: more longitudinal and historical analyses and more focus on process than structure. The present study aims to uncover the historical flow of events in which corporate governance as an idea/a practice has transformed while also embracing the role of the actors that were embedded in the process. Other than enriching the translation approach, this study aims to contribute to process studies by employing a multi-level, multi-actor perspective. The interplay between regulators, organizations, collectives of organizations, and institutions surrounding all these actors will be examined considering that all are capable, albeit with varying capacities, of influencing each other and the field. Therefore, the call for more in-depth understanding of organizational processes (the incarnation and the travel of corporate governance in this case) (Langley, 1999) will be satisfied eventually.

Moreover, the study aims to understand how a global phenomenon, corporate governance, has travelled a path in Turkey. The history of transformation of corporate governance in Turkey is expected to illuminate mechanisms behind the spread and "diffusion" of global phenomena into

different contexts. In addition to varying practices, the study argues that the change in the concept itself is qualitative in nature; hence qualitative methods are employed. Therefore, the aim is to go beyond the research on "extensiveness of adoption" and examine how the adaptation of an idea causes change at the field and organization levels. In this manner, the present study aspires to respond to the call for more contextually sensitive studies in the "glocalization" literature (Höllerer, Walgenbach, & Drori, 2017) and to do so by identifying the mechanisms through which de-contextualization and re-contextualization (Czarniawska & Sevon, 2005) and/or domestication (Alasuutari, 2013) occurs.

Specifically, the study focuses on three major dimensions of corporate governance. These dimensions were not determined prior to initial analysis of the data; in contrast, these are the topics that emerged by allowing data to "…lead us in the investigation of our guiding research question" (Gioia, Corley & Hamilton, 2012). The specific methodology to be explained in the following chapter, suggested three dimensions are shareholder rights, transparency, and board of directors. These are three of the four main items in OECD's Corporate Governance Principles published in 1999 with which the entry of the notion of corporate governance into Turkey began. Before explaining the identification of the individual dimensions, it is also important to note that the observation that corporate governance is an alien concept for Turkish business context in 2000 is confirmed through emergence of the concepts that are same as principles of OECD. Although subsequent modification is inevitable in the reproduction and transmission (Latour, 1986), the resistance in the local context is expected to be low in emerging fields, such as corporate governance in Turkey, because entrenched value systems have not yet developed (David, Sine & Haveman, 2013). Therefore, local actors such as government, business associations, consulting firms and corporations act on the translation process by using the language of OECD's corporate governance principles, at the earlier stages.

As described in the theory section, the "rules of translation" (Røvik, 2007) framework as adopted by Wæraas and Sataøen (2014) is applied into the issue-field of corporate governance in Turkey. Originally, these rules were adapted to organization studies by Røvik to identify the organizational level translations of ideas and practices at the institutional or field level. However, describing "corporate governance" as an issue-field that has evolved in a certain period of time enables these rules to be adapted in way to identify how field level change and processes unfold. By adding a

process perspective, rules of translation have the capacity to capture the changes in the field during the process, in addition to their episodic connotations. The rules of translation are *copying*, *addition*, *omission*, and *alteration*. Copying is the basic rule; with no or very few changes in the original concept, that is to say, copying the original concept "literally" (Wæraas & Sataøen, 2014). *Addition* describes the act of making the idea more explicit to make it better fit to the context it is translated to. *Omission*, as opposed to addition, means subtraction of certain elements in the idea/practice in hand. *Alteration*, the final rule in Røvik's framework, is a radical form of translation that leads to fundamental changes in the translated idea/practice. This radical translation, as defined by Røvik (2016) "refers to the comprehensive transformation and mixing of one or more source versions of a practice, leading to the creation of a unique version in the recipient organization". Using these rules to categorize the translation acts aligns properly with one of the essential aspects of the process perspective: to think in terms of verbs rather than nouns (Maguire & Hardy, 2013; Langley et al., 2013). Furthermore, because this line of thinking requires translating actors to be acknowledged as embedded in certain contexts that guide the nature of translations (Wæraas & Sataøen, 2014), it also allows to "tap into the reasoning of actors involved, and gain insight into their lived or retrospective experience of process" (Clotier & Langley, 2020, p. 5). The following chapter introduces the context of this study as well as the precursors of the context in which corporate governance arrived in Turkey in the year 2000.

4. RESEARCH CONTEXT

The context in which corporate governance arrived and traveled in Turkey should be described in a way to involve economic, social, legal, and political aspects because, as illustrated earlier, corporate governance, both as a research domain and as set of practices entails multiple views to work on for elaborating its existence in various contexts. Following subsections elucidate the context chronologically, starting from "pre-corporate governance" era to the end of analysis, 2018.

4.1. Pre-Corporate Governance Era: Until 2000

Issued in 1957 and, prepared by Ernst Hirsch who at that time was a German professor of law working in Ankara University, the commercial code of Turkey was based on the Swiss Code of Obligations (Ansay, 1957). While the influence of continental European philosophy of law in the post-World War II era was present in the preparation of the commercial code, the state, especially in 1950s (Buğra, 1994) have started a "partnership" with family businesses which included nurturing them through underpriced inputs, market opportunities, investment incentives (Öniş, 1995). As a result, Turkish business context have been constituted by family business groups (Çolpan & Jones, 2016) together with state-owned enterprises until early 1980s. Starting from 1980, Turkey initiated policies towards a more liberal economy. The first Capital Markets Law (no: 2499) was issued in 1981. The law, albeit very limitedly, described the capital markets for the first time in Turkey, by referring to then valid Commercial Code as the decider for conflicts on and formations of capital structures. The Capital Markets Board (SPK) was established in 1982, the foreign exchange regime was liberalized in 1984, and the Istanbul Securities Exchange was officially formed only in 1985. Introduction of these liberal policies; however, did not weaken the dominance of these family groups despite being established with the support of the state and within an autarchic economy (Selekler-Gökşen & Üsdiken, 2001). They also preserved their major characteristics, such as unrelated diversification and concentrated family ownership and involvement in management intact. Before Turkey's first encounter with corporate governance in 2000, buttressed also by the legislative framework, elements of corporate governance, such as stakeholder relations, transparency, and minority rights were simply irrelevant and even inconceivable in the Turkish context.

To better assess the travel of corporate governance in the years between 2000 to 2018, it is necessary to specifically address already existing legal frameworks, practices, and norms prior to its arrival. Although the use of "corporate governance" as a concept that defines a specific governance model was non-existent, there were certain practices, a capital markets law, and taken-for-granted concepts that had been acting as the engine of corporate mechanisms in Turkey. To better keep track of these practices and concepts and link them to the analysis, I will be using the three major dimensions that I mentioned in the previous chapter. To reiterate, the chosen dimensions were "shareholder rights", "transparency", and "board of directors". Because there were, not any such list of principles existed in Turkey at that time, following paragraphs provide a picture of corporate governance before and around 2000 through a detailed assessment of how issues like shareholder rights, transparency and the role/responsibilities of the board of directors was devised before the early steps of importing the corporate governance idea and practices to Turkey.

Shareholder Rights

A very good summary of "governance practices" in the pre-2000 era was provided by Şehirli (1999) as part of an analysis conducted by the Capital Markets Board (SPK). Şehirli, referring to listed corporations, argues that shareholders other than the majority owners are ineffective in the decisions regarding the corporation. She attests that the general assemblies of corporations are not only ineffective but also somehow ceremonial due to the capability and widespread intention of privileged majority shareholders to disregard decisions made in general assembly. "Unless shareholders with privileged rights approve, the general assembly decisions can remain pending for years and by doing so the general assembly can be rendered obsolete" (Şehirli, 1999, p. 53). In that regard, general assembly can be argued to have a ceremonial existence rather than acting as a decision-making body.

Before TÜSİAD published OECD principles in Turkish however, a practice regarding shareholder rights that was later endorsed by OECD (in 2004) was added to then valid capital markets code. The code (SPK değişik. hk. kanun, 1999) gave the Capital Markets Board the authority to enforce publicly traded corporations to practice cumulative voting, enabling a shareholder to exercise his/her voting right cumulatively for the election of a board member. Deemed crucial for protecting the shareholders other than the majority (Balioğlu, 2000), although the law states the SPK has the

authority, cumulative voting did not become a part of the regulations until SPK published its corporate governance principles in 2003.

Other than the practices described above, then valid commercial code had clauses regarding protection and exercise of shareholder rights. The code dictated that in corporations with outstanding shares, for the owner of any stock of the corporation to be entitled as shareholder, he/she must register this ownership to a "share ledger" kept by the corporation. Due to this additional step, many of the stock owners did not even have the rights of shareholders at the first place and remained as stockholders. The difference between holding stocks of a corporation and claiming rights of those stocks was a feature enabled by then valid commercial code, but also maintained by the investors' behaviors for years. This resilience shows itself in a manager's words in 2005 as; "…the problem is not about protection of minority shareholders' rights but about these shareholders' inclination towards keeping their investments as short term and not feeling ownership of the corporation" (TKYD, 2005a, p. 17). Hence, the notion of shareholder was not new in 2000 but the conceptualization of "claiming ownership of a corporation" was quite alien to the Turkish context.

In addition to the conceptualization, the established practices before 2000 rendered shareholder participation in the governance processes rare and ineffective. A study of 243 companies and 115 intermediaries in Turkey by Varış et al. (2001) indicates that shareholders, even when they are given certain rights, are crippled through impracticability of those rights. They identify that the minimum shares of 5% that are required for taking board decisions to the court is very high and technically meaningless since the free float rate of corporations in Turkey is already very low. The same study addresses some other issues regarding shareholder rights including privileged voting rights. For instance, in 20% of the corporations, voting rights of shares are different. In one fourth of the corporations the board owns privileged share rights, which indicates an established practice of governing through privileged majority votes.

The origins of these practices in which shareholders are limited in their capacity unless they hold a considerable number of shares can be found not only in the regulations but also the corporate setting in Turkey. The corporations in Turkey mostly have family-based concentrated ownership as described in the introduction of this section. Families as controlling shareholders have performed as the engines for the import substitution-based economy for decades following the

World War II until 2000s (Yurtoğlu, 2003). Following the liberalization efforts of Turkey starting in early 1980s, some of these family businesses also experienced an immense growth partially due to their primary roles in these liberalization policies (Cizre-Sakallıoğlu & Yeldan, 2000). Furthermore, their structures and governance mechanisms did not change in any considerable way while a more liberal economy was adopted by the governments in 1980s and 1990s (Üsdiken & Yıldırım-Öktem, 2019). Therefore, control and power remained in the families while also their relatively larger corporations were offered for public investments through the stock market. The control aspect is not only about families but appears as a common practice among other types of major shareholders. Ararat argues that "controlling shareholders do not believe that their rights will be preserved once they give up on their controlling rights. They feel no assurance for this. Otherwise who would not want to make more return out of less investment" (2003, p. 89). This culture of control among corporations and their majority shareholders depicts a setting in which shareholder rights as part of corporate governance, if to be promulgated within Turkey, shall require a different outlet if not a totally new substance.

Transparency

The notion of transparency prior to introduction of corporate governance ideas into Turkey was considerably different than its description and role attributed by the OECD. Transparency, prior to 2000, primarily related to the developments in the 1990s, was framed as an issue that involves government rather than corporations, as emphasized by then Chairman of the Central Bank of Turkey, Gazi Erçel (2000). Largely stimulated by Susurluk car accident that involved the deputy chief of the Istanbul Police Department, a Member of Parliament, and a contract killer on Interpol's red list, the complaints of lack of transparency in the government peaked in 1996 (Baran, 2000). People's request for more transparent governmental processes led to a protest of blinking house lights at 9:00 pm every night for a month in February 1997. Following investigations revealed that

> "Abdullah Çatlı, who died in the crash, was a former nationalist activist and "hired gun" who wanted to cash in on his connections by offering his services to organized criminal groups. Several Turkish business figures were accused of profiting from his methods of warding off competitors and forcing the collection of debts" (Baran, 2000, p. 138).

In 28 February 1997, National Security Council of Turkey gathered and the military representatives of the council presented then ruling prime minister Necmettin Erbakan and his

coalition partner Tansu Çiller a list of actions that they expected the government must take in order to prevent social unrest. Although this "post-modern coup" was against the increasing islamisation of the country (Özkan, 2015), the justifications for military intervention included corruption and lack of transparency in the government. In 2000, Hüseyin Kıvrıkoğlu, commander of the Turkish land forces during the February coup, stated that "after Islamic fundamentalism, corruption is the second most important threat to national security" (Ergin, 2000).

Political turmoil in the late 1990s was followed by two severe earthquakes in Turkey in 1999. In the first earthquake, the epicenter was Kocaeli, a large and industrially developed city neighboring İstanbul, and the second one occurred in another fairly close city, Düzce. The consequences of the earthquake were dramatic both in terms of the death toll and country's already shaky economy. Ministry of Interior of Turkey announced that 18,374 people died and 48,901 were injured (NTV, 2000). Moreover, around 285,000 residences and 42,000 commercial buildings were damaged. In the aftermath of the disaster, the public opinion converged towards corruption in construction businesses and their relations to regulatory bodies. Baran (2000, p. 144) argues that "there was hope that the tragedy and its exposure of corruption at all levels of society would shake the system to its roots. International attention, combined with budding domestic efforts, such as emerging NGOs, put pressure on the Turkish system to change". In fact, the change was inevitable, and it manifested itself with the IMF and World Bank-supported structural reforms initiated in 1 January 2000. Aligned with these developments, the prospect of EU membership combined with economic turmoil resulted in passage of several laws in late 1999 "to transform Turkey into an investor-friendly country where international capital could operate without government harassment, bribes, unfair practices or extortion" (Baran, 2000, p. 145). In December 18 of the same year the Turkish government sent a Letter of Intent to IMF to describe the policies that were to be implemented once IMF agreed to provide financial support. Among many items including but not limited to monetary and fiscal policies, privatization, and social security reforms; commitment to improve transparency was underlined in various chapters as one of the main pillars of the proposed program (IMF, 2000). In fact, following the approval of IMF-backed structural reforms the Central Bank of Turkey announced "The Program for Transitioning to Strong Economy" (TCMB, 2001) in which lack of transparency in public expenditures was emphasized as one of the major obstacles for Turkey to transform into a stronger economy.

Partly due to increasing public demand for transparency, government-business relations were further scrutinized after the Susurluk accident and the military intervention. Having initially begun as part of overall transparency efforts, it quickly became a movement that resembles Italian style "Clean Hands Operation" (Zürcher, 2017, p. 335). Numerous allegations towards then ruling Motherland Party and its coalition led to bringing down the government by parliamentary vote for the first time in the history of Turkey. Hence, not only the government but the businesses, especially those that maintained close relationships to the government were under scrutiny for lack of transparency. Efforts by the government to attract international capital into the country required corporations to adapt into the new era of "improved transparency" (IMF, 2000).

While the broader context in Turkey called for transparency in every way it is possible, corporations, especially those quoted in the stock market were reluctant to share information regarding the processes and decisions within their organizations. Şehirli (1999) argues that many of the corporations (and their majority shareholders) were reluctant primarily due to two major reasons. First, because of the underdeveloped protection of intellectual property rights, the leakage of proprietary knowledge was considered as a possible outcome. It also includes hiding information regarding the strategy of the corporation. Second, corporations feared manipulation of stock prices through information burden that so-called transparency measures might cause. Majority shareholders did not want to be disrupted by information demand and this becoming a way of obstructing the business investments. Combined with the lack of rights provided for shareholders other than majority ones, the demand for the transparency of processes within the boards and executive committees was expected to be low as well, despite calls for more transparency. In conclusion, the period when corporate governance was introduced into Turkey was a transitioning one in which more transparency was asked from both government and businesses, and lack thereof was also acknowledged publicly.

Board of Directors

In terms of board of directors, then valid commercial code, despite its differences from Anglo-American system, was more congruent with corporate governance principles compared to other aspects such as transparency and shareholder rights argues Şehirli (1999). Although some of the aspects of the legal framework allowed for OECD principles to be applied, some others had stark

contrasts as described in the following paragraphs. Beyond legal compatibility, however, actual practices and some particular regulations needs to be highlighted too.

Focusing on business groups in Turkey (as discussed in detail below), Buğra's study in 1994 about state and business relations in Turkey identifies that the boards of almost all business groups were largely made up of family members and boards of the companies that are under those business groups had limited capacity to perform as decision bodies. According to Buğra, they "… fulfill, at most, a consultancy role and act as an advisory board which can rarely affect decisions made by the central board of directors [the board of the "holding"]" (1994, p. 208). Board members who were outside the family were either retired bureaucrats such as military officers and politicians or professional managers whose function was primarily signaling outsiders that the corporation is run with reason (Yurtoğlu, 2000). Keeping the control of the business within the family was also observable in the executive positions. These executives have been family members or those who were close to family for a long time. For instance, Koç Holding, then and still the largest business group in the country is controlled by Koç family and in 2000 the business group CEO was selected outside the family for the first time. Selekler-Gökşen and Üsdiken (2001) also found that the dominance and control of family endures while managerial professionalization is observable in less strategic positions in business groups. Therefore, one of the identifying properties of board of directors in the Turkey prior to corporate governance principles is executive and dominant families, and little to none contest.

In addition to the dominance of the family, the regulations prior to 2000 enabled majority shareholders to control the board with limited accountability to other shareholders. Corporations in Turkey had been regulated through then valid commercial code which positioned the board as the sole administrative body for the corporation. In fact, the code specified the board as administration/management (*idare* in Turkish, refers more to administration than direction). The notion of administration is important since it also signifies the executive role of the board, which renders the selection of board members even more crucial. As described earlier, natural persons could become shareholders and exercise their voting rights only after they are registered to corporations' "share ledger"; therefore, this additional step hindered their capacity to participate in the voting for board membership. Furthermore, as long as it was stated in the articles of association of the corporation, old commercial code allowed for privileged voting rights to be

exercised. It was a well-established practice by shareholders to exercise these privileged rights while nominating and selecting the members of the board (Şehirli, 1999). In addition, because cumulative voting was also not allowed unless the articles of association was modified accordingly, shareholders other than the dominant family/families or majority owners were practically not represented in the board. Consequently, the board prior to 2000 consisted of natural persons, in most cases family members, who were either majority shareholders or ones with privileged rights and they were in a way protected from other shareholders or general public by the law.

While these three dimensions of corporate governance were quite "alien" to the context at the time of publication of OECD principles, the term "corporate governance" was incongruous as well. Although the origins of first translation of the term as "*Kurumsal Yönetim"* (literally means "institutional management") are unknown, the difficulty of finding an appropriate Turkish term were reflected in the initial attempts in the early 2000s. For "governance" "*Yönetişim*", a term coined via adding a reciprocal pronoun to management ("Yönetim") was suggested by many (Ararat, 2003) and corporate would at best can be corresponded with "*anonim şirketi"* (a direct translation of the French term *société anonyme*) which was the term used in the then valid commercial code. However, as Ararat (2003) pointed out, *"Kurumsal Yönetim"* became popular among others, despite its meaning being different than the original, probably because it was "lesser evil than others" (p. 82).

To conclude, the elements of the context prior to arrival of corporate governance; namely, existence of a commercial code based on continental European philosophy of law, conceptualization of transparency as a governmental issue, dominance of families and family business groups in the economy, fairly recent and underdeveloped capital markets, and even the difficulty of finding a corresponding Turkish term for "corporate governance" are all indicative of how "alien" was the corporate governance for Turkey in 2000.

4.2. Turkey's Encounter with Corporate Governance and the Context of 2000-2018

The first initiative to introduce corporate governance into Turkey came from TÜSİAD (Turkish industrialists' and businessmen's association), the major association of big business in the country, by publishing OECD's principles in Turkish. Although, as mentioned above, Kübra Şehirli, a

researcher working for Capital Markets Board had mentioned OECD's corporate governance principles for the first time in 1999, her research note was mainly an internal report that surveyed the compatibility of the then valid commercial code and OECD principles. Despite SPK had developed an interest in OECD principles, the ramifications of this interest are hard to be determined as field initiating. Therefore, TÜSİAD's initiative is identified as the inception of corporate governance as an idea and the initial step in the formation of a field around the issue of corporate governance in Turkey. Following paragraphs summarize the context through which this field has changed since TÜSİAD's initiative in 2000 until the end of 2018 when the latest developments in the field could be captured.

Despite the liberalization policies in 1980s Turkey has remained a statist economy (Selekler-Gökşen & Üsdiken, 2001) for many years until 2000s. With the economic crisis in 2001, the country suffered a massive devaluation of its currency as well as social unrest. Although it was related to financial crisis in Asia (1997) and in the US (2001), the 2001 Turkish crisis had its own unique causes including but not limited to lack of transparency in financial institutions, abuse of public bank funds by the state, and balance of payment deficits due to populist economic policies (Öniş, 2009). As a remedy for the crisis, Kemal Derviş, a top-level economist at the World Bank, was brought into the government as the Minister responsible for the economy and his presence enabled securing sustained assistance from international financial institutions. Existence of Kemal Derviş and relations with international financial institutions accelerated the neo-liberal reforms within the country (Cizre & Yeldan, 2005).

The major collapse of output and increased unemployment resulted in several ways by-election of 2002 being a significant one. Justice and Development Party (AKP) won the elections in November 2002 by emphasizing their commitment to neo-liberal economic policies (Coşar & Özman, 2004). Turkey had already reached a standby agreement of around 12 billion dollars with the IMF in February 4, 2002 and expiration was no earlier than 2005. The agreement included structural reforms in public finance and the banking industry and, moreover, a set of other reforms regarding transparency since Turkey was ranked the fourth least transparent country in the world by PricewaterhouseCoopers (Lipsey, 2001). Transparency, among many other things, was perceived as directly related to the investment environment for various forms of capital.

Turkey, historically, has been a country that requires foreign direct investment (FDI) for growth of its output (Deichmann, Karidis & Sayek, 2003). The need for FDI is also one of the motivators behind the country's opening up its economy starting with early 1980s. In 1995, Turkey entered the "customs union" with the European Union (EU) and thus furthered its integration with Western developed economies. Despite many setbacks, EU candidacy position has remained throughout those years. While FDI inflow was not the sole motivator, it performed as the engine for economic integration as well as the macroeconomic situation within country. Hence, the election bulletin of AKP published before the 2002 elections had many references to EU membership, OECD partnership, and the importance of enhancing investment environment in their proposed administration. Therefore, one can safely assume that both the public opinion derived from the overall situation in 2001 and the proposed program by the ruling party were in favor of a more globally integrated economy.

The time Turkey's recovery from the economic crisis was deemed dependent on more transparent public and private governance (Özilhan, 2002) was also the time when the US was shocked with the financial crisis following major corporate and accounting scandals in companies including Enron, Tyco International, Adelphia, WorldCom. As a response to loss of public confidence in the securities market, the US government prepared a law called Sarbanes-Oxley that enhanced the standards of governance and accounting in public firms in July 2002. The bill included many specific requirements for financial reporting and transparency but in addition, it included clear references to OECD corporate governance principles published in 1999; some of which involved the protection of shareholders' rights, definition of stakeholders, disclosure and transparency, and responsibilities and formation of boards. Hence, corporate governance was being introduced to Turkey as it was becoming a major concern within the U.S.

Following the economic reforms after 2001, corporate governance reforms were encouraged by government. The Capital Markets Board (SPK) started to employ a "soft regulation" approach based on OECD's corporate governance principles. In 2003, SPK published its own "Corporate Governance Principles" and announced that compliance with these principles are highly encouraged. Listed firms were required to prepare and disclose "Corporate Governance Compliance Reports" in their annual reports starting with 2005. On the other hand, banking industry had already come under fire due to its role in the financial crisis at the end of the 1990s

and 2001. Banking Regulation and Supervision Agency (BDDK) was established in 2000 and with changes in banking law in 1999 the industry was already experiencing a shift in terms of governance norms such as complying with international accounting standards. Hence the banking industry already had a legal framework when the SPK was preparing principles for non-bank corporations (Uğur & Ararat, 2006).

In the meantime, TKYD (Corporate Governance Association of Turkey) was established in 2003 with the encouragement of TÜSİAD. Partnering with consulting firms TKYD has published handbooks, reports, research notes that both evaluate the "field" and include recommendations for corporations. Since its founding, TKYD has been one of the "champions" for adoption of corporate governance practices by corporations, including non-public firms, as will be illustrated in the analysis chapter.

In 2004, Turkey's international integration and efforts to comply with Western institutions progressed to the next stage as EU leaders agreed to start negotiations for the accession of Turkey by no later than January 2005. In the years between 2006 and 2010, 16 chapters were opened, and one chapter was temporarily closed in Turkey's accession process. However, from 2010 to 2013 only one chapter was opened and since 2013 the negotiations have stopped "due to the political blockages of member states and the Cyprus issue" (Ministry of Foreign Affairs, 2020). Acceleration in EU accession negotiations in 2000s and overall inclination of Turkey to become more "Western" provided a more convenient context for practices and institutions from the EU, and mainly from the "West" to be employed.

Alongside the EU negotiations and Turkey's Europeanization drive (Öniş & Yılmaz, 2009), the global economic crisis of 2008, and following developments in Turkey have initiated a change in the context. The consequences of the global financial crisis in terms of the corporate governance field were twofold. On the one hand, because corporate governance was a foreign and mainly "Western" concept as described earlier, its "all-positive" connotations have become more "questionable". Political elite of the ruling party managed to establish a discourse which suggested that the Turkish economy was robust despite an externally generated crisis (Öniş, 2012). Furthermore, after a long round of discussions with IMF, maintained primarily in line with the demands of TÜSİAD, was terminated in 2009, and was "publicized as a sign of national strength and autonomy" (Öniş, 2012). Then Prime Minister Erdoğan's argument with Shimon Peres over

Gaza and Israel-Palestine clash resulted in Erdoğan's leaving the stage at the World Economic Forum in Davos in 2009. Both IMF termination and the Davos "outburst" were publicized as part of Turkey's economic strength to go alone, and during 2008-2009, "…the AKP and the TÜSİAD appeared to diverge…" (Öniş, 2012). Although the draft of a new commercial code had been prepared in close relation to TÜSİAD and corporations that were part of it, the divergence following the incidents in 2008 and 2009 was visible.

On the other hand, the 2008 global financial crisis boosted the inflow of foreign direct investment into emerging economies as part of a diversification strategy against the heavy debt of and the economic slowdown in developed economies. Combined with measures taken by FED (Federal Reserve Board) of the U.S. and the European Central Bank (lowering interest rates, boosting liquidity etc.) the investments all around the world started to seek for countries and markets that showed the ability to bounce back from the global economic crisis (Bernanke, 2009). Consequently, Turkey's capacity to attract foreign investment became crucial for the growth of the economy.

The years following the global financial crisis also witnessed major steps in the legal framework and regulatory structure of commercial setting in Turkey. First, Public Disclosure Platform (KAP) was authorized in 2009 to be the sole platform in which public companies disclose information, New Commercial Code (YTTK) and new capital markets law were published in 2011 and 2012, respectively. Corporate governance principles, for the first time, were included into the commercial code with the YTTK. With these changes, board structures and transparency/disclosure aspects of governance were specifically addressed and supervisory activities by government were accentuated. Moreover, some of the regulations about board of directors and shareholder rights were stated as mandatory while others were remained the same as "comply or explain" principles.

While government's interest and activity reached its peak in 2011 for establishing corporate governance practices, the years from 2012 to 2018 have witnessed a dramatic shift in the country's historical aspirations for closer links with the West. Some elements of this dramatic shift are worth to mention as they also remained crucial for the context in which corporate governance traveled. Although it is difficult to mark an exact date for the shift, the Gezi uprising in late May and early June of 2013 and the reaction of the government that defined this social movement as an act of

Western governments (Poyrazlar, 2013) commenced the shaky relations with Europe and the US. In the December of the same year, corruption allegations towards four ministers and members of the then prime minister Erdoğan's family caused further unrest both for the public and the government. However, in the following days the operation against members of government was superseded by another investigation, this time towards the policemen and prosecutors who initiated the corruption investigations, for their relations to a religious organization to overthrow the government in Turkey. This organization, later tagged FETÖ, is alleged to be led by Fethullah Gülen, a cleric who lives in the US, was also included in the national security political document called "Red Book" in 2015. Since then, Turkish government accused US and other Western governments for protecting and even supporting the activities of this organization. Moreover, the failed coup in July 2016 by Turkish military was connected to FETÖ and indirectly to the US so that the allegations reached to a point in which president Erdoğan signaled for possible shutting of US airbase in İncirlik in southern Turkey (Reuters, 2019).

Along with Gezi and FETÖ crises, Turkey started openly criticizing Western institutions in the matters of Syrian civil war and Israel-Palestine disputes. "The world is greater than five" said president Erdoğan referring to permanent members of United Nations Security Council, in the 2014 UN general assembly. More strikingly, just before attending the UN general assembly, Erdoğan participated in TÜSİAD's High Advisory Council meeting and criticized TÜSİAD for being silent in matters of national security and acting as the spokesman for international media that targets sovereignty of the country (Hacaloğlu, 2014). The distancing from Western ideals and especially from EU became even more visible when Ali Babacan, minister of foreign affairs between 2007 and 2009 and the first chief negotiator for Turkish accession to the European Union was left out of the cabinet in November 2015. De-Europeanization of Turkey (Saatçioğlu, 2016) continued with improved relations with the Russian Federation especially regarding the Syrian civil war and matters of ISIS. In 2016, Turkey, Russia and Iran formed a strategic coalition not only to stop ISIS progress but also to stabilize the regime in Syria (Didić & Kösebalaban, 2019). Turkey's position in the Syrian civil war have changed from overthrowing the Syrian dictator Bashar al-Assad with Western coalition to co-operate with Russian and Iranian soldiers to cease the fire and refugee influx into Turkey (Rogin, 2016). Aforementioned dramatic shift of Turkey's international relations was also recognized by TÜSİAD by arguing "Periodic and short-term

problems [with EU] should not preclude the strategic configuration and the global future vision in the making" (TÜSİAD, 2019, p.1).

Consequently, the context in which the corporate governance traveled from 2000 to 2018 was convoluted in terms of country's position in the international arena but at the same time considerably heterogeneous and fertile to understand how an alien concept is translated and kept being translated by the actors in the process. The chronological developments presented in this chapter are not exhaustive but illuminating for the purposes of the analysis conducted in the following sections.

5. RESEARCH METHODOLOGY

Objectives in this study were to capture longitudinal data regarding the travel of corporate governance in Turkey in order to understand and explain the process through which this issue field evolved in years between 2000 and 2018. Because the translation approach employed in the study requires actors to be specified, this chapter first describes these actors and their relevance for the field. Then, the sources and extent of the data are presented based on this identification of pertinent actor categories. Finally, the methodological perspective is introduced, and the specific operations aligned with this perspective are described.

5.1. Identifying Major Actor Categories

The preceding review of the chronology indicates that there have been a range of actors involved in the introduction and the development of corporate governance in Turkey. Based on this review and following Engwall (2006), four major categories of actors that have partaken in and influenced the emergence and the development of the corporate governance field are identified as (a) the government, (b) business associations, (c) international and local consulting companies and (d) publicly traded corporations.

Government and Public Authorities

Government, the first category of actors, provides the rules of the game despite the increasing occurrence of deregulation in recent decades (Engwall, 2006). The role of government in the economic activity in Turkey has always been extensive, albeit with changes throughout the history of the Republic. The industrialization process of Turkey can be traced back to the foundation of the Republic in 1923 while 1930s marks a more accelerated industrialization period with the state being the main actor in manufacturing as well as developing a banking industry (Öniş, 1995). From 1950 to 1980, the state maintained a key role through activities including but not limited to import substitution policies, guiding and regulating the development of private enterprise through investment incentives, and control over trade and exchange rate (Öniş, 1992). While 1980 marks a stark turning point for Turkish economy with the introduction of the stabilization program that aimed to liberalize the markets and the economy in general (Öniş, 1992), state presence in the economy was still considerable in the post-1980 era (Selekler-Gökşen & Üsdiken, 2001; Öniş, 1995).

The financial liberalization in the 1990s was decided and guided by the state too (Cizre-Sakallıoğlu & Yeldan, 2000), by singling out certain industries such as telecommunications and finance. As detailed in the context section, the role of government in 2000s as the rule maker became more vivid with leading the aspirations for integrating with European Union. Furthermore, in Justice and Development Party (AKP) era, a salient characteristic of the economy has become the network of relations between the government and particular businesses, including business associations (Buğra & Savaşkan, 2014, p.12). Existence of government as a main actor in corporate governance, an issue at the intersection of economics, politics, and regulations (Aguiler & Jackson, 2010) in Turkey is, thus, apparent.

In addition, existence of public authorities such as the Capital Markets Board (SPK), Central Bank of Turkey (TCMB), Banking Regulation and Supervision Agency (BDDK, established in 2000) is crucial for corporate governance field since these authorities, albeit in different forms and with varying involvement levels, have been among the key actors in the translation of corporate governance. These public authorities, through not only regulations but also narratives on the issue, have contributed to the shaping of the issue field and along the way performed their own translations that reflect their interests as well as the context in which they have operated. It was through the regulations that they have issued as well as their various publications along the process that they partook in the translation of corporate governance in the country.

Business Associations

As described in the context section, business associations have been particularly active with regard to the issue of corporate governance. TÜSİAD, the initiator of the importation of corporate governance to Turkey, has always been regarded as a key actor for the economy and politics since its foundation in 1971 (Buğra, 1998). Founded mainly by owner-managers of big business groups that were created and supported by the state after the 1950s (Selekler-Gökşen & Üsdiken, 2001), TÜSİAD's main concern in the 1970s was to provide social legitimacy for the private sector in an economy dominated by the state. By 1980s, when both domestic and international environments were in favor of the private sector, TÜSİAD's position vis-à-vis the state has started to change from a state-dominant one to a more symmetrical version (Buğra, 1998). TÜSİAD's pro-European, liberal economy policy orientation has become even more visible through

published reports on politics and the economy of the country, partly due to more outspoken leaders of the association especially in the 1990s. Although in 1995, with the electoral victory of the islamist Welfare Party (WP), TÜSİAD's influence on the politics and economy diminished, after the military intervention in 1997 and resignation of WP government, TÜSİAD residing with the coalition against anti-Western policies of WP, retained legitimacy and power. From 2000, when TÜSİAD introduced corporate governance into the country to 2018, albeit with changing tones and alliances, the association remained a key actor for corporate governance in particular, for the economy and politics in Turkey in general.

TKYD (Corporate Governance Association of Turkey) was established by some of the salaried managers who were members of TÜSİAD in 2003. With an emphasis on the corporate governance, TKYD's political position resembles TÜSİAD's, and these two business associations have worked in tandem since the founding of TKYD. In addition, TKYD, partnering with internationally renowned consulting firms, published reports and various other material targeting the corporations, but at the same time informing other actors in the corporate governance field. Both because of their relation to TÜSİAD and due to the richness of material they published from 2003 to 2018, TKYD can be considered as one of the main actors in the corporate governance field.

While TÜSİAD has represented big business mostly located in large cities in Turkey, MÜSİAD (The Association of Independent Industrialists and Businessmen) that was founded in 1990 has represented a more geographically dispersed group of businessmen that can be characterized as owners of small to medium sized enterprises, and followers of an Islamic way of economic activity (Buğra, 1998). Although in the pre-2000 phase the role of MÜSİAD in corporate setting has been limited, they are included in the actors since as will be seen they have been conspicuous by their lack of involvement.

Consulting Firms

Although the existence of consulting firms in Turkey dates back to 1980s, 1990s have seen their proliferation, particularly due to their increased capacity to introduce management knowledge into the realm of practitioners (Özen, 1999). In the years between 2000 and 2018, their participation in the issue-field of corporate governance has been recognized through their partnerships with business associations. As described earlier, consulting firms, particularly with TKYD, published

research reports that assessed the overall progress of corporate governance in Turkey and through these assessments provided translations for the field.

Publicly Traded Corporations

The last category of actors in this study are publicly traded corporations. The reasons for limiting the practitioners of corporate governance principles to publicly traded ones are twofold. The first and more obvious reason is the existence of data on the actual implementations of these corporations through annual reports or compliance reports. The second reason is more context-specific since the initial research on the field before data collection revealed that most of other actors and especially the government targets publicly traded corporations through recommendations and/or regulations. Therefore, following paragraphs introduce publicly traded corporations as an actor group that participates in the corporate governance field both as practitioners and narrators (Fenton & Langley, 2011).

The history of the corporation and corporate governance in Turkey is partly the history of the national business system (Whitley, 1992) in the country. Unlike the United States where most of the governance studies originated from, many emerging economies including Turkey have organizational forms that are distinct from Anglo-American environments in their structure, diversification, relations to government and significance for the national economy. Exceptions aside, studies on corporate forms in the organization literature have been dominated by U.S based approaches in which the firms are considered as separate entities. Similar to Coase's question (1937) "why do firms exist", theorization of business groups in the mainstream literature rests on the question "why do business groups exist?" (Khanna & Palepu, 2000). Çolpan and Hikino (2010) argue that although the emergence of business groups can be explained with market imperfections, "the intra-group resources and capabilities represent the primary source for the survival and resilience of specific individual groups" (p. 57). Therefore, the existence of business groups requires these organizations to be analyzed and/or included into the picture as primary actors in these contexts.

Business groups in Turkey have characteristics different than the conglomerate and multi-divisional form due to "the coexistence of family-based concentrated ownership, unrelated diversification through legally separate firms and central coordination and control" (Yıldırım-Öktem & Üsdiken, 2010, pp. 1-2). Almost all the business groups in Turkey began as family owned

corporations (Khanna & Yafeh, 2007) and they still constitute the majority of the economic activity in the country (Buğra, 1994; Yurtoğlu, 2000). As Çolpan (2010) argues, Turkey shares the two basic characteristics that distinguish emerging market industry structures from developed ones: strong presence of diversified business groups and the remaining legacy of state-owned enterprises. Although the maintenance of unrelated diversification of these family-owned "holdings" is related to the inefficiency in markets and lack of competitive regulations (Karaevli, 2008), their capacity to influence the institutional environment (Yamak, 2006) plays an important role as well. Therefore, "holdings" are important constituents of the national business system in Turkey.

In addition to corporations that operate as part of aforementioned business groups, state-owned enterprises that are traded in the stock exchange and corporations without a business group affiliation were also included as part of corporations as an actor group. The role of ownership structure in corporate governance performance of corporations in Turkey is discussed elsewhere (Ararat, Black, & Yurtoğlu, 2017). However, this study deals with corporations as actors that translate corporate governance principles/recommendations/regulations into practices and through reports back translates into the field of corporate governance. Therefore, all the publicly traded corporations, regardless of their ownership structure, are part of the actor group since their acts of translation contribute to the travel of corporate governance within the country. Following Uğur and Ararat (2006), and Gürbüz, Aybars, and Kutlu (2010), existence of international investors, either in the form of short-term capital investments or long-term partnerships, and the industry in which the corporation operates are regarded as important for practices of corporate governance. Although dominance of families and business groups are present, corporations as an actor group requires actors other than family business groups to be included to make sure if translations of these actors diverge in a considerable way.

5.2. Data Sources

Based on this identification of pertinent actor categories, the data of the study was collected from three sets of documents, namely, governmental documents (regulations and reports), publications by business associations (including consulting firms as co-authors), and compliance reports of

sample corporations. Table 1 shows the data sources with their respective actors and years chronologically[1].

Actor	**Data**	**Year**
TÜSİAD	OECD Kurumsal Yönetim İlkeleri	2000
TÜSİAD	Corporate Governance Code of Best Practice: Composition and Functioning of the Board of Directories	2002
TÜSİAD	Özilhan, T. - *Kurumsal yönetim*	2002
SPK	Communiqué Stat: X, no:19, on Independent Auditing	2002
SPK	Corporate Governance Principles	2003
TCMB	Kurumsal Şirket Yönetimi	2003
MÜSİAD	Alayoğlu, N. - *Aile Şirketlerinde Yönetim ve Kurumsallaşma*	2003
SPK	Eroğlu, A. - *Kurumsal yönetim ilkeleri çerçevesinde kamunun aydınlatılması*	2003
SPK	Özkul, L. - *ABD sermaye piyasalarında yaşanan son gelişmelerin ve ABD'de yürürlüğe giren 2002 tarihli Sarbanes-Oxley Kanunu'nun Türk sermaye piyasası açısından değerlendirilmesi*	2003
SPK	Kurumsal Yönetim Uygulama Anketi Sonuçları	2004
SPK	Corporate Governance Principles (Amended)	2005
TKYD - BCG	Türkiye Kurumsal Yönetim Haritası	2005
SPK	Sandıkçıoğlu, A. - *Kurumsal yönetim uyum derecelendirmesi*	2005
TKYD	OECD Kurumsal Yönetim İlkeleri	2005
SPK	İMKB şirketleri tarafından 2005 yılında yayınlanan kurumsal yönetim uyum raporlarına ilişkin genel değerlendirme	2006
TKYD - Deloitte	Nedir bu kurumsal yönetim?	2006
TKYD - Deloitte	Kurumsal yönetimin anonim ortaklıklarda yansımaları	2007
TKYD - Deloitte	Aile şirketleri için adım adım kurumsal yönetim	2007
TKYD - Deloitte	Kurumsal yönetim ilkeleri bağlamında genel kurulun ve yönetim kurulunun karşılıklı konumu.	2008
TKYD - Deloitte	Anonim ortaklıklarda yöneticilerin sorumluluğu	2008
TÜSİAD	Yönetim kurulları için kurumsal yönetim prensipleri: Seminer deşifre metni	2010
SPK	Kurumsal yönetim ilkelerinin belirlenmesine ve uygulanmasına ilişkin tebliğ. Resmi Gazete: 28201 (IV-56)	2011
Government	Türk Ticaret Kanunu - Public Law No: 6102	2011
TÜSİAD	TÜSİAD Yönetim Kurulu Başkanı Ümit Boyner'in "V. Uluslararası Kurumsal Yönetim Zirvesi" Açılış Konuşması	2012
TÜSİAD	Kurumsal Yönetim İlkelerinin Belirlenmesine ve Uygulanmasına ilişkin Tebliğe dair TÜSİAD Görüşü	2012

[1] The titles of the reports and communiques are presented in their original language and cited as such in the references at the end of the study.

SPK	SPK Chairman Vedat Akgiray's speech in International Corporate Governance Summit by TKYD	2012
TKYD	Kurumsal yönetim ilkeleri ışığında: Aile şirketleri yönetim rehberi	2013
SPK	Communiqué on Corporate Governance. Law no: 28871 (II-17.1)	2014
SPK	Kankoç Aydın, D. - *2007'den bugüne küresel krizin finansal düzenleyici yaklaşıma etkileri*	2014
TKYD	Kurumsal yönetim algı araştırması	2015
TKYD	BIST yönetim kurulları araştırması	2016
SPK	Türkiye'deki halka açık şirketlerin kurumsal yönetim yapıları ve uygulamaları hakkında araştırma raporu	2018
Corporations	322 compliance reports from 23 corporations	2004-18

Table 1. Data Sources

As indicated in Table 1, all the actors identified above have participated in the corporate governance field. Hence, government as one of the main actors appears in the process together with public authorities such as the Central Bank of Turkey (TCMB), the Capital Markets Board (SPK), and as part of the legal framework through laws and regulations. Business associations are TÜSİAD, MÜSİAD, and TKYD. Consulting firms are co-authors of some reports and research notes published by these business associations. Finally, corporate governance compliance reports of 23 corporations are included in the analysis.

In the selection of the 23 corporations, theoretical sampling methods were employed (Morse, 2010). As an extension to convenience sampling through which the boundaries of the research are identified, theoretical sampling allows for including "who have had particular responses to experiences, or in whom particular concepts appear significant" (Morse, 2010, p. 240). As the theoretical perspective employed in this study, the translation approach, requires identifying the moments of translation, the corporations included in the study are selected on the bases of their (a) existence in the stock market in the entirety of the study period (2000-2018), (b) accessibility of the compliance reports for the entire period, (c) representativeness of the actor groups as described in the previous subsection (family business groups, ownership of the state, international capital penetration), (d) representativeness of the industries. In addition, data was enriched as the study continued. Although there were some preconceived notions such as the influence of family business groups, in order to build the arguments, most appropriate cases were sought and included as the study progressed (Eisenhardt, 1989). The names of the corporations are kept anonymous since this study is not directly related to anyone of them in particular. In line with theoretical sampling principles, the categorization of the corporations is important as long as any of the

dimensions (family ownership/state ownership, short-term or long-term international shareholder, industry, business group affiliation) are deemed crucial for the translation of corporate governance at the field level. The breakdown of these 23 corporations are presented in Table 2.

Corporation	Ownership	International shareholder	Industry	Business Group Affiliation
Co. 1	Family business	None	Banking	+
Co. 2	Family business	None	Manufacturing	+
Co. 3	Family business	Executive[2]	Manufacturing	+
Co. 4	Family business	None	Manufacturing	+
Co. 5	Family business	None	Finance	-
Co. 6	Family business	None	Construction	+
Co. 7	Family business	None	Holding	+
Co. 8	Family business	None	Printing and Publishing	+
Co. 9	Non-family, non-state	None	Banking	+
Co. 10	Non-family, non-state	Executive	Manufacturing	-
Co. 11	Family business	None	Holding	+
Co. 12	Non-family, non-state	None	Software	-
Co. 13	Family business	None	Manufacturing	+
Co. 14	Non-family, non-state	Executive	Manufacturing	-
Co. 15	Family business	None	Holding	+
Co. 16	Non-family, non-state	Executive	Banking	-
Co. 17	Family business	Executive	Holding	-
Co. 18	State enterprise	None	Transportation	-
Co. 19	Family business	Executive	Manufacturing	+
Co. 20	State enterprise	Executive	Telecommunication	-
Co. 21	Family business	Non-executive	Manufacturing	+
Co. 22	Family business	Executive	Banking	+
Co. 23	Family business	None	Energy	+

Table 2. Breakdown of Corporations in the Data

Albeit not in the actor groups or in the time period examined in this study, reports and publications by organizations other than those presented in Table 1 are also referred to whenever necessary to enhance the richness of contextual information. Table 3 shows data sources that were used not

[2] If the international shareholder has an executive role (Chairman of the board, CEO) or the corporation is a joint venture, it is coded as "Executive", if it is only a capital investment (generally short-term) it is coded as "Non-executive".

directly in the analysis but in the construction of the analyzed context. It is noteworthy to mention that OECD, after the initial publication of the principles in 1999, published revised versions in 2004 and 2015 (as G20/OECD co-authored) and these revisions are included in the data to assess if the translations by actors at that time reflect the revisions made by OECD. By this way, it becomes possible to keep track of the sources of the translations performed by actors, specifically if OECD is referred in any particular way or not.

Source	Data	Year
OECD	OECD Principles of Corporate Governance	1999
IMF	Letter of Intent of the government of Turkey	2000
OECD	OECD Principles of Corporate Governance	2004
MY Executive Consulting	Bağımsız yönetim kurulu üyeliği zamanı geldi mi? Ne söylüyor, ne düşünüyorlar?	2011
OECD	G20/OECD Principles of Corporate Governance	2015
OECD	Corporate Governance Factbook 2017	2017
TÜSİAD	Avrupa Birliği 62 Yaşına Girerken Türkiye için Önemi	2019
KAP	About Public Disclosure Platform	2019

Table 3. Additional Data

Although the study is based on archival data, two unstructured interviews, one with a seasoned manager in one of the firms in the data, the other with a consultant in "corporate governance services" of a globally renowned consulting firm were conducted. Both interviews were relatively short and had no pre-determined structure; and, because these interviews were not included in the data of the study, their contribution to the analysis is more of an anecdotal rather than involving instances of translation.

5.3. Methods

The arrival and the unfolding of corporate governance in Turkey determine the boundaries of the issue field in this study. Specifically, the study is designed and conducted as a process study. A process study is "centrally concerned with how change unfolds in the entities or things being studied" (Van de Ven, 2007, p. 195). Van de Ven (1992) distinguishes between two types of process studies based on two relatively different meanings attached to "process". The first type refers to process as a category of concepts that is similar to other concepts such as environment, performance or form in organizational analysis. This type of process formulation allows for operationalization of concepts into constructs and eventually to variables. Although "process as a

category" is common in organization studies, it is only possible to employ a "cause-and-effect" type of methodology when the sequence and pattern of events in a process development are clear.

The second type of process study, which is employed in this study, defines process as "a sequence of events or activities that describe how things change over time" (Van de Ven, 2007, p. 197). These studies seek to uncover how the change of ideas, practices, organizations or fields unfolds in time. As Gioia, Corley, and Hamilton (2012) explain "an intensive focus on process requires an appreciation of the nature of the social world and how we know (and can know) that world" and, hence development of concepts that might help further studies to be conducted is at the heart of studies that deal with changes in fields and/or actors. Therefore, the applicability of this process definition holds greater promise in the inquiry towards the development of corporate governance in Turkey. Moreover, the literature on Turkey's experience of corporate governance principles and practices is still lacking despite recent efforts. Scholars have conducted analyses on board roles (Kula, 2005), ownership structure-market value relationship (Yurtoğlu, 2003) and the role of culture and regulations on CSR spending (Ararat, 2008). These studies are valuable in a limited fashion as they are conducted with an etic perspective (which prioritizes objectivist/quantitative analysis) rather than an emic perspective (which prioritizes idiographic/subjectivist analysis) in a context where idiosyncrasies are yet to be identified (Morey & Luthans, 1984). Hence, it is required to "first generalize in terms of a narrative history or story" because "only this way will the key properties of order and sequence of events" (Van de Ven, 2007, p. 197) can be fully revealed to allow for hypothesizing causal relations.

The research strategy employed in this study is closer to Langley's (1999) definition of "temporal bracketing strategy" while also having elements of what she refers to as "narrative strategy". Temporal bracketing suggests that there are phases that are successive, and it provides a framework to uncover how each phase unfolds in time and leads to the next one. For temporal bracketing strategy one does not have to presume any progressive developmental logic, but it is fruitful for analysis to have an initial understanding of the case under study. Temporal bracketing is useful for eclectic data that come from various sources in various forms (e.g. reports, newspaper articles etc.). Narrative strategy, as complementary to temporal bracketing in the present study, involves constructing a detailed story of the process from raw data (Langley, 1999). Moreover, narrative

strategy supports the temporal bracketing strategy by allowing the points of bracketing to be adjusted aligned with data analysis (Pettigrew, 1997).

The study covers the years between 2000, when, as mentioned above, TÜSİAD's published OECD principles in Turkish, and 2018 when the most recent developments in the field could be observed. This period was temporarily divided into three subsequent phases at the initial stages of the research. They were based on the initiation of the concept from 2000 to 2007, global economic crisis era of 2008 to 2012 and 2013 to 2018 when Turkey suffered various unrests both politically and economically such as Gezi uprising and corruption allegations towards ministers in 2013. However, this initial bracketing was changed once the data was analyzed back and forth during the study. Following inductive and naturalistic (Lincoln & Guba, 1985) sensitivities that require context-bound emergence of the inferences, the dramatic changes that can be traced in the data allowed for the following three phases for analytical purposes: 2000-2003, 2004-2011 and 2012-2018.

Because the study investigates introduction of an alien concept to a new context, a completely inductive account of data on corporate governance in Turkey is at best very difficult. To overcome this difficulty and to structure the data in a way that reveals the travel of corporate governance, three categories of OECD's corporate governance principles; shareholder rights, transparency and public disclosure, and board of directors were selected ex-ante, as mentioned above. In accordance with Pettigrew's (1997) suggestion for selection of cases based on their capacity to inform the analysis, it was inferred that "stakeholders", OECD principle that was left out for this study, had limited informative capacity for examining the process of corporate governance since it created limited tension within the corporate setting of Turkey (Akgiray, 2012), and it is argued that instances of translation are best detected when it is possible "to assess the potential correspondence with …translation rules" (Wæraas & Sataøen, 2014, p. 247). This ex-ante selection of three dimensions, in addition to the pragmatic concerns, enabled capturing the travel of each dimension separately and the travel of corporate governance in a more fine-grained manner.

The particular operations followed during the analysis are a variant of Gioia et al.'s (2013) recommendations for rigorous qualitative research. Gioia et al. (2013) start with two basic assumptions: organizational world is socially constructed and actors constructing the realities are knowledgeable agents. Adhering to the basic assumptions of Gioia et al. (2013) but also addressing

its limitations in terms of "contextualization" and capturing the process chronologically (Langley & Abdallah, 2011), this study follows a combination of methodologies of employed by Wright and Zammuto (2013) and Wæraas and Sataøen (2014). Similar to Wright and Zammuto, this study first identifies a chronology of key instances of translation (in their study it is not translation but institutional formation) and then these instances of translation were coded as they exhibit different rules of translations in Røvik's (2007) rules as adapted by Wæraas and Sataøen's (2014) framework. As presented in the theoretical background chapter, Røvik's original rules (2007) that are copying, addition, omission, and alteration are sought for actors' translations in the key incidents. For the incidents, in order to enhance the understanding of the process, all the material presented in Table.1 was surveyed; that is, all the instances of translation were considered as incidents in which translations of "corporate governance" by the actors was made, and how these translations influenced the field were surveyed accordingly.

As the dimensions were identified ex-ante, the data was coded under the three dimensions, which are shareholder rights, transparency, and board of directors. Along this coding, inductive emergence of topics (e.g. European Union, international integration) and sub-topics (e.g. minority rights under shareholder rights, committees under board of directors) was allowed. To maintain the process perspective, these sub-topics were imposed back to all the years in order to identify possible instances of translations. Finally, through temporal bracketing, varying conceptualizations and central themes of corporate governance in the periods 2000-2003, 2004-2011 and 2012-2018 were clarified and the changes throughout the process of translation were contrasted accordingly. Therefore, novel mechanisms were identified with "increasingly refined inferences" (Vuori & Huy, 2016).

The specific operation followed in the research was as follows: While identifying the instances of translation, the statements in the reports and other resources were recorded as they were written. After completing the first review of data, these items were used to backtrack both horizontally (same topic/sub-topic different years) and vertically (different topics/sub-topics in the same year). By doing that both the topics were enriched to include possible other sub-topics that might be beneficial for understanding the process and possible themes of particular phases that these can be grouped under are identified. Furthermore, as the themes appeared data were reviewed for the third time for regrouping the items (e.g. statements by actors) in accordance to the most suitable theme.

The particular software used in this inductive identification and grouping of items is Adobe Reader Pro (v. Xi). Adobe Reader Pro enables comparing various reports both horizontally and vertically (as described above) at the same time. Thus, how certain statements evolved, or were retracted, added or completely changed in time was captured (see Appendix A for an example). Moreover, comparing between different topics in the same year enabled establishing how a certain actor distinguishes from one another for the same theme. This type of inductive approach is in line with Gioia et al. (2013) principles that prioritize contextual knowledge over quantification and at the same time follows a naturalistic sensitivity that strictly suggests "phenomena of study, whatever they may be – physical, chemical, biological, social, psychological – *take their meanings as much from their contexts as they do from themselves*" (Lincoln & Guba, 1985, p. 189, emphasis in original). Therefore, the data used in the study is both the focus of inquiry and the immediate provider of the context, along with other contextually relevant information.

In addition to the inductive approach described above, certain classifications and deductive processes were followed simultaneously. Coding of corporations as described in the data section allowed for capturing previously identified family responses to corporate governance (Selekler-Gökşen & Yıldırım-Öktem, 2009) and changing industrial dynamics (Yurtoğlu, 2003). All the factual knowledge obtained through coding enabled making inferences depending on the changing ownership structures, industrial regulations (i.e. for banks) and attentiveness to international and/or domestic incidents.

6. ANALYSIS

As described in the methodology chapter, the analysis of the process follows a temporal bracketing strategy (Langley, 1999). Although the analysis leads to a narrative of the process of translation of corporate governance, bracketing allows for distinguishing between periods that have different characteristics due to major incidents that start and/or end a particular period. Therefore, the analysis starts with TÜSİAD's publication of OECD principles in Turkish in 2000, which also marks the beginning of the "Introduction" phase. Publication of Corporate Governance Principles by the Capital Markets Board in 2003 marks the end of this introduction phase and the beginning of what I have labelled as the "Negotiation" phase. This second phase ends when the New Commercial Code and its immediate follower SPK communiqué on corporate governance were issued in 2011. The third phase, which I refer to as "Separation" comprises the years between 2012 and 2018, from the end of the "Negotiation" phase to the latest the data covers.

6.1. TÜSİAD Introduces Corporate Governance Principles - 2000

The travel of corporate governance in Turkey was initiated when TÜSİAD published "OECD Corporate Governance Principles" in Turkish in 2000. Although the original document was issued by the OECD in 1999, Turkey as one of the original members of OECD did not take any notable action until TÜSİAD took the initiative. TÜSİAD's publication, hence, is not only a case of importation, arguably for the business community, but also an incidence of trans-organizational structure emergence which allows "disparate institutional actors to join together in order to influence field evolution" (Anand & Watson, 2004, p. 60). The preface to this document also highlights TÜSİAD's translation by stating the mission of TÜSİAD as "creating platforms for discussion of issues that are highly regarded by the public opinion" (TÜSİAD, 2000, p. 4). Although TÜSİAD's publication of OECD principles, by being literal, resembles copying, this document requires further investigation primarily due to two reasons. First, due to TÜSİAD's role as the carrier of knowledge (Sahlin-Andersson & Engwall, 2002), the content of the document bears significance for the initial formation of the field. Second, the document contains a preface that was written by TÜSİAD, so elements of translation should be sought.

In the preface to document, TÜSİAD emphasized three additional points. First, the emphasis on TÜSİAD's support for a "market economy" (TÜSİAD, 2000, preface) was mentioned plainly. Second emphasis was about "international integration" of industrialists and businessmen in Turkey. Finally, the third emphasis was on "establishing the rules of liberal economy in Turkey". These three additions altogether indicate that TÜSİAD not only copied OECD principles but translated them as a key component for establishing an internationally integrated capital markets regime. Therefore, corporate governance as an idea and set of practices were introduced into Turkey as part of TÜSİAD's "liberalization" agenda and, moreover, the field of corporate governance was initiated with an "instrumental" quality attached to the concept. As the other elements that appeared in the TÜSİAD (2000) document are exactly the same as in the OECD (1999) principles, my references below will be to the latter document. In those terms, this was how "corporate governance" was introduced into Turkey, as an exact replica of what OECD believed these elements should comprise. In doing so, I describe what TÜSİAD wanted to import into Turkey along the three dimensions that were selected (as described in the context chapter) which are shareholder rights, transparency, and board of directors. The OECD principles and its publication in Turkish, thus serve as Turkey's first encounter with the alien concept of corporate governance.

Shareholder Rights

Rights of shareholders were defined by OECD (1999) as all the control and power that any shareholder should possess in order to protect her interests regarding the investment decision. As the annotations to this definition are examined, overall framing of the shareholder rights become "transparency for investors of the firm". For example, article D (OECD, 1999, p. 27) suggests "Capital structures and arrangements that enable certain shareholders to obtain a degree of control disproportionate to their equity ownership should be disclosed". The explanation for this suggestion is provided such that the capacity of non-controlling shareholders to have influence should not be diminished. Therefore, not only the transparency of the shareholder structure but also the exercise by shareholders of their rights is emphasized. In the same vein, item 3 of the article A (OECD, 1999, p. 31) highlights the importance of pre-determining the procedures regarding the voting practices in general shareholder meetings. The transparency concept under shareholder rights section differs from general transparency and disclosure, which is another

section in the principles, in terms of its emphasis on shareholders' access to information regarding their investments, i.e. the firm.

In the preface to the part "The Equitable Treatment of Shareholders", it is also emphasized that effective use of shareholder rights also depends on the trust between the board of directors and shareholders such that each party should be allowed to exercise all their legal rights despite the associated costs of delay. As stated, "…an important determinant of the degree to which shareholder rights are protected is whether effective methods exist to obtain redress for grievances at a reasonable cost and without excessive delay" (OECD, 1999, p. 29), which underlines the role of trust and trust-building procedures for the effectiveness in shareholder rights execution. To conclude, shareholder rights as introduced to Turkey by TÜSİAD encapsulates three primary themes: transparency, pre-defined procedures, and trust. In broader terms, all these themes of "the principles" were directed towards, in TÜSİAD's terms "attracting long-term *patient* (emphasis in original) capital" (TÜSİAD, 2000, p.16).

Transparency

As it is suggested by OECD in the original principles (1999) and endorsed by TÜSİAD (2000) in exactly the same way, the purpose of transparent governance is to make sure that the potential or existing investors of the company are well-informed so that capital markets function efficiently. Similar to the shareholder rights section, transparency is associated with the trust of investors and flow of capital readily. Functioning of markets and trust in it hinders "poor allocation of resources". The principles argue that going beyond the required amount in terms of public disclosure enables companies to response to market demand. Although details are not clear, the principles strongly recommend employing standardized accounting methods and external auditing, but again in line with functioning of markets argument. Therefore, the distillation of this section results in "functioning of markets for efficient use of resources".

An addition made in TÜSİAD's Turkish version of "disclosure and transparency" section of OECD is the word "public" (*kamuoyu, in Turkish)*. Hence, in TÜSİAD's translation the chapter's heading was "public disclosure and transparency" (*Kamuoyuna açıklama yapma ve şeffaflık*) and the rest of the section was translated with this addition. "To make sure the intended meaning is appropriately and effectively transmitted" (Wæraas & Sataøen, 2014, p. 244), TÜSİAD's addition

as the "translator" indicates a concern for the context in which transparency was demanded by the general public as discussed in the context chapter, rather than transparency for shareholders as the original document intends.

Board of Directors

The principles regarding the responsibilities and functioning of the board as defined by the OECD can be understood as serving two purposes: monitoring and execution. The principles highlight the fact that the structure of boards vary among OECD countries such that one-tier and two-tier boards are both present and the principles are achievable in both scenarios. However, the items in this chapter are all concluded by suggesting effective and *independent* monitoring. In this vein two-tier boards were referred as "typical" and so, the implicit recommendation was to have two-tier boards, in which monitoring is separated from the execution function, which of course was not in line with the existent legal framework in Turkey at the time.

This section also discusses, albeit very briefly, how family involvement might have consequences for the independence of monitoring and execution functions of the board. The discussion takes place under the article that states "The board should be able to exercise objective judgment on corporate affairs independent, in particular, from management" (OECD, 1999, p. 42) and contends how certain ties, especially family ties might hinder the board's capability of objectively monitoring. Moreover, the suggestion for resolving the lack of objectivity caused by these "ties" is stated as allowing for more independent board members alongside with the "subjective" directors. The rest of the discussion highlights how independent board members can contribute to decision making in areas of potential diversion between the management and the shareholders of a company.

6.2. Phase 1: Introduction (2000 – 2003)

The phase following TÜSİAD's initiative encapsulates emergence of the corporate governance field in Turkey. In this introduction phase, TÜSİAD maintained the championing role with another report, this time in their own words, which was published in 2002, entitled "Corporate Governance Code of Best Practice: Composition and Functioning of the Board of Directors". These "guidelines" by TÜSİAD, as they refer it, were published both in Turkish and English, which indicates the audience of the report was not only the publicly traded corporations in Turkey but

also the international community of which TÜSİAD wants Turkey to be part, as stated multiple times in this and publication in 2000. Moreover, the emphasis on the board of directors as opposed to other dimensions of corporate governance is a case of addition since this selection also implies "making the idea more explicit" (Wæraas & Sataøen, 2014, p. 244). Therefore, for TÜSİAD, corporate governance was primarily a matter of "structure and functioning of the board" in the introduction phase. In addition to all these, TÜSİAD also included companies other than publicly traded corporations by arguing "The non-binding principles on the composition and functioning of the board of directors constitute guidelines for all companies and particularly those going public" (TÜSİAD, 2002, p. 11). This phase starts with TÜSİAD's lead, and other actors began to emerge as the field started to unfold and their translations of corporate governance started to become apparent as they also participated into shaping of the field.

6.2.1. TÜSİAD in the Lead

As it is described in the context section, 2001 marks the year of economic crisis in Turkey. Although the causes of the economic crisis are mostly associated with governmental and fiscal policies, the consequences were drastic for the whole country. One of the consequences concerns the mode and tone of liberalization policies adopted in 1990s. "Administered financial liberalization" (Cizre-Sakallıoğlu & Yeldan; 2000) of Turkish economy until 2000s has been defeated such that the government which has administrated liberalization was starting to be seen as the source of corruption and crisis. Therefore, in 2001, the broader context was even more receptive for TÜSİAD's initiative regarding the promulgation of *transparency* through OECD corporate governance principles. In the same year with pro-liberal AKP's victory in the elections TÜSİAD took another initiative and published the "guidelines" as described above. In contrast with the OECD principles published in Turkish in 2000, this report was a genuine product of TÜSİAD and was able to represent the interests and intentions of the association more explicitly. Furthermore, the report had a separate section that evaluated the situation in 2002 in terms of corporate governance.

After a brief description and history of corporate governance in the world, TÜSİAD argued "the fact that corporate governance was quite a new concept in Turkey, an OECD member striving to increase its share in global markets, is a thought-provoking situation" (TÜSİAD, 2002, p.9). The "guidelines" clearly stated that "the recent macroeconomic restructuring efforts in Turkey"

(TÜSİAD, 2002, p.9) were in line with the corporate governance principles and, moreover, argued that "…welfare for Turkey and her citizens can only be attained through sound corporate governance" (TÜSİAD, 2002, p.10). After establishing the requisiteness of corporate governance principles, the publication provided details regarding the members, responsibilities and the structure of the board of directors. However, more striking than the details was the prescriptive and hegemonic tone of the publication. To illustrate, the English version of the 2002 "guidelines" by TÜSİAD which was 32 pages long, mentioned the word "must" 97 times (a similar search can be and was done in Turkish suffixes –meli and –malı, the result is the same). Moreover, the title of the publication "Code of Best Practice" vividly expressed the claim of introducing "the best" way of practicing corporate governance. Hence, TÜSİAD in 2002 acted not only as a forerunner for the importation and journey of the corporate governance in Turkey but also claimed authority over other potential actors including government since the association also argued: "…in order to establish corporate governance in Turkey, it is essential to create the kind of regulatory environment that will allow for the precise functioning of the world-wide accepted OECD principles of corporate governance" (TÜSİAD, 2002, p.11). Aside from TÜSİAD's specific recommendations for board of directories (as the title of the publication suggests), TÜSİAD's advocacy of the emerging field (Maguire, Hardy, & Lawrence, 2004) of corporate governance in 2002 reflected two things: Addition of the claim of welfare of society through corporate governance and the position of TÜSİAD as the main actor for determining the boundaries and details of corporate governance.

In addition to TÜSİAD, other governmental and non-governmental organizations began to participate in this introduction phase of corporate governance into Turkey. On the government's side, the first act was issuing of a communiqué in 2002 by SPK (see Table 1) that aimed to regulate the independent auditing firms and necessitated forming audit committees within the boards of publicly traded corporations. Although there were no references to corporate governance explicitly, this step was considered as a response to the changes in the world after Sarbanes-Oxley act by a researcher in SPK (Özkul, 2003). In this communiqué, SPK's definition of auditing committee and responsibilities attached to this committee resembled OECD's principles. Item 28/A of the communique (SPK, 2002) required the majority of the committee to be comprised of board members with no executive roles in the corporation, which is in line with OECD principle V-E-1 that suggests "boards may also consider establishing specific committees … these

committees may require a minimum number or be composed entirely of non-executive members" (OECD, 1999, p.42). However, the same principle in OECD's publication included independent board members and their importance for committees whereas SPK ignored that part for the time being, which marks an omission. This omission can be considered as indicative of SPK's hesitation for bringing "independent board members" into regulations at this early stage. Thus, in 2002, albeit not directly, the government was starting to emerge as an actor in the field of corporate governance via attending to changing global standards (Özkul, 2003). Finally, SPK's communiqué and TÜSİAD's publication in 2002 were published at about the same time. Although the translation among these two documents is difficult to identify, it should be noted that the use of terminology and the content of audit committee were almost identical, both resembling the OECD's principles.

Another step by the government in this period was a conference held by the Central Bank of Turkey (TCMB) in Ankara in 2003 with the title of "Kurumsal Şirket Yönetimi" with the insertion of "Company" into the Turkish translation of the concept, indicating a less than uniform labeling of the term in this introduction phase. Although including "company" into the term implies an emphasis on private sector practices, the majority of the participants of the conference were from various governmental agencies such as the Central Bank of Turkey, Banking Regulation and Supervision Agency (BDDK), Under-secretariat of Treasury, and the Capital Markets Board. Along with a limited number of academics, the only private sector representative was the founding chairman of newly founded TKYD. Then governor of the TCMB, Süreyya Serdengeçti also provided a preface to the transcription of the conference (see Table 1, Kurumsal Şirket Yönetimi by TCMB). In this preface, the governor specifically addressed the European Union, for the first time in the field, by stating "It is necessary to identify new objectives for corporate governance in terms of Turkey's process of accession to European Union (2003, p. iii). This addition of European Union by the governor of the TCMB indicates the government's intention for EU accession as well as their view of seeing corporate governance as a steppingstone for this aim – an act of translation itself in the form of addition. Details regarding this conference to be discussed in the following paragraphs and respective dimensions, all the representatives of the government referred to concepts such as "competitiveness", "market economy", "attracting capital" in one way or another. Although these concepts indicate striking resemblance with TÜSİAD's translations up to this point, these government officials did not refer to TÜSİAD, rather they quoted OECD principles. Positions of these actors vis-à-vis each other to be discussed later, nevertheless, the terms

associated with “market economy” in this translation were copied and addition of European Union was performed by government officials.

Another actor that entered (or exhibited involvement with the field) in these years was MÜSİAD (Independent Industrialists and Businessmen’s Association). Established as a religious-conservative alternative to TÜSİAD (Buğra & Savaşkan, 2014) in 1990, MÜSİAD grew rapidly in the following years particularly due to its capacity to represent the capital in Anatolia in opposition to TÜSİAD’s İstanbul base (Buğra, 1998). Although the positions of these two business associations in certain matters are beyond the scope of this study, MÜSİAD’s entry into the corporate governance field through a guideline named “Institutionalization in Family Businesses” (Aile Şirketlerinde Kurumsallaşma) authored by then MÜSİAD deputy secretary general Nihat Alayoğlu, published in 2003 provided at least two things. First, MÜSİAD performed an alteration to the concept by not using “corporate governance” but “institutionalization”, a term in itself a translation in the Turkish context involving flexible interpretations such as professionalization, formalization and/or rule boundedness. The Turkish origins of both concepts are the same (“kurumsal”, which apparently first appeared in Turkish, in national newspaper Cumhuriyet in 1935 as the corresponding word for “institutionel” in French; Nişanyan Sözlük, n.d.). However, as mentioned above the Turkified version of the term “institutionalization” has taken to mean a broader range of meanings that are disparate from what was and is understood by corporate governance. Through this alteration MÜSİAD dissociated itself from a field that was introduced by TÜSİAD, its archrival (Buğra, 1998) and OECD’s principles. Second, MÜSİAD added continuity of family businesses to the field as the focal point of the “institutionalization” process and argued that it is only through institutionalization that the succession of family businesses to their next generations can be ensured. Interestingly though, after 2003 MÜSİAD’s involvement in the corporate governance field remained very limited if not at all. A reason for this might be the mismatch between the evolution of the field in a way that dealt with publicly traded corporations after SPK’s publication of Turkey’s principles (described in the following sub-section) and MÜSİAD companies in which the majority were employing fewer than 50 employees and were rarely publicly listed (Buğra, 1998).

It is possible to argue that what MÜSİAD did was initiating or contributing to another issue field, that of “institutionalization”. Non-existence of any reference to “corporate governance” in their

report would support this argument too. However, as the process unfolded, some of the actors within the field of corporate governance (e.g. TKYD and consulting firms) have started to use a language that resembles MÜSİAD's emphasis on families and family businesses. This convergence along the process is further elaborated in the analysis of the phases following "introduction".

To conclude, the general translations of the introduction phase included TÜSİAD's addition of liberal economy and improved capital markets, government's emphasis on European Union accession and Turkey's international integration, and MÜSİAD's addition of family interests, albeit through their own terminology. After this introduction of actors and their translations of corporate governance in general between the years 2000 and 2003; how shareholder rights, transparency, and board of directors dimensions were translated in between those years by these actors is discussed in the following paragraphs.

Shareholder Rights

Shareholder rights, as described in the original OECD principles published by TÜSİAD in 2000, were related to transparency for investors, pre-defined procedures, and trust. However, the "guidelines" published in 2002 by TÜSİAD only focused on procedures such that the only references (two of them) to the then valid Turkish Commercial Code appeared in this section (TÜSİAD, 2002, Chap: 15) in a way that gave prominence to the code. The first mention was a direct copying of the respective article in then valid commercial code (Eski TTK, 1957, p. 2812) that stated "shareholders must be informed of the general assembly 15 working days in advance and receive the agenda of the meeting" (TÜSİAD, 2002, p. 30). Although this copying of TÜSİAD indicated a fit between an imported concept and the context, omission of the commercial code in the rest of the "guidelines" indicates TÜSİAD's conception of corporate governance principles was not yet in the form of translation into the target Turkish context (Wæraas & Sataøen, 2014).

Furthermore, in the second time the commercial code was referred, the specific recommendations provided in respective chapters of TÜSİAD's "guidelines" in 2002 seemed to be replaced by general statements and references to the articles of association of a corporation (*ana sözleşme* in Turkish). The following quote shows the emphasis on the then current legal procedures:

> "The rights of all shareholders, compensation and defense of rights in case of abuse are protected under Turkish Commercial Code and other related laws (the capital markets law and regulations). In addition, concession rights, together with the capital and ownership structure of the company should be indicated in the articles of association of the company" (TÜSİAD, 2002, p. 29)

The emphasis on procedures was also visible in the statements of other actors. Because the economic crisis of 2001 had originated from financial organizations including public and private banks, the lack of procedures that defined and described shareholder structures of these organizations were brought in. For instance, Güven Sak of the Central Bank of Turkey argued that the shareholders and potential domestic or foreign investors seek for minimum risk and that this could be achieved through reforming the public banks first (Sak, 2003). Although TÜSİAD's publication of OECD principles was there for the use of actors, the U.S. example with the act of Sarbanes-Oxley (SOX) had an influence on the government's side, regarding the procedures. A survey conducted by Özkul and endorsed by SPK in 2003 compared SOX and aforementioned 2002 communiqué published by SPK. Two of the five conclusions of the survey called for regulations at the level of a law rather than communiqués and recommended more severe punishments in the acts of non-compliance (Özkul, 2003, p. 42). These conclusions speak to shareholder rights because the SPK communiqué of 2002 dictated auditing and penalizing the board of directors, where in Turkey the majority shareholders typically had representation, whereas the SOX act was based on improved auditing measures for CEOs and CFOs (Özkul, 2003, p. 40). This instance of alteration was also the first time the differences in the shareholder structures in the two contexts, U.S., and Turkey, was, albeit not overtly, acknowledged in the field of corporate governance.

As detailed in the context chapter, both the IMF program that was accepted in 2000 and the economic crisis of 2001 directed government's attention to the finance sector in the early 2000s. Establishing Banking Supervision and Regulation Agency (BDDK) in 2000 was also key in showing government's intention towards regulating this sector as IMF suggested (IMF, 2000). Involvement of BDDK in the corporate governance field, albeit not directly, occurred through TCMB conference in 2003. Presented in this conference, a study of 21 financial organizations by Saygılı, Yayla, and Çokaklı (2003) of BDDK found that 55% of the financial organizations, both publicly traded and not, were owned by business groups, most of which were owned by families

and 30% was owned by the government at that time. Tied to this study, then BDDK's head of research, Şeref Saygılı argued that "strong organic ties between the finance sector and the non-financial sector are the major obstacles for establishing "good corporate governance" in Turkey particularly because of intra-group activities" (Saygılı, 2003, p. 49). Although his conception of "good corporate governance" was vague, that is, he did not explicitly define what he meant, the obstacles he identified were directly related to the lack of competitiveness and high risk in the finance sector due to cross-ownerships, that is business groups operating in many sectors including finance. He attested that BDDK considered corporate governance as a chance for regulating the financial sector, a sector which was regarded as bearing highest importance for "stabilizing and enhancing the growth in the economy after the very recent and costly crisis" (Saygılı, 2003, p.51) Consequently, while on the one hand shareholder rights were translated by TÜSİAD and SPK in the introductory phase in ways that had elements of clearly defined procedures and adapting to shareholder structures, on the other, BDDK identified an instrumental aspect for corporate governance in terms of reviving the finance sector that had suffered for many years due to cross-ownership of business groups.

Transparency

As described in Chapter IV on the context, transparency often meant the transparency of the government primarily due to incidents outside the corporate setting. However, with the 2001 crisis and its aftermath, transparency had started to be considered as involving corporations too, particularly financial organizations. Thus, with the accompaniment of the economic crisis in 2001, when TÜSİAD brought in OECD's corporate governance principles in 2000, the context seemed more permeable for transparency than other aspects of corporate governance, at least as a generic concept. However, how transparency was described and even framed after the introduction of corporate governance has also been subject to the context and actors' positions. Then chairman of TÜSİAD, Tuncay Özilhan, noted that both the transparency of the government and the private sector were the keys for Turkey to be competitive in international product markets and overall growth of the economy (Özilhan, 2002). His emphasis on the transparency of the government reflected the overall context in which transparency was mostly associated with government whereas his addition of competitiveness and international markets were indicative of TÜSİAD's aforementioned position as the supporter of a "liberal economy". As a matter of fact, in the preface

to the publication in 2002, Corporate Governance Code of Best Practice, also included TÜSİAD's mission as "…supporting all the policies aimed at establishment of a liberal economic system…" (TÜSİAD, 2002, Foreword). Albeit with small difference, this mission statement was the same as the one in the 2000 printing of OECD principles in Turkish. In addition, the words of Tuncay Özilhan combine transparency of government with the EU accession process as,

> "… implementation of corporate governance principles also expresses a change of perspective that might contribute to the process of EU candidacy. A public administration organized around transparency and accountability principles could be the solution for the need for redefining the state-citizen relationship" (Özilhan, 2002, p. 7)

Therefore, TÜSİAD translated transparency via adding a contextual element, transparency of the government. TÜSİAD's translation of transparency, hence, involved instrumentalizing corporate governance principles to further the association's mission of "liberalization of economy" through utilizing a contextually salient concept, i.e. transparency.

The liberalization emphasis in TÜSİAD's statements resembled in many aspects the institutionalization of markets emphasis in statements of governmental agencies. In a study by SPK in 2003, Eroğlu suggested that

> "Public disclosure and transparency are the pillars for an effective corporate governance and strong capital markets. Without systematic, reliable, and comparable information, it is impossible for investors to evaluate the corporate outlook and come up with clear investment decisions among alternatives" (Eroğlu, 2003, p. 6)

The emphasis on the market was also observable in the words of Eşref Ayaş, then deputy director general of the Undersecretariat of Treasury as he suggested transparency and good governance are meaningful as long as they support competitiveness in capital markets (Ayaş, 2003). Since having an effective market economy has been one of the criteria for EU succession (part of Copenhagen criteria, named after the European Council in Copenhagen in 1993), government's intention for a transparent market economy aligned with growing ambitions towards EU membership in the early 2000s. Although the concept "liberal economy" was mentioned solely by TÜSİAD, the government and TÜSİAD seemed to converge in their conceiving of transparency as a crucial element for integration into international capital markets as well as boosting competitiveness.

Another issue regarding transparency was the concept of trade secrets. While OECD did not mention this issue at all, two members of staff from SPK prior to the declaration of SPK principles

in 2003 discussed the issue of trade secrets and its implications for establishing corporate governance within Turkey. Şehirli (1999), in her analysis that compared the legal framework in Turkey and OECD principles, indicated that the information that may be regarded as a "trade secret" should not be included in the disclosure procedures in Turkey to preserve the competitiveness of the corporations. Şehirli also argued that the primary motivation behind the reluctance of corporations to disclose information may be their evaluation of the information as a trade secret. In his analysis focusing on transparency and public disclosure, Eroğlu (2003, p. 33), from SPK, came up with a definition of trade secret as "information that has value independently, and, unknown and impossible to be accessed by third parties". In the footnotes to this definition Eroğlu compared trade secrets to Coca Cola Merchandise 7X formula and noted how Common Law practices that were valid in the United States protected certain trade secrets. Eroğlu furthered Şehirli's argument to suggest that corporations often avoided disclosing relevant information by claiming it to be a trade secret. Eroğlu, finally, recommended corporations to issue internal regulations that determine the boundaries of trade secrets. Both authors' comments on this concern despite its non-existence in OECD principles indicated that the potential for corporations in Turkey to defend their non-disclosure practices through claiming them as trade secrets was a probable obstacle for transparency. This addition of trade secrets by SPK to corporate governance field reflects how the context within Turkey might be different than the original context of the imported principles and the translation in the form of an addition that it has generated.

All in all, aside from TÜSİAD's liberal economy emphasis, and SPK's discussion on the trade secret concept, transparency in the introduction phase has seen instances of additions, However, an omission by another business association, MÜSİAD, should be noted as well. MÜSİAD's guideline named "Institutionalization in Family Businesses" published in 2003 did not even mention the word transparency (in Turkish: *şeffaflık*) or any other related concept. Instead, MÜSİAD provided tips for families on how to keep the control of their companies while paving the way for the professionalization of management. This discrepancy is closely related to the conceptualization of transparency by other actors in the corporate governance field, which was transparency of the management of the corporation for shareholders and potential investors. This translation that was made prior MÜSİAD's publication covertly put an emphasis on publicly traded corporations, none of which were members of MÜSİAD. Furthermore, concentrated ownership at large enables owners to "…have the incentive and means to monitor management closely" (Ararat

& Uğur, 2003, p. 11), which was the case for the corporations in Turkey at that time. Therefore, having concentrated ownership and not being traded publicly, MÜSİAD's omission indicated that in the introduction phase, transparency has been translated in association with access to international capital markets. This omission by MÜSİAD and its ramifications for the field are discussed in the analysis of the other phases.

Board of Directors

How the board of directors should be formed according to corporate governance was the focus of TÜSİAD's publication in 2002, named: "Corporate Governance Code of Best Practice: Composition and Functioning of the Board of Directors". As the name implies, the code of best practice for boards was aimed at the structuring and functioning of boards. Although other aspects of corporate governance were discussed as well, all the recommendations were closely related to the composition and responsibilities of the board. One key theme of these recommendations was regarding the independence of the board. In fact, two and a half pages of the text was aimed solely on describing what *independence* means, even including a table that indicates who can be classified as non-executive and/or non-independent. The "guidelines" went as far as to claim, "the prerequisite for corporate governance to ensure an efficient and impartial practice is to have a majority of independent members on the board" (TÜSİAD, 2002, p. 17). Considering the corporate setting which has been dominated by family business groups in which the family members were in control of both the central and affiliated companies for years (Üsdiken & Yıldırım-Öktem, 2007), emphasis on independent board members by TÜSİAD, which comprises of those family members is noteworthy. Interestingly, TÜSİAD's translation of independent board members in 2002 provided another instance of copying that resembled OECD's principle regarding boards in 1999, which can be summarized as, only through independent board members it is possible to ensure objectivity in the decisions of any board. In fact, TÜSİAD added to OECD's recommendation by including a specific ratio of independent board members as the association argued the aim for corporations should be having more than 50% of members in the board as independent, though initially the companies were recommended to attain the level of 25% independence in the boards. Moreover, as mentioned at the beginning of the discussion of this phase, this "guideline" by TÜSİAD did not make explicit distinction between publicly traded and

privately held corporations; hence, TÜSİAD's addition of independent board members was for all the corporations.

TÜSİAD's following and even furthering OECD's principle in terms of independent board members was even more significant considering the then valid commercial code which required members of the board to have shares in the corporation (Eski TTK, 1957). In addition, then valid capital markets law, that regulates publicly traded corporations, had no specific other governing provisions about independent board members. Therefore, TÜSİAD's recommendation in 2002 can be considered not only beyond but also against the regulations, exemplifying an alteration in Wæraas and Sataøen's (2014) framework since it was radical and almost rendering TÜSİAD more Catholic than the Pope.

Along with independence, the implicit recommendation about the composition of the board in OECD principles was specified in the 2002 publication by TÜSİAD in that the objectives and composition of the corporate governance and audit committees were provided. While the recommendation of forming an audit committee as part of the board of directors was a copying of the related OECD principle, TÜSİAD was again ignoring the existing legal stipulation (Eski TTK, 1957, article 347) that required corporations to have an auditor (*"murakıp"* in Turkish) or a board of auditors outside the board of directors. Audit committee was not presented as an extension or replacement of auditor. Neither the concept auditor nor board of auditors was mentioned in TÜSİAD's "guidelines". This omission of a contextual element speaks to TÜSİAD's claim as the forerunner of corporate governance field, with almost no concern for existing legal provisions within the Turkish context. Moreover, TÜSİAD added a corporate governance committee, which was not part of OECD's principles, as a recommendation for boards. Corporate governance committee, in TÜSİAD's 2002 publication, was described as a committee that has independent members in the majority, and not only supervises whether the corporate governance principles are followed, but also decides on the nomination and remuneration of the members of the board. This recommendation, in conclusion, suggested the board members can only be nominated by the approval of independent board members, or "designated by shareholders" (TÜSİAD, 2002, p. 19). The latter has been the usual practice in Turkey for many years, therefore copying "designated by shareholders" from then valid commercial code as the second possible way indicates the former was just an alternative, despite highlighted as the best practice by TÜSİAD. By that, TÜSİAD

while promoting the nomination to be handled by a committee that consists of independent board members (at least in majority), also allows for shareholders to have a saying in the process. Therefore, TÜSİAD, the major association of the big business which were mainly family business groups with concentrated ownership, performed this copying since it is in line with the interests of the families who can still nominate members they like.

Other than TÜSİAD's emphasis on independence of board members, the rest of the actors in the early 2000s remained silent about the composition, role, and responsibilities of the board, except for the audit committee addition by the SPK. One reason for this was related to the discussion presented in the pre-2000 section. Board of directors had long been considered as a matter of complying with the existing legal framework. As described earlier, other than complying with the law, the rest of the boards' activities were mainly family issues because the dominance of families in the boards had been widespread (Selekler-Gökşen & Yıldırım-Öktem, 2009). Therefore, unlike other items in the OECD principles for corporate governance, changes in the board structures and functioning required for compliance was taken slowly by especially governmental agencies, suggesting perhaps that they paid greater attention to the constraints imposed by contextual conditions to copying what was being imported. Other weak actors at the time such as a small policy forum were arguing that the "patriarchal culture" dictated nonexistence of independent board members and challenging the decisions of the chairman of the board (often a major owner) (e.g., Ararat, 2003) . The only way to change this culture for "better" corporate governance would be through foreign partners. Thus, sensing little capacity in influencing the field, the expectation was that the composition and functioning of boards in Turkey would occur through gradual structural change along with greater entry of foreign capital into the country.

Although government had started to become an actor in the corporate governance field through conferences and issuing research reports, TÜSİAD's publication of OECD corporate governance principles and the "guidelines" published in 2002 marked TÜSİAD's championing role in the introduction phase. TÜSİAD's role in this phase was also acknowledged by Murat Doğu, then a researcher on corporate governance in the Capital Markets Board as he admitted in the preparation phase of the Corporate Governance Principles (TCMB, 2003), TÜSİAD participated to the SPK meetings as a valuable contributor (Doğu, 2003). However, in 2003 the government in the form of Capital Markets Board and subsequently the corporations in the forms of practices and

statements have participated in the shaping of the corporate governance field directly. Henceforth, the analysis from this point onwards not only includes variety of actors but also allow for interpreting these actors' translations and effects of these translations on corporate governance field.

6.2.2. SPK Publishes Corporate Governance Principles of Turkey - End of 2003

In 2003, SPK issued for the first time their Corporate Governance Principles. This regulatory move brought a requirement for listed firms to comply with these principles or explain the reasons for incompliance. Hence, SPK played two roles: regulating the reporting mechanism of corporations and translating corporate governance as a global idea via referring to the OECD principles. This emphasis on OECD is also stated openly in the introduction section as

> "Regulations of many countries have been examined, and generally accepted and recommended Principles; primarily the "OECD Corporate Governance Principles" of 1999 together with the particular conditions of our country have been taken into consideration during the preparation of these Principles" (SPK, 2003, p. 7)

The introduction to the principles consisted of a long discussion on the importance of corporate governance for corporations as well as for the economies of countries. Throughout the discussion, SPK emphasized three major developments that took place in the world: corporate scandals, increased global awareness of corporate governance, and globalization through international mobilization of funds. These observations were used to legitimate applying these principles for publicly traded corporations. For example, the Sarbanes-Oxley act following the corporate scandals in the US, and restructuring of governance in countries like Japan, Germany and Russia were presented as developments in the direction of good corporate governance (SPK, 2003, p. 6). Furthermore, the World Bank, OECD, and Global Corporate Governance Forum (GCGF) were mentioned in the same section to emphasize the rising global awareness for good governance practices.

However, a more striking emphasis came in about the flow of international funds and how it should be enabled through corporate governance regulations. The introduction section of the principles, which was provided as a statement of justification, was indicative of both the context in which the principles were addressed and SPK's position as an actor performing translation. Following four excerpts are the first sentences of the first four paragraphs in the principles (SPK, 2003, p. 4)

> "Today's global financial marketplace sets the scene for outstanding and swift developments"
>
> "Although national borders maintain their physical existence, they are becoming less significant in today's world which is becoming a smaller place to live in"
>
> "Companies and even governments no longer feel restricted to limit their financial capacities with their own domestic markets, but rather seek to utilize their opportunities in the international financial arena"
>
> "Due to the increase in competitive conditions within financial markets, countries are being required to harmonize their legislation with the international level and realize a set of regulations in order to attain and sustain development"

The emphasis on integration with international capital markets and corporate governance being seen as instrumental for this purpose, which were also the themes of the introduction phase, were maintained and even further explicated by the SPK in the principles. The convergence of this governmental agency and TÜSİAD in terms of their conception of transparency as a crucial element for better integration with international capital markets, which was identified in the previous section, appeared to be expanded by this governmental agency to encapsulate all the principles, as shown in the following quote:

> "the model to be established should be compatible with the conditions peculiar to each country. However, the concepts of equality, transparency, accountability, and responsibility appear to be main *(sine qua non)* concepts in all international corporate governance approaches that are widely accepted" (SPK, 2003, p. 6)

Corporate Governance Principles published by SPK requires further attention with respect to its tone. Since the issuer was a government agency that was responsible for supervising corporations which were quoted in capital markets, the binding nature of the principles brought regulations for the first time into the field. However, the tone of the principles defied this "binding nature" in the sense that the word "should" was mentioned 372 times in 59 pages whereas this number was only 17 for "must". Compared to TÜSİAD's publication in 2002 (the version in English also published by TÜSİAD in the same year) which used "must" 97 times in 44 pages, SPK seemed low-key and allowed room for companies to adopt what it was trying to bring in. As Veldman and Willmott (2016) identified for the UK Code of Corporate Governance, SPK's principles can be identified as soft-regulation, in which changes in the future are subject to collective learning of the participants of the field. Stating "…the principles also aim to play a guiding role for future regulations. The

principles will be periodically examined in order to ensure that they stay up-to-date" (SPK, 2003, pp. 7-8), SPK admitted this negotiable and relative "soft" nature of the principles. Therefore, as opposed to TÜSİAD's position to devise "guidelines", SPK claimed a more modest position in the corporate governance field at the beginning. However, although the principles were written in a way that only "recommends" certain practices, being published by the SPK and forcing corporations to "comply or explain", the principles were posed as rules that corporations needed to adapt to. Consequently, the principles was a "soft-regulation", but still a regulation as stated by SPK in their words: "The principles also include provisions beyond the current regulations, and they have been prepared in order to fill the gaps in corporate governance practices" (SPK, 2003, p. 7). Aside from the general points of translation, how SPK translated the three dimensions is presented in the following paragraphs.

Shareholder Rights

SPK principles observed that the "shareholders are unable to exercise their rights effectively, and to communicate and interact effectively with management and that there exist various imperfections in the regulations pertaining to shareholders' rights" (SPK, 2003, p. 10). In doing so, SPK addressed the differences between OECD principles and Turkey's legislation, "deviations" in their terms, and maintained

> "in order to ensure proper harmonization between these regulations [Turkey's legislation and OECD principles], it has been proposed that provisions are adopted in the articles of associations and in the internal regulations of a company in order to improve and protect shareholder rights" (SPK, 2003, p. 10)

Aligned with this, the first issue SPK emphasized was empowering the shareholders in their right to obtain information from the board of directors. SPK recommended boards to disclose any information to the shareholders unless "this particular information would violate the company's interests and trade secrets" (SPK, 2003, p. 11). In addition, this recommendation was not a direct one, instead SPK recommended corporations to include a special provision in their articles of association. Therefore, the translation allowed room for the board (often the majority shareholders) to decide what should be considered as a "violation to the company's interests" since changes to the articles of association were also needed to be handled in general assembly where majority shareholders were also dominant.

The same mechanism of empowering the shareholders, this time in decision making was provided in the item 3.6 of the SPK principles. SPK recommended the decisions that may change the capital and management structure of the company should be decided at the general assembly, not by the board. Again, the item showed a clear intention of empowered shareholders whereas at the same time required companies to include a provision in the articles of association for this practice to occur. Remembering the board was responsible for the preparation of agenda items in the general assembly, any changes to this practice would mean an initiative taken by the board.

Another significant incidence was the inclusion of "minority rights" in the SPK principles, which also marked the first time it was discussed by a governmental agency other than then valid capital markets code (added with the changes to the code in 1999). As described in the pre-2000 section, then valid commercial code ensured authority for SPK to take further steps for protecting the minority shareholders, such as cumulative voting. SPK, however, not only defined minority shareholders and their rights, but also added the adoption of cumulative voting for minority shareholders to be represented in the board of directors. In terms of shareholder rights, cumulative voting of minority shareholders was the most radical regulation since, for the first time, shareholders other than controlling/majority owners, could have the chance to be represented on the board. SPK researcher Şehirli's (1999, p. 54) recommendation for introducing cumulative voting by referring to a study by La Porta et al. (2000, cited version was a working paper in 1997) concluded that "once cumulative voting is practiced in the election of board members, minority shareholders can be more effective in electing directors who better represent them". It appears that Şehirli's recommendation was taken seriously since in a field in which most of the publicly traded corporations had concentrated ownership, addition of cumulative voting for the first time reflected how SPK aspired to fit (Wæraas & Sataøen, 2014) shareholders' rights to the existing context. Considering TÜSİAD did not even mention minority rights neither in the preface to OECD principles nor in the 2002 publication, SPK's addition in 2003 indicates an initial divergence in translations of these two actors in terms of their emphasis on minority rights as part of corporate governance. SPK, apparently, had more contextual sensitivity and realized that the minority rights was crucial for "better" corporate governance whereas TÜSİAD, aligned with their interests of protecting the majority shareholders (who are also the members of TÜSİAD), omitted minority rights in their championing endeavors.

Transparency

The notion of transparency was handled through the "public disclosure and transparency" principle, mirroring OECD's terminology. A key principle SPK emphasized was the clarity of the statements in any disclosed material including financial statements and annual reports. SPK suggested corporations to "… avoid using vague or indeterminate expressions that would result in confusion" (SPK, 2003, p. 23). However, in the following paragraph to this vagueness caution, SPK's principles themselves introduced confusion. Following two statements are from this paragraph (SPK, 2005 p. 23):

> "Under no circumstances should a company refuse to disclose information, which is required to be publicly disclosed, even if such information may be detrimental to the company"
>
> "However, in any case, the company information to be disclosed should not be in the nature of a trade secret and not result in any harm to the company through interruption of the company's competitive power"

As introduced by two of the SPK employees in the previous phase (one being even before), the Capital Markets Board included trade secret as a key component in the public disclosure and transparency dimension. A separate section under this dimension (SPK, 2003, p. 32) is titled "The concept of trade secret and insider trading" has the first recommendation as, "When identifying information within the scope of trade secret, a balance should be maintained between providing transparency and protecting the interests of the company" (SPK, 2003, p. 32). Not only the statement allowed for a subjective assessment of "the balance", SPK also excluded this principle from the "comply-or-explain" framework by adding (R) at the end, which denoted no disclosure was required in case of non-conformity to the principle. Furthermore, the following description of trade secret,

> "Information either currently or potentially bearing commercial value, not known to third parties, impossible to learn under normal conditions and that its possessor aims it to remain confidential when acquired, should be classified as information in the nature of trade secret" (SPK, 2003, p. 32)

enabled any information to be classified as having a "potential commercial value", hence trade secret. Therefore, SPK not only added trade secret as an element, but through vague definitions also allowed for non-disclosure on the basis of the value a corporation attributes to any information.

Another instance of translation by SPK was observable in the recommendation that specified which information regarding the shareholder structure should be disclosed. While OECD briefly recommended disclosing of ownership structure to the public, SPK, after copying OECD's recommendation, added "ultimate controlling individual shareholder or shareholders should be disclosed to the public, as identified being released from indirect or cross ownership relationships between co-owners" (SPK, 2003, p. 27). The addition of "individual" and emphasis on "cross ownership" were indicative of the context in which the families, and/or individuals in those families, sometimes through cross-ownerships had controlling shares within the affiliates of business groups.

Finally, the emphasis on "public" in SPK's transparency discussion is worth to discuss. Although, the terminology used in the SPK principles was similar to OECD's principles in general, a major difference appeared in the frequent use of "public". Starting with the addition of TÜSİAD to OECD's original dimension "Disclosure and Transparency" as "Public Disclosure and Transparency", this section in SPK principles mentioned the word "public" 40 times whereas OECD's respective chapter mentioned only three times. Thus, SPK followed TÜSİAD's translation in 2000 that added "public" for the first time, and further added emphasis by specifically guiding publicly traded corporations in terms of the audience of their disclosure practices. As identified in TÜSİAD's publication in 2000, "transparency and disclosure" for investors, as they are treated in OECD principles, required adding "public" in 2003 as it was required in 2000.

Board of Directors

Capital Markets Board, in board of directors principles, as in the cases of shareholder rights and transparency, followed the recommendations of OECD in general. However, there are traces of translation, since the audience, the practitioners of these principles were designated as boards of the corporations. One of the most striking translation by SPK was in what OECD suggested for board of directors: Independent board members. OECD's corporate governance principles suggested that the independence and objectivity within the boards can be ensured through independent board members. They also admitted though that "the variety of board structures and practices in different countries will require different approaches to the issue of independent board members" (OECD, 1999, p. 41). Also citing that, TÜSİAD's Corporate Governance Code of Best

Practice (2002) specified the criteria for independence and the ratio of independent members each board should have as 50%. SPK's principles performed additions and alterations to TÜSİAD's recommendations. SPK lowered the 50% ratio to one-third of the board by also recommending at least two independent members for each board. Another alteration was about the criteria for independence in which TÜSİAD's criterion qualified family members other than first degree relatives of shareholders with more than 5% shares and/or executives as -independent, SPK's criterion was much more extensive through subtraction of 5% limit and addition of "blood or affinity relatives by up to the third degree" (SPK, 2003, p. 52). Although the recommended ratio of independent members was lowered, SPK's extensive definition of independence indicated an aspiration on their part to respond to the context in which the dominance of the family in corporations and in their management in Turkey (Selekler-Gökşen & Üsdiken, 2001) is prevalent.

Committees that consist of board members were deemed as critical for "professional" functioning of the boards by TÜSİAD (2002, p. 24). Although the original OECD principles only briefly mentioned committees as possible methods of the functioning of the boards, TÜSİAD took a further step towards specifying actual functioning of the committees by providing the responsibilities and the composition of each committee. SPK's 2003 principles followed TÜSİAD's approach and strongly recommended establishing an audit committee and a corporate governance committee (SPK, 2003, p. 55). The rationale behind establishing committees was explained by SPK as they were integral for "efficient", "professional" and "sound" management decisions. SPK also recommended these committees to be chaired by independent board members to maintain coordination and monitoring since "the independent board members are assumed to be objective in decision making and have the natural advantage to consider the interests of the company, shareholders and stakeholders equally" (SPK, 2003, pp. 41-42).

TÜSİAD's publication in 2002 recommended boards of publicly traded corporations to establish a corporate governance committee and it was copied by SPK in the principles. However, while TÜSİAD recommended nominating board members to be a responsibility of this committee, SPK omitted that part and provided no particular suggestion for nominating the members. Moreover, the only recommendation for the election of those who are nominated by the shareholders was provided as incorporating cumulative voting in the articles of association. In conclusion, independent members who were argued to "have the natural advantage" were also expected to be

nominated and elected by the majority of the shareholders. The ramifications of this omission will be discussed in the next section. Yet the number of translation acts on "independent board members" from 2000 to the end of 2003 indicates this issue requires further attention in the following phases, especially when corporations with their practices become actors of the field.

6.2.3. Review of the Introduction Phase

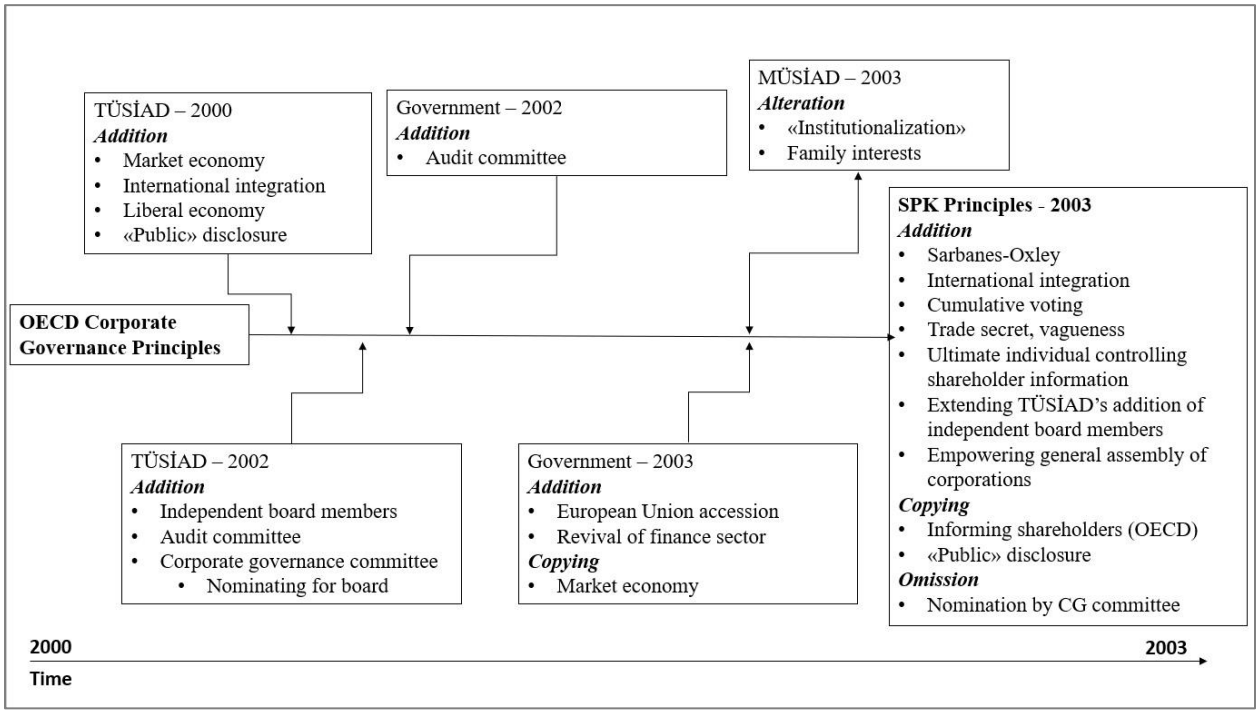

Figure 1. Translations in the Introduction Phase

This review is intended to present and discuss the translations in the first phase. Similar reviews are presented at the end of each phase to provide a more analytical perspective on how the process unfolds in the respective time frame. Figure 1 summarizes the translations made by the actors in this phase and the dates of these acts are provided to follow the chronology of events.

This phase has been named as "introduction" since not only the importation of OECD principles by TÜSİAD took place in this phase but also the government participated in the field for the first time through SPK's principles. Therefore "introduction" not only implies the introduction of corporate governance into Turkey but also marks its introduction into the regulatory framework of the country.

The instances of translation in the first phase were mostly "additions". Both TÜSİAD and government added certain concepts that indicate their specific interests on the emergence of corporate governance field. Aligned with the translation approach, the contextual elements were also present in these additions such as TÜSİAD's emphasis on "market economy" and government's emphasis on "international integration" since both of these were ramifications of the economic turmoil the country suffered in the 1990s. Moreover, aligned with the characteristics of emerging fields in which promises of rewards are high (Garud, Jain, & Kumaraswamy, 2002; Leblebici et al., 1991) and opportunistic behaviors are common (DiMaggio, 1988), the translations at this phase exhibit more explicit manifestations of actors' interests. For instance, government explicitly advocates for international integration and development of capital markets, both of which are indicative of a newly established government (by Justice and Development Party) to limit the ramifications of 2001 financial crisis.

MÜSİAD's alteration that ignored the term corporate governance is a form of translation. Furthermore, MÜSİAD altered corporate governance in a way that resembles "defying" in Oliver's (1991) strategic responses terminology since not only the term and some of the terminology is explicitly dismissed by MÜSİAD but also the content was prepared in a way to protect MÜSİAD and its members. Considering defying can occur when "internal objectives diverge or conflict very dramatically with institutional values or requirements", MÜSİAD's alteration with "defiance" is expected as well as illuminating.

The translations in the first phase resemble contextualization work (Gond & Boxenbaum, 2013) in which the imported practice/idea is combined with contextual elements to facilitate its "diffusion" in an alien setting. However, unlike Gond and Boxenbaum's conceptualization in which the facilitation of the "glocalization" of the practice is presented as the aim of the actors who perform contextualization work, the agendas of the actors, may it be converging or diverging, add an instrumental quality to the imported practice/idea and "glocalization" is not the aim but the reflection of translations of actors within the field. Therefore, because the translations of actors might diverge (as in the case of minority rights in this phase) depending on their agendas, the context that the field starts to emerge should be conceived as "heterogeneous"; hence the contextualization work by the actors is subject to interests of actors and their positions within the field. In that regard, focusing on an emerging field enables detecting the divergence of

contextualization works identified in Gond and Boxenbaum (2013) to be present within a field, in addition to its existence in different contexts.

6.3. Phase 2: Negotiation (2004 – 2011)

Up to this point, the analysis covered how the initiation of corporate governance in Turkey occurred and how and when the government participated in the process of importation and translation. Starting from 2004, publicly quoted companies were formally required to publish corporate governance compliance reports and thus also began to partake in the field as subjects and practitioners of these principles. Therefore, the analysis for this and the following phase incorporates the processes of translation taking place within and involving the establishment of an issue field while the previous section mostly dealt with translations occurring in an imported emergent issue-field. The end of 2003 also witnessed the founding of TKYD, which also signaled the beginning of a new phase. Because TKYD was an offshoot of TÜSİAD and mostly formed by members of the corporate governance committee of TÜSİAD, it meant the addition of another business association with a special focus on corporate governance issues. Moreover, consulting firms in partnership with TKYD have emerged as new actors in the field in this period.

In addition to participation of other actors, OECD's revised principles that were published in 2004 bears significance since SPK principles of 2003 were aligned with OECD's principles published in 1999 and if SPK follows the revisions of OECD or not, or how the revised version is translated by SPK and possible other actors are all analytically valuable.

Unlike the introduction phase where many of the translations were in the form of "addition" and convergence on certain themes such as "international integration" and "developed capital markets" were apparent, this second phase involves more "negotiation" of actors both on the translations of principles to practices and on conceptualizations of themes such as "minority rights" and "independent board members". Therefore, more alterations were performed by the actors and additions by various actors started to conflict with each other.

6.3.1. Corporations and Consulting Firms are in the Field

Co-authoring with the Boston Consulting Group (BCG), TKYD's first visible participation in the field was through a report that assessed the situation in Turkey in terms of corporate governance

in 2005 (TKYD, 2005a). The report had two prefaces, one by the chairman of TKYD and the other by the project team of BCG. In both prefaces, attracting international capital and Turkey's aspirations for accession to the EU were emphasized. Both actors seemed to continue the instrumental value that was attached to the corporate governance by both TÜSİAD and the SPK. However, BCG also added "sustainability" of corporations and the economy of Turkey, as the consequences that implementing corporate governance may bring (TKYD, 2005a, p. 3). Another distinguishing feature of this report was its scope. Although the report evaluated practices of the corporations in Turkey in comparison to SPK principles, the scope of the report was much larger than publicly traded corporations; it included 1000 largest corporations in Turkey. Therefore, TKYD and BCG implicitly suggested corporate governance was necessary also for corporations other than those traded publicly. The motivation behind this addition of non-listed corporations is visible in the following quote: "…implementing corporate governance principles enhances the reputation of companies in the eyes of investors, creditors, employees and other actors in the industry" (TKYD, 2005a, p. 3). Thus, TKYD and BCG, through this report not only translate corporate governance as "the equipment" for boosting reputation, but also claim a position of "properly equipping" the corporations who seek for capital injections and/or lower interests rates on their debts.

As another move, SPK updated its principles in 2005, one year after OECD published a revised version of the original principles that were published in 1999. Although there were only four amendments, two of these were closely related to the present study's scope (the other two are under "stakeholders" section). The first amendment was addition of a recommendation for taking precautionary measures to prevent conflicts of interest between the corporation and its suppliers (in the Public Disclosure and Transparency section). This added emphasis on conflicts of interest in 2005 had ramifications for the field once corporations acted on it, which is discussed in the following transparency section. Moreover, this addition follows OECD's revised principles since OECD also highlighted conflicts of interests as a separate subheading in 2004 principles. Following quote is from the English version of the amendment of 2005 SPK principles:

"Precautionary measures that may be taken in order to prevent any possible conflicts of interest arising between the company and the related organisations which offer investment advice, investment analysis, and rating activity etc." (SPK, 2005)

This amendment is a paraphrased version of OECD's revised "Disclosure and Transparency" section (OECD, 2004, pp. 51 – 52) and is almost a direct copying act on SPK's side. Interestingly, this copying is more visible than the others since SPK has written "organisation" with the letter "s" as OECD does while in the rest of the document it is written as "organization" with "z". Other than sloppiness, this is indicative of copying and not even reconsidering or translating differently by SPK.

The second amendment copied the OECD principle that was revised in 2004 that emphasized removing impediments for cross-border voting. This copying by SPK while reaffirming the government's aspirations to follow OECD principles in the early stages of the second phase is also indicative of the country's increasing international investor base and SPK's aspirations to make sure capital inflows have not met certain impediments. Considering the acceleration in Turkey's EU accession process in 2004 (when European Council started conversations with Turkey for full membership) and 2005 (when the negotiations for membership started), the emphasis on cross-border voting can be inferred as SPK's commitment to government's aspirations in that matter.

Another significant point about OECD's revision in 2004 is related to its literal translation to Turkish was performed by TKYD, which also indicates the "championing" of TÜSİAD in 2000 was handled by TKYD in 2005 publication of OECD principles. In the preface to this publication, TKYD chairman Aclan Acar plainly indicates that the importance of corporate governance in Turkey's aspirations for EU membership. The context that was described in the previous paragraph is reflected by Acar as "our efforts to be part of European Union requires all of us to be more careful and responsive on matters like this [corporate governance]" (TKYD, 2005b, p. 3). Therefore, both SPK and TKYD translated corporate governance, at least earlier in the negotiation phase, as a key instrument for Turkey's EU candidacy and accession process.

In addition to the translations of corporate governance in general, three dimensions and their "travel" along the years between 2004 and 2011 are discussed in the following subsections.

Shareholder Rights

For shareholder rights, by the end of introduction phase, there appeared two critical subjects that translation was observed: minority rights, and empowering shareholders vis-à-vis the board. In

minority rights, SPK's recommendation for publicly traded corporations to have cumulative voting as a practice in the election of board members was identified as translation that might have ramifications for the corporate governance field. In this second phase, SPK published two reports that assessed corporate governance practices of publicly traded corporations in 2004 and 2006. These reports recognized how minority rights practices were distant from the aspired and recommended level. In the 2004 report, SPK found that 99.2% of the companies traded in the stock market (a total of 303) did not include cumulative voting as part of their articles of association (SPK, 2004, p.54). Furthermore, SPK observed that combined with privileges in voting for board elections and nominations for the board, the minority shareholders had very limited capacity for controlling/monitoring the processes that involves board of directors (SPK, 2006).

While SPK reports demonstrated that corporations were altering cumulative voting in the early stages of the "negotiation" phase, explanations for noncompliance help identifying the nature of this alteration. In general, corporations provided none or very little explanations beyond vague statements such as "utmost care is given to minority rights" or "all shareholders including minority shareholders are treated equally". However, in some of the reports, non-compliance to cumulative voting (or similarly to special auditor appointment) was explained in the context of preventing the abuse of rights. One of the largest family business groups in Turkey went as far as saying "in order to protect the harmony in the structure of the management, cumulative voting has not been incorporated into the articles of association" (Co. 15, 2006, p.68) for four consecutive years. In some other examples, noncompliance was explained via referring to the purpose of cumulative voting and other practices that may resemble the same purpose. An energy corporation argued "the company does not adopt cumulative voting. However, through independent members of the board, the representation that cumulative voting provides is ensured" (Co. 23, 2008, p. 55). A manufacturing corporation suggested "cumulative voting is not included in the articles of association. Minority shareholders, through participating in the general assembly with majority shareholders, can elect the board of directors" (Co. 2, 2009, 54). Therefore, corporations performed alterations to cumulative voting by either simply not adopting or altering its framing by referring to other mechanisms that "resemble" cumulative voting.

TKYD and consulting firms' participation in the field in terms of minority rights is worth to discuss. In the report by TKYD and Boston Consulting Group mentioned above, it was suggested

that "[in Turkey] the rights of shareholders are protected only if they are not minority shareholders" (TKYD, 2005, p. 5). Among participating 1000 companies, 51% of respondents agreed that "in Turkey you should either be the majority shareholder, or you should not be a shareholder at all" (TKYD, 2005a, p. 16). In another report co-authored by TKYD and Deloitte (TKYD, 2006), suggested that the problems about minority shareholders in countries such as Turkey are closely related to the ownership structure. They argued,

> "In publicly held corporations, in contrast with dispersed ownership there may be ownership concentration in which a controlling shareholder owns the majority of the shares and the rest are called minority shareholders. In these "controlling shareholder" companies the problem of controlling the management that is common in dispersed ownership is no longer an issue due to controlling shareholders' high stakes in the company. However, (…) for example ownership concentration paves the way for management and the controlling shareholder to co-operate against minority shareholders" (TKYD, 2006, p. 3)

This argument by TKYD and Deloitte highlighted the differences between the context in which corporate governance has emerged and the context in which it was being imported to. The conclusion drawn from corporate scandals in the late 1990s by OECD was that the problem of monitoring management was caused by increased autonomy of boards due to dispersion of ownership (Kirkpatrick, 2009). This argument was based on agency theory which has dominated corporate governance studies for years (Daily, Dalton, & Cannella, 2003). In Jensen and Meckling's framework (1976) the corporate form is viable as long as (1) the agent and the principal solve the conflicts in their aims through various instruments and (2) what the agent is actually doing is monitored by the principal without incurring unbearable costs. Therefore, OECD and mainly US-based theorists recognized that the latter was the unresolved problem which led to cases of corporate scandals. Hence, in broad terms, corporate governance principles of OECD have been geared towards empowering shareholders (principals) and enhancing their monitoring capabilities over managers (agents). However, as TKYD and Deloitte acknowledged, the Turkish business context was dominated by family business groups where the holding (the apex) corporation or the families were most of the time majority shareholders in affiliated companies. Therefore, in Turkey, the problem was not, and has never been, until then at least, the monitoring of managers. In fact, the term "monitoring" was alien to the context since many of these corporations were run directly or indirectly by families themselves (Üsdiken & Yıldırım-Öktem, 2008). Consequently, TKYD and consulting firms' emphasis on minority rights reaffirms how OECD principles that aimed to

empower the shareholders for their monitoring might be irrelevant for controlling shareholders of corporations in Turkey. In addition, TKYD and Deloitte (2006) suggested the issuance of the New Commercial Code (which took a long time) should be expected to enhance minority rights and started to emphasize changes in the commercial code in their reports after this point.

While cumulative voting and minority rights were deemed crucial for shareholder rights in Turkey by SPK in the first phase, and by TKYD and consulting firms in the second phase, the position of the general assembly vis-à-vis the board of directors persisted as a concern during the second phase when the comply-or-explain framework continued to be there. SPK, in line with OECD's principles had recommended corporations to "have in-house regulations consisting of provisions that would enable important decisions to be adopted at the general assembly only" (SPK, 2003, p. 11) Although the general assembly has been in the commercial code long before the introduction of corporate governance principles, it has been considered as a necessary rather than effective part of the overall decisions of the corporation. Necessary in the sense that then valid commercial code required any changes to the articles of association of the company to be decided in the general assembly (Eski TTK, 1957, article 148). However, as Şehirli (1999) pointed out, articles 12 and 13 of the then valid capital markets law (SP Kanun, 1981) enabled certain decisions (including transfer of assets, capital increase, issuing of bonds etc.) to be made in the boards without asking for permission in the general assembly, as long as it was written in the articles of association. Therefore, SPK's aforementioned recommendation about important decisions to be made at the general assembly aimed to minimize the transfer of authority from general assembly to the board of directors. However, from 2004 to 2011, many corporations maintained their practice of handling most of the decision making, even decisions that SPK recommended to be a duty of general assembly, in the board of directors. The alterations performed by corporations was more vivid in their explanations for noncompliance to the SPK recommendation. A large textile manufacturer explained in 2009 that "because it is considered that company's highly dynamic and competitive market environment precludes, regulations for enabling decisions regarding large asset transfers to be made in the general assembly are disregarded" (Co. 4, 2009, p. 100). Another corporation that manufactures automobiles explained,

> "…the board of directors agreed that decisions that corporate governance principles recommend to be made in the general assembly, such as changes in the capital and managerial structure of the company, should be made in the board because it [leaving

> decisions to general assembly] hinders the company's capacity to act on dynamic and changing business opportunities which would also mean damaging all the shareholders". (Co. 3, 2008, pp. 1-2)

Explanations by other corporations also emphasized the non-binding nature of the recommendations. In conclusion, empowering shareholders in their capacity to participate in decision making was altered by corporations between 2004 and 2011. As the quoted explanations suggest, the alteration was justified through referring to idiosyncrasies of the corporations or the industries in which they operate.

The balance between the general assembly and board of directors did continue to attract attention on the part of some of its promoters though with some reversal, as shown in another TKYD and Deloitte publication in 2008. In this report it was pointed out that the superior position of the general assembly vis-à-vis the board was already stipulated in the then valid commercial code (TKYD, 2008). Furthermore, because the general assembly was responsible for the election and dismissal of board members, it was natural, the report argued, that the general assembly has a "superiority" over the board. However, the report also claimed that "modern corporate governance" describes the board as the core of implementation of governance principles. This addition of TKYD and Deloitte was not only the first time "superiority" of the board was openly argued but also included criticisms of the then valid commercial code arguing that "although the code directs otherwise…general assembly is a body that meets rarely and functions cumbersomely" (TKYD, 2008, p. 4). The report revolved around the draft new commercial code that was in preparation and included statements that directly speak to the draft code. Aligned with this, TKYD and Deloitte argued that "de facto" weighing of the board had already become "de jure" by referencing to the court decisions in the recent years, and proposed further that the new commercial code should make sure the board is at the core to ensure good corporate governance. Taking into account that "… the board members are unilaterally nominated and elected by controlling shareholders and the boards are frequently dominated by members of the controlling family who occupy the board seats…" (Ararat, 2011a, p. 359), empowering the board as suggested by TKYD consequently serves to undermining other shareholders, primarily minority owners. TKYD and Deloitte's emphasis on boards despite SPK's recommendations to empower the general assembly (SPK, 2003) makes sense only after analyzing their reasoning stated as "board of directors, in which professionals can take place, is more appropriate for corporate governance"

(TKYD, 2008, p. 3). Therefore, not only board membership and "professionals" was mentioned together for the first time in the field as an instance of translation, but also TKYD's and Deloitte's position towards corporate governance was revealed, which as shown diverged from what SPK was trying to promote.

Transparency

As mentioned above, this second phase was characterized by SPK's principle that mandated the publicly traded corporations to provide reports, either in the form of separate compliance reports or as a separate section in the annual report to show to what degree they were acting in line with extant SPK principles. Therefore, the transparency principle that was introduced by SPK in 2003, albeit not fully, was mainly associated with reporting of governance practices. However, an examination of the compliance reports of 23 corporations that were selected for this study demonstrated a different story. Considering SPK's addition to OECD principles for including the names of ultimate controlling individual shareholders (SPK, 2003, p. 27) preferably with a table have been altered, and examples of corporations' alterations in that matter abound, a few would be indicative. In a compliance report by a manufacturing company and subsidiary of a large business group, the explanation for not disclosing this information was provided as "because it is publicly known that members of (…) family have the ultimate controlling shares, further calculations and disclosure are not deemed necessary" (Co. 2, 2008, p. 9). In another example a dairy products manufacturer disclosed ultimate controlling shares only as "(…) family" (Co. 13) persistently from 2004 to 2011. Therefore, similar to cumulative voting alterations, corporations either directly avoided the recommended principle or altered the practice in a way that dismisses the explicit principle (Oliver, 1991).

In one instance, an energy company owned by a family disclosed controlling shareholder information through the parent company which was not publicly quoted. The names of individuals who had shares in the parent company were also disclosed but eventually audiences of the compliance report were left with non-specified share information. Therefore, although one could calculate and find the ultimate controlling shareholder, who was the father in this case like in many others, it did not comply with following SPK's definition of ultimate controlling shareholder: "identified after being released from indirect or cross ownership relationships between co-owners" (SPK, 2003, p. 27). A similar case in which the parent company was not publicly quoted, a software

corporation disclosed the shareholder structure by only referring to the parent company and added "as far as we know there is not a special case in which disclosing individual shareholders influences the investors" (Co. 12, 2008, 28). This explanation, although sounds odd, was very much similar to SPK's justification for disclosing shareholder structure that states "in addition to disclosing information as required by the legislation, the company should also publicly disclose any information that may affect decisions of shareholders and investors" (SPK, 2003, p. 27) A similar example for SPK's statement can also be found in another explanation by a manufacturing company, this time with an addition that said "we continue our efforts for collecting information on this" (Co. 14, 2008, 56). Therefore, addition of SPK for disclosing individual shareholder information in 2003 has been altered by corporations by also referring to another product of SPK's translation, which included "affecting decisions of shareholders and investors", all these examples suggesting that through such alterations corporations were translating corporate governance practices in ways that were deemed as appropriate for themselves.

There were only two corporations (out of 23 included in this study) that disclosed ultimate controlling share information: One had a relatively more dispersed ownership structure in which more than 10 individuals were holding more than 5% of shares. The other was a construction corporation which mostly operated outside the country. Remaining 21 corporations, including family businesses (and holding companies), those owned by the state and a few corporations with relatively dispersed ownership have been persistently reluctant to disclose shareholder structure in terms of individuals as recommended by SPK.

Although both SPK (2003) and OECD (1999) called for disclosure of important information, the leeway generated by vague definitions provided in SPK principles were identified in the previous phase. These vague statements in terms of the type of information to be disclosed have paved the way for corporations to cherry pick the information they disclose in the most compatible way with their interests. For instance, while connected lending, transfer pricing and related party transactions were left out (Ararat & Orbay, 2006), standardized texts without much detail (SPK, 2006) were provided. These alterations performed by corporations indicated that SPK's aspiration for more transparency has been translated with these practices in ways that were different from what the SPK was hoping. Therefore, "disclosure of all the relevant information" (SPK, 2003, p. 33) remained only as an idea for during this negotiation phase.

SPK's 2003 Principles required compliance reports to have their first section saved for explicit reporting of principles that the corporation does not comply with. Although explanations were also required in subsequent sections, this first section was supposed to enable shareholders and the general public to grasp compliance performance at first glance. Considering how texts and explanations were viewed as "standardized" by SPK (2006), the significance of the introductory brief was higher than its usual purpose. However, except for one corporation which had an international partner with an equal proportion of shares, none of the companies included this brief introduction in their reports. In fact, after SPK's amendment in 2005 that emphasized conflicts of interest further, many of the compliance reports only mentioned "although some of the SPK principles are not complied with, it is suggested that none of them cause any conflicts of interest"," and pass on to the other sections. Furthermore, the only corporation reporting non-compliance explicitly stopped this practice after 2008 and started providing similar vague statements as other companies did. This is a striking example of how translation from regulation to practice resulted in institutionalization of non-compliance through alterations performed by the practicing actors and shaped the field in this manner. Implications of this alteration, leveraging "loopholes" that SPK provides, will be manifested more vividly after SPK excluded this introductory section following the changes in commercial code in 2011.

In terms of the travel of transparency as a key principle and main theme of corporate governance, the global economic crisis that emanated in the U.S. in 2007 became a significant factor. Despite having EU countries that suffered from the global economic crisis as the main customers for exports, Turkey along with other emerging economies had the chance to bounce back from recession faster than developed and EU countries (Taşkın & Üstünkaya, 2011). However, as the causes of the crisis in the U.S. became visible, once identified as a problem of the mortgage system, transparency of the capital markets in general emerged as a main theme (Kankoç Aydın, 2014). Therefore, the emphasis on transparency increased along with the broader international context. At the same time, both TÜSİAD and corporations that followed corporate governance principles furthered their calls for an update in the regulations, particularly the new commercial code. This is shown, for example, by Sevdil Yıldırım of Yıldız Holding (one of the largest family business groups) who argued towards the end of this phase in a TÜSİAD meeting that the extant commercial code was insufficient to ensure compliance with corporate governance principles and; furthermore, because principles were published only as communiqués, corporations tend to follow them less

strictly than they do the law (Yıldırım, 2010, p. 29). In the same meeting, the chairman of the commission drafting the new commercial code, Ünal Tekinalp noted that "transparency in Turkey, until now, has existed only on paper. Everyone speaks about transparency but there are no developments whatsoever" (Tekinalp, 2010, p.11). He also continued that the new commercial code was prepared with intentions to solve all these problems. Therefore, through the end of the negotiation phase, with the help of the broader context, transparency of corporations has been conceptualized by multiple actors as a necessity to be achieved through the new commercial code.

An important event regarding transparency in this second phase was the introduction of the Public Disclosure Platform (KAP) in 2009 as part of the stock exchange. KAP was established by SPK for "everyone to have access to correct, timely, fair and complete information" (KAP, 2019). This "purpose" of KAP resembled SPK's definition of transparency in 2003, which also resembled OECD's definition in 1999. This copying act in 2009 indicates the concerns for transparency and that the conceptualization of the principle has not changed throughout the years and, moreover, adding a web platform solely for this purpose highlighted the intention of the regulatory bodies for sticking to OECD's suggestions. Furthermore, given SPK's (2006) evaluation of compliance reports of publicly traded corporations for being too standardized and lacking timeliness, establishing KAP in 2009 could be considered as another step towards getting closer to what OECD suggested as part of transparency principle.

In addition to KAP, Corporate Governance Index, an index that shows the price/return performances of publicly traded corporations was established as part of listing in the stock exchange in 2007. Simultaneously, SPK started certifying "corporate governance compliance rating companies" that would evaluate corporations' corporate governance performances. These "rating companies" have started to be employed by corporations who want to be part of Corporate Governance Index through evaluation of their compliance reports. One of these rating companies, JCR Eurasia Rating argued that establishing a separate index for corporate governance compliance is a manifestation of the influence of corporate governance on the investor decisions (JCR Eurasia, 2007). Turkey's corporate governance index only listed volunteering corporations that were rated above certain points (by rating companies) and allowed for corporations to show if they were performing good in terms of corporate governance. A researcher of SPK, Sandıkçıoğlu noted in 2005 that SPK investigated various forms of rating methodologies before launching Turkey's

index and most of them were based on Standard & Poor's approach to rating of corporate governance (Sandıkçıoğlu, 2005). Sandıkçıoğlu's report also shows that SPK followed a more S&P and US based rating and indexing of the corporations. In addition, İstanbul Stock Exchange provided incentives for corporations to participate into the index; incentives such as halving the cost of listing in other indices, not charging extra costs on listing in corporate governance index etc. Therefore, SPK's copying directly from US and adding incentives for corporations to comply with SPK's principles indicates that government and this public authority intended to go beyond OECD and follow US practices directly. Consequently, corporations listed in the index after 2007, started to include their ratings as a separate statement of "good intentions for compliance" in their compliance reports.

Board of Directors

- *Independent Board Members*

As described in the discussion on the end of 2003, introduction of independent board members into the regulatory framework was an addition performed by SPK. In the years between 2004 and 2011 when compliance was in the comply-or-explain framework, of the 23 corporations in the sample only one corporation had the required number of independent members in its board while three others had independent members for short periods (i.e. one to three years) until changing them to non-independent ones and in two others there was one independent member later in this phase (i.e. after 2008 and 2009). In many of the compliance reports of these corporations, non-existence of independent members was explained away by saying "we are working on increasing the number of independent members in the board". In many cases this phrase was "copied and pasted" for seven consecutive years which can be inferred as a practice of keeping the things as they are while reporting an effort for the sake of appearances. The same conclusion was also drawn by SPK in 2006 by adding the fact that among 49 companies that had independent board members in 2005 only six provided a written and signed statement of independence in the compliance reports, which was viewed by SPK as an indicator of independence (i.e. fulfilling the criteria provided by the SPK).

As of 2011, a survey conducted by MY Executive, a consulting firm, concluded that among a sample of 49 publicly quoted companies, only 35% had independent board members and in none of these boards the recommended level of one third was achieved. The discussions on whether

these independent directors were outsiders or not (Yıldırım-Öktem & Üsdiken, 2010) aside, the number and proportion of independent directors have increased between years 2004 and 2011, albeit in a limited fashion. As described in the shareholder rights section, many of the corporations had already maintained the practice of making decisions regarding the corporation in the board. Furthermore, in explanations, they reasoned with the dynamic and ever-changing nature of their industries. In addition to all these, non-existence of cumulative voting for electing board members was also explained via referring to the existence of independent board members. "Through election of independent board members, we believe that the representation of minority shareholders will be achieved in time" (Co. 21, 2008, p. 59) argued a manufacturing corporation with a family as the majority shareholder. Ferruh Tunç, the chairman of the executive board of KPMG in Turkey, a consulting firm, suggested still in 2011 that independent board members were the most important constituents of financial markets through their capacity to represent shareholders who are not in the boards and other stakeholders (Tunç, 2011). Therefore, conceptualization of independent members as key for representation of shareholders other than majority ones was translated by corporations and consulting firms through attributing representation of minority shareholders to the independent board membership, a case of addition in itself.

Although the number of independent directors in boards has increased gradually until 2011, nomination and election methods remained the same. Recalling that the SPK principles recommended cumulative voting as a way to allow minority shareholders to be represented in the board, as discussed in the shareholder rights section of this phase, this practice was rarely adopted. Furthermore, shares with privileges for nominating and voting board members, or in SPK's terms "the greatest obstacle for corporate governance to be fully implemented" (2006, p. 20) remained for more than one-third of the corporations (SPK, 2006; Çalışkan & İçke, 2011), almost the same as pre-SPK principles. Those advising policy (Ararat, 2011b, p. 28) complained as part of an interview by a consulting firm noted that "a candidate nominated by a certain shareholder group or controlling shareholder cannot be independent. Thus, a considerable portion of independent board members in Turkey are not independent in real terms". Consequently, control and power of majority shareholders within the boards were retained both through disabling exercise of cumulative voting as part of minority rights and maintaining privileged voting and nominating rights. With respect to the approach adopted in this study, alterations performed by the

corporations to independent board members resulted in a failure of translation from regulation to practice.

- *Family Involvement*

Non-compliance to SPK's recommendation for independent board members was closely tied to family involvement in the boards of these companies. Of the 305 publicly listed companies in 2003, 242 were ultimately owned by a family or a combination of families (Yurtoğlu, 2003). Direct control and presence of families in the boards aside, other board members were mostly selected from professional managers who had been working in the business group for a long time, which indicated a high representation of insiders (Üsdiken & Yıldırım-Öktem, 2008). Moreover, one of Buğra's (1994, p. 208) interviewees who was a manager in one of these family companies argued that individuals who remain in family business groups for a long time become "…more like the steward of a rural estate than the professional manager of an industrial corporation". Hence, that not only the family itself but also professional managers who are members of the board help controlling the dependence of the board on the family appeared to have persisted.

As an act of translation, TKYD and Deloitte (2006) prepared a separate section that describes how family involvement should be managed within the corporate governance framework. In that section, the report argued that in many other emerging economies the involvement of family in management and decision making is prevalent and it might have negative consequences for both the company and the family. For the company, the risks were identified as lack of management capabilities and inability to inject necessary capital whereas for the family, possible disputes over unclear roles of family members. Hence TKYD and Deloitte have suggested forming a "family constitution" is "necessary" to prevent possible conflicts protect the family as well as the company. What is exemplary as a case of translation in this suggestion and similar other suggestions (e.g. TKYD 2007a, TKYD 2008) was that on the one hand independent board members and the importance of professional management were promoted by business associations and consulting companies, while on the other hand the ways for families to remain well-attached to their businesses have been offered. TKYD's publication of "Step by Step Corporate Governance for Family Businesses" with Deloitte highlighted this as in the following: "The best and most effective board members are those who come up with creative solutions for the needs of the company, shareholders and the family" (TKYD, 2007b, p. 4). Therefore, through these additions, protecting

the interests of the family was rendered an indispensable part of the duties of the board of directors by TKYD and consulting firms.

Dominance of families in publicly quoted corporations in Turkey was also acknowledged by SPK in a study by Sandıkçıoğlu (2005), then a researcher in SPK, as mentioned previously. However, SPK's position regarding the relationship between family involvement and prevalence of corporate governance practices was complicated. Although Sandıkçıoğlu argued that family domination in the boards made the diffusion of corporate governance principles more difficult, the study also referred to a report by Core Ratings (an international corporate governance rating company certified by SPK in 2004) that suggested family control enables financial balance, access to financial resources, cross-border transfer of resources and capabilities in Turkey (Sandıkçıoğlu, 2005). Sandıkçıoğlu concluded "this situation presents how subjective can corporate governance principles be" (2005, p. 36). However, TKYD, as the leading business association at the time in the corporate governance field established a clear position that promoted the existence of family members in the boards as long as they abide by a written agreement amongst family members. Referring to family constitution in multiple occasions, founding chairman of TKYD, Haluk Alacaklıoğlu argued that generational transfers and success of family businesses relies on the harmony between the family constitution and corporate governance practices (Alacaklıoğlu, 2011). Similar arguments provided in TKYD's guideline for family businesses published in 2010 which advocated the necessity of corporate governance practices for successful generational transfers. Sustainability of family businesses around the world were questioned and family constitution was reiterated as the solution. Furthermore, family businesses were recommended to appoint independent board members to solve issues of "lack of vision, entrepreneur's disability to be flexible, and intrafirm competition" (TKYD, 2010, p. 32). The guidelines of TKYD, in addition, included a discussion that promoted corporate governance for corporations that are not publicly traded, which was initially promoted by TKYD and BCG in 2005. Therefore, the contradictory nature of protection of the family and equal treatment of shareholders were not addressed; instead, families were regarded as not only the key but also the driving actors for establishing corporate governance practices among both publicly traded and privately held corporations. In this regard, TKYD through the end of this phase intensified its efforts to translate corporate governance from a listed corporation practice to a necessity for family businesses, either listed or not.

The emphasis of TKYD and consulting firms on family businesses and protection of family interests through corporate governance is quite interesting since the only other actor that had made similar comments, albeit with "institutionalization" emphasis, was MÜSİAD. Although TKYD and MÜSİAD have never formed any kind of partnership explicitly, TKYD's interest in the family businesses seemed to converge their terminology in a way similar to MÜSİAD's. In fact, TKYD's publication of "Step by Step Corporate Governance for Family Businesses" (TKYD, 2007b) with Deloitte referred to MÜSİAD's 2003 publication three times. Moreover, two of these three were in the section named "Institutionalization and Corporate Governance" (*Kurumsallaşma ve Kurumsal Yönetim)* in which the difference between "institutionalization" and "corporate governance" was explained. According to TKYD and Deloitte, "institutionalization" and "corporate governance" are similar as they both emphasize "well-defined structures and roles" (TKYD, 2007b, p. 6). However, the former is about "operational matters" whereas the latter is related to "ownership". Eventually, TKYD argued that both "templates" aim to protect the family and the business at the same time. Therefore, TKYD and consulting firms' approach to the concept of corporate governance and their translations along its travel within Turkey have started to converge towards MÜSİAD's "institutionalization" from TÜSİAD's and government's emphasis on "developed capital markets". Aligned with this "family interests" flavor, some of the concepts that emerged within the field such as "minority rights", "cumulative voting", and "disclosure of shareholder structures" were also disregarded in TKYD and consulting firms' translations.

- *Committees*

Aforementioned recommendation by SPK in 2003 for forming an audit committee and a corporate governance committee caused a mix of responses on the corporations' side. Previously mentioned study by MY Executive in 2011, revealed that while 95% of the corporations formed an audit committee, this ratio was 58% for corporate governance committees. This translation resembles "selective emulation" (Westney, 1987) on the practice side and "selective emulation" is considered as a form of alteration by Wæraas and Sataøen (2014) and might have multiple reasons, but more obvious ones in this case are the following: First, SPK's communiqué issued in 2002 had already necessitated audit committees, so the corporations had more time. Second, unlike the 2003 principles that were published with a "comply-or-explain" framework, at the time of 2002 communiqué there was no such framework, therefore the communiqué would be regarded almost as equal to law. Third, although the audit committee as established by the board of directors was

new for the corporations in 2002, the practice of shareholders electing auditors (*murakıp*) has been part of the commercial code since 1957 (Eski TTK, 1957, article 347). Therefore, supervision of the board of directors, albeit from the outside the board, was not that new; especially compared to a "corporate governance committee" that needed to be formed at the same time with introduction of corporate governance into the regulations with SPK principles in 2003. Thus, avoiding the corporate governance committee but adopting the practice of audit boards results in an alteration of committees at the field level. Last but not least, the corporate governance committee had to comprise of independent members. As discussed earlier, number of independent members in the boards in this phase were below SPK's recommended minimum of two, or non-existent in most of the corporations. Therefore, SPK's principles for committees were translated into practice selectively, and in a way that did not challenge the existing practices that enabled control of families over nominating and electing board members.

In many of the compliance reports, one can see that corporations have not established committees or appointed independent chairs to these committees. They emphasized continuance and stability to explain away noncompliance. For instance, an internationally owned non-family manufacturing corporation, in an attempt to explain non-existence of independent chairs in the committees, stated "because it is difficult to replace highly experienced board members with independent directors in the short term, it was decided that current board members should temporarily continue their duties" (Co. 14, 2006, p. 7). This explanation was repeated from 2006 to 2011, which supports Güven Sak's point that "in Turkey stability is valued rather than the contract" (2003, p. 28) and casts doubts on expectations of structural change in the field with greater entry of foreign capital (see above). In another example for stability, a large family business group stated, "the existing finance committee chair is re-elected to benefit from his globally renowned experience" (Co. 15, 2010, p. 77) to account for a non-independent chair's existence. Therefore, alterations to committees were also apparent in terms of not selecting chairs from independent members, and stability was one of the justifications used in that regard.

6.3.2. Government is Back – End of 2011

New commercial code (YTTK) that was accepted by the Parliament in 2011 became effective in 2012. Following the issuance of YTTK, SPK issued a communiqué on corporate governance in 2011, to be effective by 2012. In this subsection, the background of these regulatory changes and

implications for the corporate governance field are discussed in order to set the stage for the analysis of the period between 2012 and 2018.

Background of the New Commercial Code

YTTK replaced the commercial code that was issued in 1957. The chairman of the commission drafting the new commercial code, Ünal Tekinalp argued "the old commercial code which was drafted in the 1950s had no chance to regulate an innovation [corporate governance] that was a product of 1980s" (Tekinalp, 2010, p. 9). However, not only the infiltration of corporate governance into Turkey, but also the compliance with European Union regulations initiated the preparation of a new commercial code. Although the draft of YTTK was first prepared in 2005, it took six years and a global financial crisis to turn the draft into actual code. Then Deputy Prime Minister of Turkey responsible for the economy explained in 2012 that "the crisis of European economies may last longer than expected; our banks performed well until now, so we have a window for furthering reforms for EU and global integration" (Habertürk, 2012). YTTK and its immediate follower the new Capital Markets Law issued in 2012 were purportedly expected to prepare the corporations and governmental agencies to the global competition in financial and industrial markets (Başaran Symes, 2010, p. 8)

The draft of the YTTK, which was issued in 2005 with associated preambles for a new code, had specific references that were indicative of both the broader context in Turkey and the corporate governance field. First of all, in the preambles, there was constant reference to EU and Turkey's negotiations with the union (Yeni TTK gerekçe, 2005, p. 3). In addition to examples from EU countries, the preamble specifically addressed Sarbanes-Oxley Act as "the major influencer of European codes and our draft" (Yeni TTK gerekçe, p. 11). Moreover, corporate governance was plainly mentioned in the discussion on Sarbanes-Oxley and the Cadbury Report published in the UK in 1992, and was referred to as "the initiator" of corporate governance in the world. These references to Sarbanes-Oxley and Cadbury Report in the preamble indicates a shift from continental Europe understanding to a more Anglo-Saxon perspective in the code, or at least in the corporate governance regulations. As a separate reason for the YTTK, the preamble explicitly stated "being part of international markets" and argued "Turkey, while preparing for EU membership, at the same time has to be part of international commercial, industrial, service, finance, and capital markets" (Yeni TTK gerekçe, 2005, p. 4). Therefore, on the government's

side, the intention for integration with EU and international capital markets was present throughout the "negotiation" phase since the preamble to the draft code remained valid for the years between 2005 and 2011.

As part of the debates on the YTTK, both TKYD and TÜSİAD, in almost all their reports and publications argued the need for laws and regulations in order for corporations to follow global standards of corporate governance. Furthermore, Melsa Ararat, the head of Corporate Governance Forum of Turkey too reported in 2011 that the voluntary nature of corporate governance principles in Turkey caused compliance to be achieved in a very limited fashion (Ararat, 2011a). Consulting firms, on the other hand, cooperating with TÜSİAD and TKYD started to stress for abiding regulations at least for the board of directors. Even at the initial phases of the draft of YTTK, TKYD and Deloitte (TKYD, 2006, p. 12) had asserted that "the most important development for corporate governance principles to become prevalent in Turkey is going to be the passing of the new commercial code". In the later phases, for instance in a 2010 report by TKYD, the draft of YTTK was examined in detail and companies and their owners were warned to change their certain habits such as "lack of professionalism in the board" (TKYD, 2010, p. 57) and "the nontransparent relationship between shareholders (especially families) and the corporations" (TKYD, 2010, p. 57). In conclusion, both the corporations and the other participants of the corporate governance field had been aware of the preparations for the YTTK for many years.

Although the YTTK provided a general framework for corporate governance, there were specific articles in the code that can be associated with the corporate governance field directly. The first one was article 378 (Yeni TTK, 2011, p. 11058) that necessitated publicly traded corporations to establish a committee for early detection of risk as a part of the board of directors. It is reasoned in the preamble to the code as "a reflection of corporate governance principles", "similar to the board structure in the United States of America" (Yeni TTK gerekçe, 2005, p. 118) and "due to the volatile nature of the market in Turkey, similar to other emerging economies" (Yeni TTK gerekçe, 2005, 41). In this case, while referring to SPK's principle that suggested "the board of directors should establish internal control and risk management mechanisms" (SPK, 2003, p.43), the code went beyond OECD and SPK principles and copied a practice in the US (specified committees) directly and added "volatility and risk" as contextual justifications.

Although YTTK did not specify the independent board members, article 360 (Yeni TTK, 2011, p. 11054) maintained voting and nominating privileges of certain shareholders, and added "except for regulations regarding independent board members", which means allowing SPK to make changes in privileges for voting and nominating independent board members.

Article 1529 in YTTK is titled "corporate governance principles" (Yeni TTK, 2011, p. 11304). This article not only included the principles as a concept in the commercial code for the first time, but also in the following statement delegated all the authority regarding implementation of the principles to SPK. In the preamble, this was also reasoned by referring to Sarbanes-Oxley and how this act empowered Securities and Exchange Commission in the US.

SPK's 2011 Communiqué on Corporate Governance

Aligned with the framework provided by YTTK, SPK communiqué on corporate governance was published in 2011 and became effective in 2012. SPK followed up with an additional communiqué in the same year and added female board members, which are discussed in the following analysis, as a recommendation. Although the definition of corporation was provided in the YTTK, SPK was made responsible for regulating and monitoring the governance of publicly traded corporations. With this communiqué, for the first time since 2000 when OECD corporate governance principles were published by TUSİAD, certain principles and practices were accepted as required by the code and, comply or explain was revoked. The first principles published by SPK in 2003 had the categorization of "optional" and "recommended" whereas 2011 communiqué categorized principles as those which are "mandatory" and those that were "recommended". At that time and up until now Turkey has been one of the few countries which implemented a binding approach in corporate governance principles. According to the OECD Corporate Governance Factbook (2019), typically developing economies such as China and India employ a binding approach whereas developed countries, with the exception of the USA employ a comply or explain method in the implementation of corporate governance principles. However, Turkey, alongside with Saudi Arabia has become one of the two countries which use comply or explain and binding regulations together. Consequently, inclusion of mandatory principles has started to change the "soft regulation" approach adopted in 2003.

Mandatory principles were mostly related to the composition and functioning of the board of directors. Other mandatory items listed under shareholder rights were also somehow related to the roles and the authority of the general assembly and the board vis-à-vis each other. Therefore, it can be inferred that the government through SPK put more emphasis on compliance with the board of directors section of corporate governance principles than shareholders, stakeholders, and public disclosure. To be more specific, four items (1.3.1, 1.3.2, 1.3.7, 1.3.10) in the communiqué determined the role and structure of general assembly by specifically identifying the time and medium of notification of the general assembly and the announcements to be included in the company website. Among these four, item 1.3.10 is worth to note since this mandatory principle stipulated that for "important decisions"[3], approval by the general assembly is mandatory: Moreover, if the majority of independent members do not approve, the board cannot submit the decision for the approval of shareholders. This included possible conflicts of interest and decisions regarding sales of land and buildings and acquisition of a large company etc. As identified in the section that covers shareholder rights in phase two, the authority over these "important decisions" was granted to the board in the articles of association of the corporations despite SPK's recommendation (in 2003) in the other direction. Therefore, item 1.3.10 that regulates the necessity of general assembly as a decision body can be evaluated as a response to the alterations performed by the corporations. In the section "shareholder rights" in the third phase, alterations performed by the actors and other instances of translation regarding this regulation are presented as well.

The rest of the mandatory items in the communiqué were related to the board of directors. The communiqué necessitated the existence of independent members in the board and, in addition, gave a specific ratio of one third of the board, which was similar to the principles in 2003. However, an important addition by SPK was related to the election of independent board members. One of the mandatory items (SPK, 2011, 4.3.8) asserted that in cases where at least 1% of the shareholders in the general assembly disapprove a certain candidate, it is left to SPK to decide if the candidate can be elected or not. In addition to the enhanced authority of independent board members which was discussed in the previous paragraph, enhancing the rights of shareholders in the election of independent board members indicated the government had an agenda for

[3] Important decisions are defined in SPK Communique on Corporate Governance (2011) as; transactions on corporation's assets - partial or fully, acquisition of important assets, extending the existing or providing new privileges, leaving stock market listing.

representation of minorities in the boards; which might be subject to alterations by the controlling shareholders, as discussed below.

Finally, the recommendation for cumulative voting in the 2003 principles of SPK were removed in the 2011 communiqué. Similarly, the YTTK included cumulative voting only for privately held companies and to be regulated by Ministry of Customs and Trade (Yeni TTK, 2011, p. 11076). While the alterations to the practice of cumulative voting on the corporations' side was prevalent in phase two, it is questionable if SPK's omission was an outcome of a negotiation in the field. Rather, due to issuance of mandatory items regarding shareholder rights, it can be inferred that the "original intended meaning [protection of minority rights] is transmitted" (Wæraas& Sataøen, 2014, p. 244) and practice of cumulative voting has become formalized for privately held companies while publicly traded corporations have become subject to other measures (e.g. independent board members, superiority of general assembly) taken by SPK in 2011, in terms of minority rights.

6.3.3. Review of the Negotiation Phase

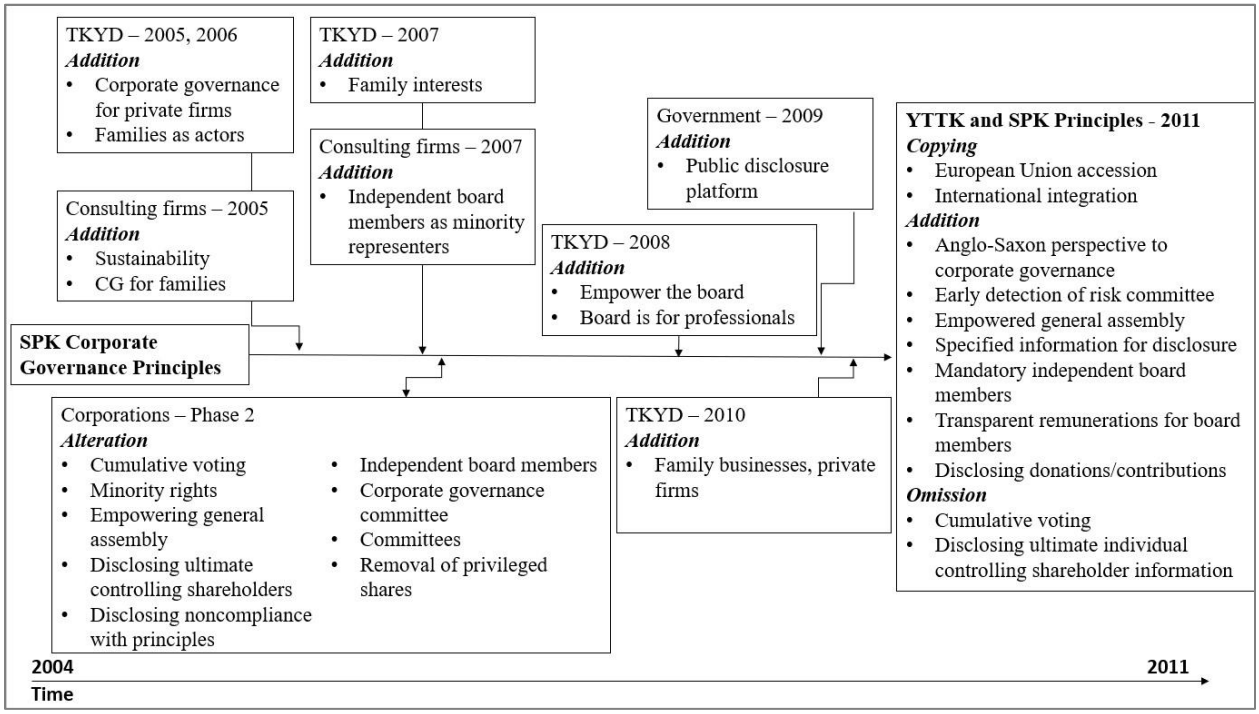

Figure 2. Translations in the Negotiation Phase

The second phase of the process is labelled "negotiation" primarily due to two reasons. First, although the central approach of the study, i.e. translation suggests an ongoing negotiation between actors and reshaping (Zilber, 2006), in this second phase along with the additions of multiple actors, the alterations to corporate governance by some other actors indicate a field in which "reciprocal interaction of counterparts" and "proactive corporations" (Engwall, 2006, p. 166) have emerged. Therefore, the negotiations have become detectable analytically. Second, the translations in this phase were generally in the form of "testing the field" and a settlement on the framing of corporate governance, or some of its subdimensions had yet to be reached (Helms, Oliver, & Webb, 2012). For instance, while corporations, TKYD and consulting firms have framed independent board members as people who represent minority shareholders, SPK's framing of independent directors has been through their "professional decision-making" (SPK, 2005) capacities. Thus, the negotiation over the meanings and practices has been prevalent in this phase.

As depicted in Figure 2, the negotiation in this phase was mainly based on SPK's principles that were published in 2003. As described in the analysis, the temporary coalition between the government and business associations that was achieved in the first phase, after SPK published its own principles, has started to break since corporations' resistance for disclosure and giving up on power became obvious in their alterations. However, the "soft-regulation" nature of the principles enabled various corporations to make varying translations through alterations. Enhancing minority rights and including "independent" board members, both of which were challenges to traditional "controlling shareholder" practices were the most altered principles. Therefore, as the field was evolving to a more mature stage, i.e. founding of KAP, introduction of corporate governance index, the translations of the corporations and the interests that caused those translations have become more observable.

The alterations by corporations that have become visible in this phase are worth to elaborate further. Although the analysis in the previous paragraphs speculated on the motives that corporations might have for altering the principles in their practices, the nature of alterations is worth to discuss. As the quoted explanations for non-compliance indicate, there emerged two categories of alterations in the second phase. Adopting Oliver's (1991) terminology, these alterations seem to involve either "avoiding" or "defying". For instance, explanations that involve statements such as "we are working on …" are forms of alterations that resemble "avoiding" since

altering the principle in a way to delay the practicing is a form of "concealment" (Oliver, 1991). Because the intention to comply is explicit but eventually the compliance has not been achieved corporations have been "disguising nonconformity behind a façade of acquiescence" (Oliver, 1991, p. 154).

Other alterations such as not forming corporate governance committees exhibit more "active" versions of resisting to the principles, which resemble, again in Oliver's (1991) terms "defying". Although these principles have not been challenged directly, explicit dismissal of the practices could be observed. Unlike "avoiding", in these alterations, corporations did not even provide explanations that indicate their acquiescence at least superficially, rather they actively dismissed by not explaining the reasons for non-compliance. Eventually, until it was mandated by SPK in 2011 communiqué, corporate governance committee and the extensive duties that principles attribute to it have been "dismissed". Therefore, both avoiding and defying have emerged as forms of alteration in the second phase. These different forms of alteration, although not coded separately and remained under the "alteration" rule, inductively emerged, and are particularly surveyed in the following section. Since process methodology dictates attending to changes in between instances (Langley & Tsoukas, 2017), nature of alterations as well as rules of translations are indicative of actors' interests and overall shaping of the issue of corporate governance.

This phase also witnessed translations of TKYD and consulting firms through their consistent additions of "family interests" and "corporate governance for private firms". As the process unfolded, these actors have started to mention less "capital markets" or "international integration" and more "sustainability" and "family businesses". Therefore, they have started to diverge from government's and initially TÜSİAD's ambitions and even more interestingly have converged towards MÜSİAD's "institutionalization". TKYD and consulting firms attributed an instrumental quality to corporate governance by emphasizing its necessity for the "continuity of family businesses". Aligned with this, their conception of corporate governance has started to become rather distinguished from what SPK and TÜSİAD had introduced.

Finally, this "negotiation" phase ended with the introduction of the new commercial code and the relevant SPK communiqué. On the government's side, calls for regulations beyond communiqués was responded with the commercial code and some of the principles were issued as mandatory. Reviewing mandatory items indicates that the alterations performed by corporations during this

phase resulted in empowering minority shareholders through both empowered general assembly and independent board members by the state. Therefore, despite the alterations, the domination of "controlling shareholders" was recognized as an impediment by the government and public authorities. All in all, by the end of the "negotiation" phase, the championing role for corporate governance "diffusion" within the country had shifted from TÜSİAD, whose members are also at the receiving end of recommended principles, to government, and by that, corporate governance lost its "fashionable" quality for corporations while it was revived and instrumentalized to create new institutions by the state (Czarniawska, 2009).

6.4. Phase 3: Separation (2012 – 2018)

In the "separation" phase, the partial convergence of actors (especially TÜSİAD and government/public authorities) at the first two phases that resulted in more additions and limited alterations (except for corporations) have started to disappear and conflicting interests of the actors have become more salient. As the structuration of the field (Giddens, 1984) has accelerated with various negotiations described in the previous section and reached its ultimate form with the new commercial code, the "emerging" nature in which a wide array of arguments were open for translation of multiple actors (Maguire, Hardy, & Lawrence, 2004) has started to turn into "separation" of actors as the negotiated meanings attached to corporate governance diverged, and alterations to practices (Thomas, Sargent, & Hardy, 2011) the field enforces has become explicit. In the following paragraphs this "separation" is elaborated and the evolution of the field after "negotiations" is explicated.

One of the key events of this phase is the 2015 G20 summit that was hosted by Turkey. During the summit, the revision of OECD principles of corporate governance was endorsed by all G20 countries, including non-OECD ones. "G20/OECD Principles of Corporate Governance" now it is called, was very much similar to 2004 principles in terms of its content, except for few additions which will be described in the following paragraph; however extending the principles to include non-OECD G20 countries such as China, India and Russia indicates how these principles have become globally acknowledged in less than two decades. Turkey, by being the host to this publication, also provided a Turkish version, this time without the moderating role of TÜSİAD or TKYD.

Comparing OECD's 2004 and 2015 principles reveal that the latter publication includes few additions that might be illuminative for analyzing if the translations in Turkey after 2015 referred to those additions or not. In fact, except for three additions, 2015 principles of OECD were exactly the same with 2004 principles. These three additions were as follows: (1) Regulations regarding stock markets are advised to be compatible with corporate governance principles, such that the international and/or institutional investors should not have to deal with any barriers as to exercise their rights on the shares. (2) Equitable treatment of all shareholders was reemphasized by specifically adding "including minority and foreign shareholders" (OECD, 2015, p. 18). And (3), regulations are advised to be modified in a way to not only allow for but also support proxy voting. Although these additions were all in different sections of the 2015 principles, the common theme is to empower the international shareholders, especially those who invest in certain corporations as minority shareholders. This theme of OECD principles in 2015 were reflected not in the regulations in Turkey; meaning no further regulatory or legal changes were made after the summit, but in the study of SPK in 2018. Details are provided in the following subsections regarding the subdimensions but all in all, the "empowerment of international investors" theme was visible in SPK's report published in 2018, which in multiple occasions criticizes controlling shareholders of corporations in Turkey for not eliminating the barriers, both in terms of shareholder rights and transparency, for international investors. Consequently, OECD's position in 2015 was translated by SPK in a way to further push controlling shareholders, mostly families, to give up some of their power and discretion over their businesses.

Shareholder Rights

The beginning of 2012 witnessed multiple acts by various actors in terms of shareholder rights. Then TÜSİAD Chairwoman Ümit Boyner sent a letter to then SPK chairman Vedat Akgiray in January 2012. The letter started with emphasizing TÜSİAD's support during the process of updating corporate governance principles. In the following paragraph, just before writing comments on selected articles of the 2011 communiqué, TÜSİAD quoted SPK's 2003 principles and highlighted the harmony between 2003 principles and original OECD principles. Referring to OECD principles back and forth, TÜSİAD criticized SPK's 2011 communiqué on two grounds. First TÜSİAD underlined (literally as well) OECD's enforceability recommendation for legal frameworks and argued there are articles in SPK's communiqué that were not enforceable. Second, TÜSİAD highlighted how the new communiqué paves the way for independent board members

and minority shareholders to abuse their "disproportionate power ensured by the communiqué" (TÜSİAD, 2012, p. 2) in a way that might cause non-recoverable damage for corporations. Based on these criticisms, TÜSİAD requested multiple actions from SPK; articles 1.3.10 and 4.4.7 to be removed or categorized as comply-or-explain, removal of SPK's approval for independent board members that are not approved by at least 1% of the shareholders, and also changing of this 1% to 5% percent. In addition, TÜSİAD requested the communiqué's enforcement to be postponed for one year. In the concluding paragraph, TÜSİAD openly argued that "especially the disproportionate power the communiqué ensures for independent board members and minority shareholders over controlling shareholders is a clear intervention to relationship between sovereignty and governance and it might have negative consequences for İMKB [the stock market]" (TÜSİAD, 2012, pp. 2-3). TÜSİAD's translation of SPK's 2011 communiqué is a form of alteration that not only frames these changes radically different than OECD principles but also attacks to "the sources of institutional pressure" (Oliver, 1991, p. 152). TÜSİAD, through this letter, not only expressed the intentions of its members, but also took a clear stance against government. What was even more striking was that this letter was dated (and probably sent) one day after TKYD's international corporate governance summit where both TÜSİAD Chairwoman Ümit Boyner and SPK chairman Vedat Akgiray gave speeches.

Following the last paragraph, Vedat Akgiray's speech in this summit (Akgiray, 2012) is worth to mention. Akgiray, among other things, suggested corporate governance is key for attracting international capital. Furthermore, he argued that enlarging the capital accumulation in Turkey relies on building trust for potential investors; hence enhancing shareholder rights. However, he also argued that unlike OECD, SPK does not consider independent board members as representatives of minority shareholders, rather representatives of all shareholders including foreign investors. Akgiray explained this alteration through referring to Turkey's aspirations to become "a regional actor" and "enlarging the capital markets through international investors". Therefore, the interests of government to attract more international investors into capital markets conflicted with TÜSİAD's interests, mainly protecting the power and control of majority shareholders/families.

SPK, approximately one month after TÜSİAD's letter, revised the principles that were announced in the 2011 communiqué. Among other small changes in the revision, a relatively major change

was made to the article that TÜSİAD openly criticized. Article 1.3.10 that mandated "important decisions" to be made in the general assembly was changed in the direction of TÜSİAD's will but the extent of the change was very limited compared to TÜSİAD's requests in Ümit Boyner's letter. SPK removed the statement that mandates all important decisions to be made in the general assembly and allowed the board to have a discretion to a certain extent. However, approval of majority of independent board members remained, resulting in independent board members to be even more powerful. Furthermore, SPK neither postponed the date of enforcement nor re-categorized the mandatory items as comply-or-explain.

This partial retreat by government was responded not by TÜSİAD but by corporations in the following two years, through their practices. Among the corporations included in this study, none of them reported any incident in which the majority of the independent board members did not approve a decision within the board until 2014 when another communiqué by SPK was published on corporate governance. In 2014, SPK published its latest communiqué on corporate governance and specified the scope of the transactions that were deemed important in the 2011 communiqué (SPK, 2014, pp. 11-12, item 1.3.9). This specification was an addition to the previous principles since SPK might have recognized the vagueness brought by the 2011 principles was the reason why there were no reports of incidents where the general assembly was invoked in 2012 and 2013. However, this addition once again did not translate into practice since between 2014 and 2018, there occurred no such cases where the majority decision quorum of the independent members was not provided. Non-occurrence of implementation of this article (1.3.10 in 2011 and 1.3.9 in 2014) indicates two possible mechanisms that might have been prevalent in the corporations: Either these independent board members and the rest of the board (probably controlling shareholders) have worked in a harmony for years, or these independent members were elected in a way that their disapproval had not been possible at the first place. The board of directors discussion at the end of this section explicates these mechanisms but nevertheless, this non-occurrence implies a failed translation of government's intention into practice in the corporate governance field.

The YTTK defined minority shareholders as those who hold at least 5% of the shares in publicly traded corporations. SPK's communiqué (2011) recommended corporations to extend the scope of minority shareholders, which means lowering the 5% ownership limit. In this phase between 2012 and 2018, while all the corporations have made the necessary changes in accordance with the

YTTK, none of them extended the scope of minority shareholder definition. Moreover, in their compliance reports, corporations did not provide any explanations for this non-compliance. In the previous phase when the principles were in a comply-or-explain framework, the corporations had explanations that emphasize intentions for compliance while also explaining why the scope of the minority definition was not extended. Disappearance of explanations indicate complying with mandatory principles has become more of a concern than concentrating on "comply or explain" principles in this phase.

Another major change in the YTTK is related to appointing special auditors (*özel denetçi).* The change in the code states that any shareholder can ask for a special auditor by applying to the relevant civil court, which was only possible through majority vote in the general assembly (Yeni TTK, 2011, article 207). However, this right has a condition that the "Early Detection of Risk Committee" (mandated by the YTTK as described earlier) within the board of directors must declare a suspicious act within the board or at the executive level. Another way for a shareholder to request a special audit is to get the majority vote in the general assembly and then apply to the court (Yeni TTK, 2011, article 438). Considering the prevalence of concentrated shareholder structures, this option can be regarded as a limited course for minority shareholders. However, there is one last option if the request is rejected in the general assembly (Yeni TTK, 2011, article 439). In publicly traded corporations, shareholders who own a minimum 5% shares of the company can apply to the court. TKYD suggests this change has "democratized the relationship between shareholders and enhanced the minority rights" (TKYD, 2013, p. 39). Furthermore, OECD appreciated "special arrangements" by authorities in Turkey for minority shareholders to audit the company (OECD, 2017). However, a report by SPK published in 2018 indicated that in none of the companies a special auditor was appointed except in one company in which the request was rejected by the court. SPK concluded in the same report that compliance with the non-mandatory principles especially those related to minority rights and their rights to obtain information has been at the legal minimum for all the companies (2018). In fact, explanations for non-compliance support SPK's point and furthers that many corporations only referred to the articles of association that mirrors the new commercial code and, some of them provided brief explanations for not enhancing minority rights. Examples include:

> "Regarding the principle 1.5.2, minority rights are not ensured for shareholders with less than 5% shares; the rights are entitled in accordance with the legal requirements" (Co. 2, 2017, p. 85)
>
> "While there are no special clauses regarding the minority rights in the articles of association, the corporation assures to follow all the relevant regulations of SPK, Turkish Commercial Code and others" (Co. 8, 2015, 28)
>
> "Compliance with principle 1.5.2 is not achieved due to the principle's incompatibility with the characteristics of the corporation and the industry" (Co. 13, 2015, 1)
>
> "There are no items in the articles of association that regulates minority rights as owning less than 5% of shares, or cumulative voting, or representation of minority shareholders in the board of directors" (Co. 12, 2014, 44)

Similar explanations were found in other compliance reports. In conclusion, corporations followed the mandatory principles and did not even explain or provide justifications for non-compliance with enhancing minority rights. Comparing the explanations before and after 2011, at least in terms of minority rights, there appeared two themes: Less need for explanation of non-compliance, more references to the commercial code and SPK communiqués. Therefore, while SPK's recommendation for enhancing minority rights was altered by corporations, constant references by corporations to the commercial code and communiqués indicate existence of mandatory principles alongside with non-mandatory ones enabled corporations stick to the legal minimums and show less intentions for complying with "optional" principles.

One other principle that SPK had emphasized as weak in implementation was privileged voting and shares with privileged rights (SPK, 2006, p. 20) in the previous phase. The first principles published by SPK in 2003 included a clear-cut recommendation: "Privileges regarding voting rights should be avoided" (SPK, 2003, p. 19). In accordance with this recommendation, some of the listed corporations, especially those that have international shareholders/partners had removed voting privileges between 2004 and 2011. Moreover, those that did not give up on privileged voting provided explanations and/or policies for gradual removal of the practice. The same item also existed in SPK's principles published in 2011 (SPK, 2011, article 1.4.2) and with regard to the wording there was not a major change to the principle. However, 2011 principles also included a mandatory article (1.3.2) that required publicly traded corporations to disclose "number of privileged shares and voting rights for each privileged share group and information on the feature of the privileges" (p. 10). Similar to the case of minority rights being protected with both

mandatory and non-mandatory principles, the corporations that had the intention and initial attempts to minimize the privileged voting (at least explanations towards this end) in the previous phase have shifted towards sticking to the legal minimum, that is informing the shareholders about voting rights of different share groups, instead of trying to avoid such privileges.

SPK's report on publicly traded corporations in 2018 also found out that 36% of the companies have protected the privileged voting rights. Moreover, SPK argued that "in some companies the privilege to nominate board members is arranged in a way to by-pass the outstanding shares and enable privately owned shares to nominate only" (SPK, 2018, p. 18). This quote is even more interesting considering the same report had an appendix (p. 36) that summarizes the views of international investors, and SPK's above conclusion about privileges for nominating board members resembled international investors' opinions. Therefore, alongside the international investors, SPK also took a position against privileges in nominating and voting, "especially in affiliated companies of business groups" (SPK, 2018, p. 36) This was another instance of emphasizing "international investors" by the government in this last phase.

Transparency

Transparency has been one of the major principles that OECD emphasized for better functioning of markets since the very beginning. Similarly, SPK highlighted the importance of transparency in conducting business and how it might lead to companies to prosper. However, as mentioned in the previous section, one of SPK's major points in their evaluation of the practices of principles had been the use of standardized texts (SPK, 2006). Introduction of the Public Disclosure Platform (KAP) in 2009 as the ultimate source for transparent and reliable information was analyzed as a major step in the previous phase. As a further step, SPK's 2011 communiqué enhanced the definitions of information types and further specified the level and quality of information that each listed company needs to disclose publicly. Inspecting the details provided in compliance reports after 2011 revealed that both the number of pages and the details (e.g. figures, numbers, etc.) within those pages increased dramatically. Ergo, the communiqué achieved a certain level of compliance in terms of the amount of information disclosed.

Notably though, the new template for compliance reports published by SPK in 2011 had some differences to the one used before 2011. The new template which the corporations were required to follow for reporting made a change to the original first item that says "the practices that cause

non-compliance with Capital Markets Board's Corporate Governance Principles and reasons for non-compliance as well as potential conflicts of interest must be described". The new template recommended practices that cause non-compliance to be described in each item separately. By doing so, it paved the way for less clear explanations and extra effort for the reader to assess the level of compliance. As a result, the corporations which showed a tendency towards vague statements to mask some of the non-compliance cases previously have found another way for introducing vagueness. Indeed, the compliance reports used during this phase exhibit more vagueness than before despite increased details and number of pages. For instance, the average number of pages of compliance reports between 2004 and 2011 was eight while this number was 19 for the period 2012 to 2018, whereas 20 of the 23 companies analyzed here started to use the statement "the company complies with all the mandatory principles" in addition to the one that was used in the previous phase, "none of the principles that the company does not comply with cause any conflicts of interest" as the introductory statement of their reports. Therefore, removal of the first item in the original template resulted in increased vagueness while transparency persisted as an upheld principle by the regulating body. SPK's research in 2018 also highlighted this vagueness by observing that "companies do not disclose their compliance status with each article. Moreover, once a company informs the public about a principle, evaluating and inferring for compliance are left to readers' discretion". Thus, while the alterations through dismissal of disclosing non-compliance on the corporations' side continued, the SPK was openly dissatisfied with failed translation of principles to practices in terms of transparency.

As described earlier, corporations were reluctant to disclose shareholder structures, particularly individuals with controlling shares, despite the recommendation by the SPK in 2003. Moreover, their reluctance has manifested itself in the form ranging from total disregard to indirect disclosure. Calls from TKYD and Deloitte in 2006 and 2007 for more transparency as well as protection of minority shareholders concluded that not only disclosure of ultimate controlling shareholders but also the impact of individuals on the companies was a problem for investors' trust in companies and financial markets. However, from 2004 to 2011 the reluctance of the companies remained with little to no changes in terms of ownership transparency. Echoing the consultants, Ararat (2011b) reiterated the view that mechanisms for punishment of non-compliance should be instituted, based on the belief that so-called "emerging economies" operate through regulations and law rather than on a voluntary basis. With such recommendations by business associations, consultants and similar

spokespersons in the background, SPK communiqué in 2011 was expected to regulate the disclosure of controlling shares at an individual basis. However, the communiqué not only identified shareholder structure as a non-mandatory principle, but also changed the medium for disclosure to the corporations' website. Moreover, "ultimate controlling individual shareholder" expression was changed to "real person shareholders". Following these changes, corporations that were not disclosing shareholder structures at an individual basis maintained their practice while those, albeit a few, who disclosed in the previous phase removed the respective item from compliance reports. Analysis of the websites of the corporations examined in this study show that the information provided on those are similar to information provided in the compliance reports before the 2011 communiqué in that individual shareholders were generally missing. Still it is possible to access shareholder structures through KAP. However, none of the corporation websites refer to KAP for that matter. Consequently, SPK's change in 2011 was translated by corporations as another way they can hide individuals who have controlling shares.

Besides the ultimate controlling shareholder, which remained the same both in the preceding and the present period, the transparency of the functioning of the board also persisted as a source of deviation on the part of corporations throughout the years. As described earlier, similar to other countries, Turkey empowered and held accountable the board of directors to "improve" corporate governance practices (Tekinalp, 2010). The reasoning for that was expressed as ensuring a closely examined and "ever progressing" corporate governance environment (TKYD, 2008, p. 4). Increasing responsibilities of the board as the purveyor of corporate governance practices was believed to necessitate processes within boards to be as transparent as possible. These processes included but are not limited to nomination, having a written procedure for meetings, and remuneration of board members as identified by SPK in the 2011 (item 4.6.2) communiqué. However, items that regulate some of these processes were also the ones that SPK identified as the least complied principles (2018). Item 4.6.6 in the 2011 communiqué which states "remunerations provided for members of the board of directors and executives and all other benefits shall be disclosed via the annual report to the public. Principally, public disclosure shall be made on the basis of the persons" was complied by 1% of the corporations (SPK, 2018). Item 4.6.2 that states "Procedure of the board of directors meeting shall be in written form in the internal regulations of the corporation" was complied by 6% of the corporations. In addition, SPK also conducted interviews with international investors in the stock exchange and one of the common responses

they obtained was that it was impossible to understand how corporate governance was actually implemented by looking at the compliance reports (SPK, 2018). Therefore, the procedures followed by boards seemed to remain far from transparent for not only the general public, but also the investors in these corporations. The alterations of corporations to "more transparent boards" has become more visible in this phase since SPK communiqués (both 2011 and 2014) in this period asked for more detailed explanations compared to 2003 principles. Explanations regarding non-compliance cases, though lacking in specificity and vindications, enable understanding how companies chose to interpret the recommendations for more transparent governance. A corporation affiliated to a family business group and that produces home appliances stated:

> "In accordance with item 4.6.5 [referring to the 2014 communiqué] of the corporate governance principles, remunerations provided for members of the board of directors and executives and all other benefits provided are disclosed as a total in the annual report. However, disclosure is not made on the basis of the persons" (Co. 21, 2015, p. 81)

This explanation not only admitted hiding the individual remuneration figures but also resembled the relevant SPK principle except for the last sentence. This was also considered as a "major problem" by international investors in the stock exchange (SPK, 2018) because for them copying exact words imply inadequate due diligence. This "sensitivity" for international investors exhibited by SPK resembles OECD's 2015 principles, although not referred overtly, the conclusions drawn by SPK were quite similar to OECD's 2015 update that aims to protect the international investors especially in cases of controlling shareholders' existence in corporations. An energy company owned by the same family business group as the home appliances corporation quoted above had exactly the same statement regarding item 4.6.5 in its compliance report. Furthermore, this energy corporation stated the shareholder structure was presented on the company website and, hence, no such information was provided in the compliance report. However, surveying the website reveals that the shareholder structure was only disclosed in terms of other corporations, the largest one being the parent corporation that is not quoted in the stock exchange. Therefore, neither the individual shares nor the individuals holding the shares in the business group were actually disclosed.

From 2012 to 2018, another issue that was not mentioned in the previous periods has emerged: Donations and contributions. As Buğra (2016, p. 17) argues, social responsibility activities of companies are closely related to politics in the "neo-liberalization" context of Turkey. Therefore, how corporations participate in social responsibility actions can be determinant of their relations

to government and other political actors. In 2003 principles of SPK, donations were part of the dividend policy and were recommended to be included in the disclosed dividend policy of the company. In 2011 communiqué and the updated communiqué in 2014, policy for donations and contributions were recommended to be a separate issue and reported accordingly. In many of the corporations, the policy for donations were not disclosed and moreover, the recipients and justifications for the donations were not mentioned. As part of the financial statements, the total amount was presented without disclosing details for some of the recipients. Some corporations that already use the family name in their foundations that engage in various social responsibility projects admitted their publicly known activities, but still further details and overall policy were missing. SPK's 2018 study also reveals that some of international investors complained about lack of information in the compliance reports regarding the amount, reasoning and benefits to the company of the donations. In some reports, companies only mentioned the donations were made in accordance with the regulations. In some others, donation policy was referred to as the annual maximum amount of total donations. In very few of the annual or compliance reports it was possible to find information on who were the beneficiaries and what were the respective amounts.

Finally, a study by TKYD in 2015 that surveyed views of managers and shareholders on corporate governance revealed that one of the five major "obstacles" about the spread of corporate governance practices was the concern with exposing "trade secrets" in the process of becoming transparent (TKYD, 2015). As mentioned above, this had been identified as a "major barrier" by Şehirli in 1999 and included in the principles in 2003 as an exception for disclosure. The same report by TKYD also noted however that, among executives of publicly traded corporations, the most popular opinion regarding the barriers for adopting corporate governance principles was the hesitation of families to give up power. Furthermore, these executives suggested in most of the cases the families confuse corporate governance with "institutionalization" (same as MÜSİAD's translation in the first phase), and one executive stated "in family corporations, just writing down chairman in front of their son's or daughter's name is treated as institutionalization" (TKYD, 2015, p. 9). Another executive argued "the efforts of professionals are important, but the actual decision is made by the boss. Unless the boss is aware of corporate governance, the practices will not come" (TKYD, 2015, p. 9). Therefore, "concerns for exposing trade secrets" has been coupled with "families do not want to lose control" along the process. This addition is a clear impact of the context in which families were still in control of decisions (Üsdiken & Yıldırım-Öktem, 2019).

TKYD as an actor, in addition, both in the introduction and conclusion chapters of the report emphasized three major concepts that corporate governance "provides": sustainability, competitiveness and growth of the country's economy. Combining these "byproducts" of corporate governance with the results of their study, TKYD concluded that "despite the efforts of professionals, the adoption of corporate governance was hindered by those who do not want to share their authority (especially majority shareholders and founding members of the family)" (TKYD, 2015, p. 3).

In addition to trade secret concerns, referring to international investors, SPK (2018) argued that the practice of remaining "holdings" (parent corporations of many) as private joint stock corporations while publicly offering affiliated corporations has been another barrier for transparency. Although the new commercial code and the SPK communiqué dictated private joint stock corporations to develop ways of more transparent governance, mandatory principles (2011) were binding only for publicly traded corporations. Therefore, by being the major shareholder of their affiliates, the business groups had the chance to hide behind their "holding" companies. Regarding related party transactions, some international investors argued that "as long as they do not feel safe whether the related party transactions are not managed in a way that may harm minority shareholders, they avoid investing in companies affiliated with business groups" (SPK, 2018, p. 36). SPK, echoing the international investors, was not only pointing to the influence of these new actors within the field, but framed family business groups as impediments for transparency.

Board of Directors

- *Independent Board Members*

The New Commercial Code introduced various changes into the field of corporate governance, but the structure of the board has perhaps been the most notable one. As described earlier, independent board members and the functioning of the committees were the subjects in which the YTTK and SPK communiqués brought a mandatory framework. After 2011, publicly traded corporations have adopted the practice of having independent board members. The ratio of one third that was necessitated by SPK's communiqué, albeit with multiple translations, was ensured immediately by almost all the companies. The increase in the number, for corporations in this study is from seven in 2010 (in 23 corporations) to 42 in 2012 in total. Once more, the code seems

to have had influence on the common practice of electing and/or assigning majority shareholders, mostly family members, to the board. Furthermore, the YTTK removed the clause in the previous commercial code which mandated board members to have shares in the company. Therefore, the board was now described as the "ultimate and professional monitoring body rather than where "the bosses" meet each other" (Akgiray, 2012, untitled speech). Combined with mandatory inclusion of independent board members in listed corporations, the YTTK and SPK communiqué conceived the board of directors as a body in which "competency is appreciated" (Yeni TTK, 2011, p. 11054). However, the process of adopting independent membership in the boards also triggered some other practices that indicate the alterations performed by corporations. First of all, SPK in 2011 (article 4.6.4) and in 2014 (4.6.3) regulated the remuneration of independent board members and prohibited performance-based pay for those members. In the subsequent articles in both communiqués, listed corporations were mandated to disclose the method of pay that was determined for independent board members. The rationale for this change was to further establish the independence of these members and to maintain their role of oversight rather than solely seeking short-term performance. Following these regulations, almost all the corporations changed their articles of association and included statements similar to "in remuneration of the independent members of the board of directors, payment plans such as dividend, stock options or payment options based on corporation's performance do not apply". This statement is a direct copy of the related article with changing only the word "shall" to "do" in the end. However, in most cases the remuneration policy continued not to be disclosed and if disclosed it only included the principles that were followed in preparing that policy, whereas both 2011 and 2014 communiqués recommend disclosure to be made on the basis of the persons. A few examples from the compliance reports are as follows:

> "The total amount paid to senior executives and the board members is (XXX) TL. While deciding on the senior executive compensation policy, the volume of sales, number of employees, the level of knowledge that is required to maintain services for the company are considered" (Co. 21, 2017, p. 124)

> "The company considers internal balance, market conditions, strategic goals, individual performance and responsibilities taken by employees when determining the remuneration policy" (Co. 16, 2016, p. 73)

Therefore, the law and regulations were obeyed but again in a fashion in which the rationale behind these principles was disregarded or with respect to the approach adopted in this study omitted in

"translation". Consequently, without a transparent remuneration policy it is difficult to assess if the independence of independent board members has been achieved or not.

Another point about the board of directors is its size. SPK communiqué determined the minimum number of members in the board of listed corporations as five, while for non-listed corporations it was changed to one in the YTTK. SPK suggests this number "shall be determined to ensure that the board members conduct productive and constructive activities, make rapid and rational decisions and effectively organize the formation and activities of the committees" (SPK, 2011, 6). Considering the article regarding the minimum number of independent directors as at least one third of the board, one might expect board sizes to increase after the YTTK. In fact, before the YTTK and SPK communiqué the average board size of listed corporations was around nine. Therefore at least three independent directors on average would be sitting in the boards of these companies. However, average board size became 6.5 in 2016 (TKYD, 2016). Comparing this figure to the average of 12.1 for 15 European countries (TKYD, 2016) that are also members of the OECD requires a deeper examination towards the gradual decrease in the average size of the boards in Turkey from 2011 to 2018. The requirement of one third independent directors has another clause that says "in calculation of the number of independent board members, fractions shall be considered as the following whole number. In any case, the number of independent board member shall not be less than two" (SPK, 2011, p. 6). It appears that the shrinking sizes of the boards from pre-2011 era until today can be accounted for by the adoption by corporations of the above described rule in a way that the number of independent board members do not exceed two. In order to achieve that, corporations which had nine or more board members appeared to have lowered this number to seven or eight and included only two independent members in their boards. These corporations which maintained their board structure in this way provided explanations in compliance reports with the following examples:

> "The minimum number of two for independent members is achieved and the policies addressing for increase in the number of independent directors are being discussed" (Co. 8, 2015, p. 15)

> "Two out of seven board members are independent, and their independence is publicly disclosed as their declarations are attached to this report" (Co. 13, 2016, p. 56)

As the latter example indicates some of the reports did not even mention not achieving the minimum number which must be three for boards with seven members. Since the latter company

is also part of the Corporate Governance Index, their corporate governance audit report is also available via the website of the stock exchange (borsaistanbul.com). Notable also is that the rating company which was certificated by SPK did not mention this case of non-compliance as a negative point. 19 of 23 companies analyzed in this respect did not meet the minimum requirement in terms of the number of independent directors for the years between 2011 and 2018. Moreover, there were no records of penalties issued by SPK for these corporations. In conclusion, the principle of independent board member inclusion has become something different in practice especially when considered together with vague statements for financial rights and failures to achieve the minimum number of members, another explicit case of translation through alteration in terms of this study.

While corporations in Turkey have been translating mandatory independent board members requirement after the SPK communiqué, OECD's updated corporate governance principles highlighted that the only way a board can function independently and effectively is through existence of a sufficient number of independent members (OECD, 2015). In this update, OECD added the following statement regarding the voting rights:

> "Some capital structures allow a shareholder to exercise a degree of control over the corporation disproportionate to the shareholders' equity ownership in the company. Pyramid structures, cross shareholdings and shares with limited or multiple voting rights can be used to diminish the capability of non-controlling shareholders to influence corporate policy" (pp. 24-25)

The statement by OECD was aligned with SPK communiqué (2011), particularly items 1.4.2 and 1.4.3 which recommended avoiding privileged voting rights and avoiding exercising voting rights in cases of cross-ownership of controlling shares, respectively. Recalling Ararat's observations suggesting that independence of board members is impossible to achieve unless privileged voting rights and nomination by controlling shareholders are removed (Ararat, 2011b), the case of independent board members involves more than resumes and relationships of candidates to the company. In line with these concerns, SPK also addressed another practice that was related to implementation in the election of board members. According to 2018 survey, 36% of the listed corporations preserved their voting privileges in two crucial processes: nomination of board members and voting in the general assembly. Furthermore, among the remaining 64%, a prevalent practice was arranging shareholder structure in a way that non-public shares could elect all the board members. In addition, avoiding the exercise of voting rights in cross-ownership of controlling shares was not complied by any listed corporation. In addition, SPK also identified that

the exercise of voting rights in cross-ownership of controlling shares was significantly more common in group 1 corporations (corporations in which market capitalization of shares in actual free float are larger than 133 million TL, for 2018). Moreover, item 1.4.3 in SPK's communiqué also recommended (as a comply-or-explain principle) in cases when this form of voting exists, it should be disclosed via KAP, however no such disclosure was recorded during this period. Finally, the compliance reports in this period indicated that the privilege of certain share groups was arranged in a way that any decision made in the general assembly could only be valid if it is approved by a certain share group. An example is as follows:

> "In cases requiring changes to the articles of association, and in accordance with the commercial code, group A privileged shareholders meeting is held, and decisions taken by the general assembly are approved" (Co. 11, 2015, p. 143).

Therefore, while increasing the number of independent board members has indicated more "objectivity" and "higher representation of shareholders" according to some promoters of corporate governance in Turkey (e.g., Acar, 2011), controlling shareholders of listed corporations have retained power through dominating the process of electing board members. In fact, the summary of the discussion above was highlighted by an interviewee with one of the largest international consultancy companies, as he reported his conversation with a controlling shareholder of a family business group as follows: "How come there can be an independent board member, his remuneration comes from my pocket, I select the guy and he can never disagree with me because then I would not put him there in the first place".

- *Family Involvement*

The existence of families in the composition of board of directors and control of corporations before 2011 can be identified as an instance of persistent domination by the family. As explained in the previous section, as controlling shareholders they have been in charge after 2011, too. However, the phase following the new commercial code manifested a relatively different relationship between families and corporate governance practices. This difference was highlighted by TKYD as "corporate governance principles that enable family businesses to grow and become sustainable have become part of the code" (2013, p. 55). Along similar lines, TÜSİAD vice president Şükrü Ünlütürk pointed out that "on average, family businesses are in the second generation in Turkey. We have not made it to the third yet. It is a huge loss for the country if only 10% of the family business make it to third generation, and only 30% to the second" (Yaşar Web,

2016). While business associations were inclined to describe the changes in the commercial code as a reflection of corporate governance principles, another TKYD study in 2015 revealed a different story. Members of TKYD (board members and/or executives) described family owners as the main impediment saying that "individuals who do not want to distribute their authority (especially majority shareholders and founding member of families) are the major factors for preventing adoption of corporate governance principles" (TKYD, 2015, p. 3). Considering both arguments, views on family involvement in the boards and management revolved around the purported tradeoff between "sustainability" and "control", for the years between 2012 and 2018. In a very recent publication by TKYD, this tradeoff was acknowledged and what is defined as the "professionalization" of the board (i.e. less family members, more independent directors) was posed as a need to deal with increasing complexity which comes with growth (TKYD, 2018). Therefore, and yet again, TKYD urged families to select more independent directors if they were worried about sustainability and generational transitions by stating "…in family businesses which made it to the third generation in the U.S., active and non-family controlled board of directors has become the significant factor for sustainability and success (TKYD, 2018, p. 33). Note should be made of the explicit reference to the U.S., which was also implicit in the above quote from the TÜSİAD vice-president. An interviewee from an auditing department of a large corporation expressed similar hopes by saying that (without considering, it appears, the transitions that have already occurred, especially in some of the large family business groups in the country):

> "As the founding member, usually the father, steps down in family businesses in Turkey, professionals who spent more than 20 years with the company gain more power and, in some cases, fathers trust these professionals more than their sons. When they must, they choose sustaining their businesses over family ties. However, as long as the father stays, the board exists on paper but when the next generation comes, boards will be more like a decision body because the power imbalance will be vanished" (Interviewee number 2, 2019)

What is more important from the perspective of this study is that corporate governance has become presented as the solution for the troubles that may arise in periods of generational transition and thus purportedly for "sustainability".

- *Committees*

Before 2011, the SPK principles that were issued in 2003 and amended in 2005 recommended corporations to establish committees within their boards and provided specific recommendations

for establishing and running an audit and corporate governance committee. Prior to SPK's principles, corporations whether listed or not were required to have auditors alongside the board of directors both of which were appointed by the shareholders as per the old commercial code. SPK regulations in 2003 did not remove but added to the "supervisory role" undertaken by these auditors through adding an auditing committee within the board of directors. Furthermore, by recommending a corporate governance committee SPK wanted corporations to "monitor the company's compliance with the corporate governance principles and perform improvement studies and offer any possible solutions to the board" (SPK 2003, pp. 56-57). As examined in the previous section (2004 to 2011) most of the companies did establish audit committees but only a handful of them formed corporate governance committees. A common practice was to include family members or majority shareholders in these committees despite SPK's recommendation of including independent board members into them. The major promoter of corporate governance, TKYD, complained that non-existence of independent members combined with non-mandatory establishment of committees rendered these groups ineffective (TKYD, 2015, p. 19).

The first step towards strengthening the creation and purportedly the effectiveness of the committees was taken through the YTTK. The YTTK required listed corporations also to establish "a committee for early detection of risk" (Yeni TTK, 2011, p. 11058, article 378). In addition, the YTTK also designated the boards of these corporations responsible for establishing other necessary committees to enhance the functioning of the board. Following the law, SPK's communiqué (2011) took a step further (article 4.5.1) and mandated establishing an audit committee (except for banks), a corporate governance committee, an early detection of risk committee, a nomination committee and a compensation committee (except for banks). However, the same article added a clause and allowed the corporate governance committee to take the responsibilities of other committees except for the audit committee. Furthermore, except for the chair, the corporate governance committee did not have to be formed by independent members. In response to the regulation, corporations have indeed started forming committees within their boards. However, until the new corporate governance principles were published by SPK in 2014, majority of corporations only established corporate governance committees as the regulations mandated. Moreover, between 2012 and 2014 in many of the boards of these corporations, the only operational committee appeared to be the corporate governance committee, which included majority shareholders, in many cases family members. Although the chair was an independent

member, the domination of the "owner" appeared to be there too. Inclusion of the majority shareholder into the committees was also somehow "unavoidable" because of the following reasons: In many of the boards, CEOs were also members and they are not allowed to participate in committees (SPK 2011, article 4.5.4). The size of the board was seven on average (OECD, 2017) and the long tradition of owners having seats on the boards (i.e., the requirement that they hold shares of the company) persisted in the commercial code until 2011. However, this inevitability was not a "naturally" occurred phenomenon since most of the corporations did not only know about the YTTK before it was issued but also actively participated during the discussions (TÜSİAD, 2012). Hence, explaining non-compliance to the recommendation of establishing various committees through lack of time or preparation appeared to be another form of alteration. Considering that almost all the corporations formed at least a corporate governance committee also shows that it was not about time or readiness but the intention. Nevertheless, as discussed previously, with its 2011 communiqué the SPK continued to press for "empowered" independent directors. Still, although otherwise recommended, due to the small sizes of the boards multiple memberships in committees turned out to be common (i.e. for some corporations the recommended number of committees is higher than the number of board members). In conclusion, although empowered and mandated by the regulation, independent directors were just filling the seats of the committees alongside the controlling shareholders, until 2014, when the SPK came with another push.

The most significant change from 2011 principles to 2014 communiqué was in the committees' section. The communiqué published in 2014 turned once voluntary items such as establishing aforementioned committees into a mandatory requirement. Moreover, the communiqué added further details as to how these committees should function. Although there were no signs regarding "problems" in functioning of the committees, one can argue that this major revision in such a short time span indicates that the SPK came to the view that there were "problems". Especially considering how the rest of the articles remained almost the same, the 2014 communiqué was a direct update on how boards and committees could supposedly become more effective. In fact, Selma Kurtay, a specialist in SPK did acknowledge that the main motive was the belief that given the voluntary nature of regulations on the functioning of the board failed to deliver effectiveness and hence the new communiqué was published (Kurtay, 2014). Following the new communiqué, many of the corporations formed the mandated committees and from 2014 to 2018 almost all the

listed corporations ended up having them. According to the communiqué, the nomination committee was expected to provide representation of all shareholders as well as maintaining independence within the board. In addition, because alterations by corporations regarding disclosure of the remuneration of board members and top executives became apparent (SPK, 2018, p. 27), the remuneration committee was also thought to be crucial for compliance with respect to boards of directors. However, SPK (2018, p. 25) also observed that the lowest ratio of independent member participation was in nomination and remuneration committees. Moreover, multiple memberships of majority shareholders or non-independent directors were mostly observable in these two committees. Since the average size of the boards remained around seven from 2012 to 2018, multiple memberships were seen as unavoidable, and they were not avoided in these committees. There were only a few corporations that provided explanation for non-compliance with multiple memberships and inclusion of non-independent members in these committees and these explanations were either in the form of "it is being worked on the issue…" or as the following:

> "For the principle 4.5.5; the committee members are selected based on the experience and expertise of the board members and the relevant regulations are followed. There are multiple memberships in the committees, and it ensures these members to enhance the communication and cooperation between committees" (Co. 22, 2015, p. 1)

Despite the changes introduced with the new communiqué in 2014, it did allow for the corporate governance committee to handle the tasks of other committees to remain as before. As highlighted earlier, the nomination and remuneration committees were in the eyes of the SPK most crucial to establish "independence" within the board. Yet, these two committees did not exist in many corporations and moreover, in the explanations corporations easily referred to the communiqué:

> "…in the nomination of independent board members, nomination responsibility of the Nomination Committee is performed by Corporate Governance Committee in accordance with Capital Markets Board regulations" (Co. 2, 2016, p. 151)

The composition of the board level committees was also one of the key issues OECD investigated and published through its Factbook. Among the 48 countries OECD surveyed for 2018 (published in 2019), more than 90% of them set the minimum ratio of independent members in the nomination and remuneration committees to more than 50%, for some countries at 100% either through law or recommended principles. Turkey for 2018 was the only country that required only the chair to be an independent board member in these committees. To conclude, while committees became

mandated after the 2014 regulations, "translations" by corporations in the form of alterations resulted non-independent committees to remain as the common practice in the field.

- *Female Board Members*

Although gender diversity in top management teams and firm outcomes had been a subject of interest since the early 1980s (Perryman, Fernando, & Tripathy, 2016), its specific relation to corporate boards was a relatively novel issue when corporate governance principles were initially published. How participation of women in the boards is related to performance was empirically debated but as Adams, Gray, & Nowland (2010) suggest the reaction by the stock markets has been considered as positive. Regardless of company performance, stock markets perceive women board members as a signal for relatively high commitment to universal governance principles and prioritization of stakeholders in decision making (Matsa & Miller, 2011). Despite increasing global attention on gender issues, OECD's update to principles in 2015 was the first-time gender diversity was introduced as part of the principles. Turkey, among many other countries, had already started applying a quota. SPK's communiqué published in 2011 (through an additional communiqué to the original) brought a new principle, albeit not mandatory. The initial minimum for female board members was one in the 2011 communiqué and in the amendment of 2014, the quota was changed to 25% of the board. Furthermore, the update also brought another principle that requires publicly traded corporations to not just explain non-compliance but also provide specific timetable and a policy for that target (SPK, 2014, article 4.3.10). Investigating the context that may have promoted such a recommendation reveals few explanations and moreover, Ararat and Yurtoğlu in their research note published in 2012 label this recommendation by SPK as a "surprise" (Ararat & Yurtoğlu, 2012). They suggest that SPK's policy recommendation was a consequence of European Union's directive towards member states and the positive reaction by the members that came along with it.

This "surprise" of SPK, although categorized under "comply or explain" policy has created a remarkable hype around the subject. TKYD, in association with Corporate Governance Forum of Turkey (CGFT) started an annual event named "Turkey's Woman Directors Conference" in 2014. In addition, CGFT started a project called "Independent Women Directors" with the support of Consulate General of Sweden. Eventually, co-funded by the European Union and the Republic of Turkey, a "Turkish Association of Women on Boards" was founded in 2017, as a novel actor

within the field. Since then, participation of women in boards came to be acknowledged as one of the key aspects of corporate governance. As a reflection of increasing attention on gender equality globally and locally, corporations in Turkey have shown varied reactions between 2012 and 2018. While EU member states increased the ratio of women board members from 13% to 17% between 2012 and 2014, in Turkey the ratio remained at the same level of 11% in those years (SPK, 2018). Furthermore, only 27% of the corporations announced that they have a target and policy for complying with the 25% recommendation of the latest communiqué (SPK, 2018). However, the role and influence of the family in these corporations depict a picture that goes beyond these ratios.

Family involvement as analyzed in the previous sections has been one of the major characteristics that describe the board of directors dimension of corporate governance in Turkey. Introduction of a recommended quota on woman board members by SPK caused majority shareholders who generally decide on the board members to act on this issue in one way or another. As reported by CGFT (2019), as of 2018, among 435 women board members (occupied by 340 individuals) 43% were affiliated with controlling families, and accordingly 8.9% of all board members of publicly traded corporations were women and not affiliated with the controlling families. It appears that families have found themselves in a position to extend the involvement of the family within the board while at the same time complying with another recommendation by SPK. For instance, a family business group affiliate in the energy industry had already included the granddaughter of the founding father, and with the change in principles, increased its rating on corporate governance in 2013. In another family business group in which 22% of the board consisted of women (4 out of 14), three members of the board were from the family, and one "outsider" was brought both as independent and a female member. Moreover, inclusion of four women in the board was presented as a "revolution" in the media (İştekadınlar, 2016). Another example of "compliance" was from a large family business that produces dairy products, also owned by the business group of the family. Two daughters of the majority shareholder, father as usual, were in the board and the compliance report stated "there are two women in the board of directors. Therefore, the minimum ratio of 25% for woman board members is achieved for 2016" (Co. 13, 2016, p. 56). Consequently, the quota presented by SPK was not only avoided by non-family businesses and families without enough female members but also enabled a further legitimacy venue for family businesses that had already placed family members on the boards. In conclusion, corporations translated SPK's principle in a way that the "control" of the majority shareholder has been kept, if not increased.

6.4.1. Review of the Separation Phase

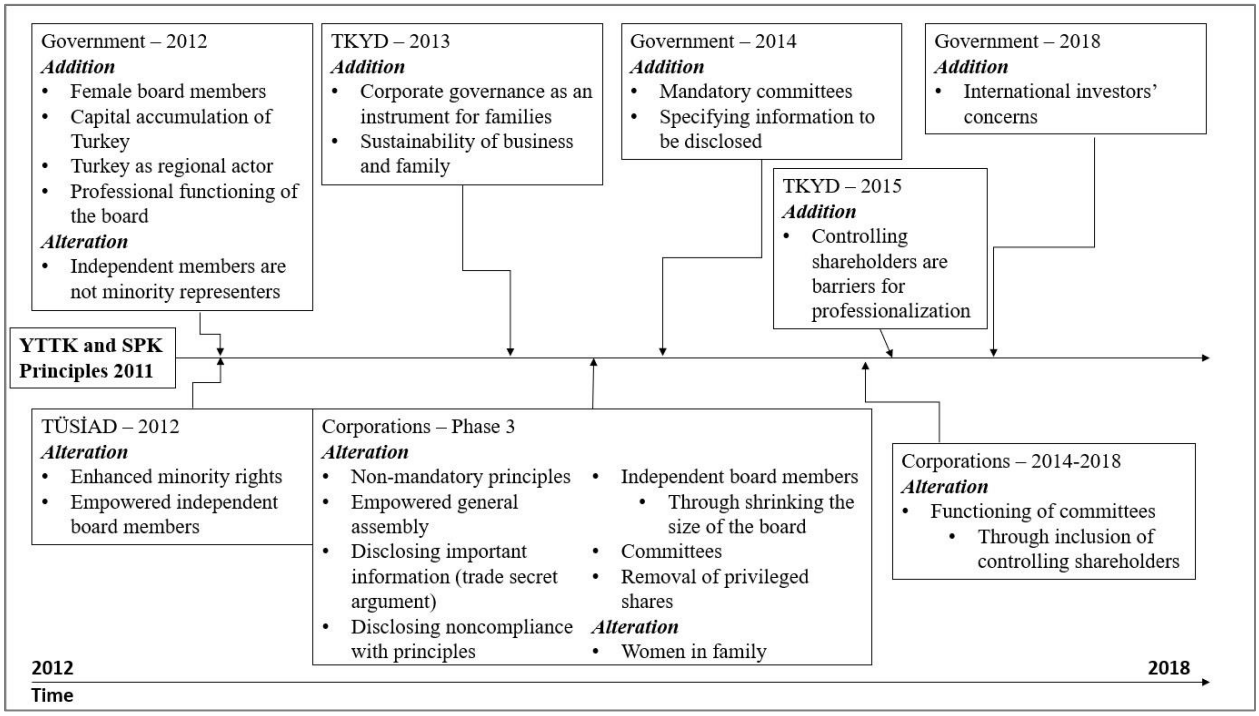

Figure 3. Translations in the Separation Phase

The last phase of the translation process of corporate governance into and within Turkey was "separation". Because with government's intervention to the field in 2011 the "soft-regulation" nature of the corporate governance principles shifted towards "hard-regulation", the divergence of actors' translations of the corporate governance has become more salient than it was in the second phase. TÜSİAD, at the very beginning of the third phase explicitly criticized the new communiqué for being unenforceable and that it was inappropriate for the corporate setting of the country. TÜSİAD's explicit "attack", while legitimated through references to OECD principles, was based on the concern with limiting the control of majority shareholders over their businesses, and this being against the sovereign rights of owners of these corporations. As the process unfolded from 2000 to 2011 and Turkey's integration to the international capital markets had been achieved to a certain extent (Kaya, 2010), TÜSİAD's concerns for the transparency, developing capital markets, and the overall growth of the economy had started to vanish, and moreover, concerns for "controlling" their businesses started to appear. This is very much in line with Marquis and Lounsbury's (2007) argument that as the fields change aggrieved actors start defending their routines. However, in addition to these authors' argument, how TÜSİAD criticized SPK resembles

a “translation work” (Cassell & Lee, 2017) because TÜSİAD repeatedly invoked OECD’s principle of enforceability, i.e. their translation of OECD principles, rather than openly standing against the SPK communiqué. What is even more striking is that the Chairman of SPK also defended the communiqué by referring to OECD’s fundamental principles. Therefore, multiple translations of the same principles existed at the beginning of this phase. This “divergence” of translations in this phase is the reason this phase is labelled “separation”.

The reactions by corporations to “hard-regulation”, that is mandating certain principles, has become analytically distinguishable in this phase, as described above. Along with the alteartions performed by corporations towards mandatory principles, the framing of non-mandatory principles has changed compared to the previous period. Throughout this phase, the efforts (compliance, partial compliance or explanation) by corporations to comply with non-mandatory “recommendations” were considerably less than the previous phase. As exemplified in the analysis, for instance, SPK’s recommendation for enhancing the definition of “minority shareholders” to include shareholders with less than 5% shares of the corporation has remained almost the same in both phases. However, in this “mixed regulation” phase, when both “soft” and “hard” approaches were employed by the government, the corporations that tried or at least explained their efforts to do so in the second phase have changed their view of this non-mandatory principle and became content with the legal minimum while not even explaining reasons of non-compliance to the non-mandatory ones. Taking corporations’ “success” in achieving legal minimums, SPK published another communiqué in 2014 to extend the mandatory principles to include the committees that corporations avoided between 2012 and 2014. As a result, corporations’ avoidance has not been broken, but it was reshaped to electing controlling shareholders as committee members to maintain their control over the business. Therefore, the ramifications of “hard-regulation” were threefold: First, the corporations in Turkey were responsive in attending the legal requirements. Second, attending to legal requirements resulted in a “disregard” of “soft-regulations”. Third, while legal requirements have “diffused”, their contents were “translated” by corporations in a way that reflected the interests of controlling shareholders.

However, not all the “soft-regulations” were disregarded, especially those in which public scrutiny through the help of the broader context might be present. SPK’s inclusion of a recommendation that sets a minimum for women on the board, for instance, has caused limited little defiance. Rather

corporations altered this requirement in a way that also served their interests. Many of the corporations, compared to independent board members or minority rights, were not reluctant to comply with female board members recommendation, as the data suggested. However, this compliance was also achieved through a translation in which the women in the families have been nominated and elected as the board members. Therefore, for the government, the unintended consequence of enhancing the control of families has emerged because the process of incorporating regulation to practice involved translation of actors, that is corporations with majority/controlling shareholders.

Similar to the second phase, the alterations performed by the corporations in the third phase have been in the form of either "avoidance" or "defiance" (Oliver, 1991). Still considered as defying in Oliver's terms, TÜSİAD's explicit attack to SPK communiqué is the ultimate form of actively responding to the institutional forces exerted by the public authorities. Corporations, on the other hand, have continued to perform alterations that can be considered as more "passive" in their nature but still involves some sort of resistance to the institutional pressures.

Finally, the position TKYD claimed in the previous phase as the promoter of professionals on board and "savior" of family businesses was reaffirmed with the inclusion of independent board members as a mandatory principle. In this vein, TKYD in 2015 went as far as to claim that existence of controlling shareholders, especially in the boards, create barriers for professionalization. In addition, TKYD maintained its "family interests" emphasis as well. Therefore, TKYD started to translate "corporate governance" as an instrument to protect the family from the family itself. Notable though, TKYD's framing of corporate governance in this phase has diverged from publicly traded corporations more explicitly than the previous phase when it was first detected.

7. DISCUSSION

The analysis presented in the previous sections indicates that "corporate governance" as a concept and as set of practices have transformed in several ways since its inception in Turkey. Furthermore, the actors that have partaken in this transformation have experienced changes in their approaches to the concept and the practices they perform. Aligned with a translation approach, initiation of a concept or an idea in a new context, in this instance through importation from elsewhere, is expected to cause changes in the context as well as in the concept itself. The discussion of this transformation as it speaks to the theoretical motivation of this study, then, is twofold: it has first to describe the changes in the corporate governance as the concept traveled from 2000 to 2018, and secondly to trace how the context, which contains the actors identified and the practices they produced, changed in accordance with the overall transformations observed in this period.

7.1. Travel of Dimensions of Corporate Governance

7.1.1. Travel of Shareholder Rights

Shareholder rights as a concept prior to the introduction of corporate governance into Turkey in 2000 had not been considered as a major issue since the understanding was ultimately the owner of the companies should have the utmost discretion on their own businesses, supported as it was with the extant legal framework. Therefore, when shareholder rights or any rights in terms of investing in a business was discussed, it was a matter of how the owner of a company can control its business. Consequently, instead of shareholder the more prevalent conceptualization was ownership. Conceptualizing shareholders as the owner rather than one of many possible shareholders was also at the heart of then valid commercial code. As a result of this understanding and the law, ownership as a concept should naturally have meant a centralized decision-making structure. Aligned with this conceptualization neither the government nor the publicly traded corporations raised the issue of minority shareholders. In fact, rather than shareholders, they were regarded as stockholders and moreover, the demand by these stockholders to participate in decision making within the corporation was already very low. Therefore, the prevailing understanding can be characterized as one in which stockholding was rendered as participating into the stock market with limited information and discretion on the trajectory of the corporations.

The average of proportion of shares traded in the market for any one corporation was also very low and the accumulation of capital for the investments of any corporation was enabled through other corporations, mainly financial corporations, often of the business group that also has a centralized structure of decision making. Overall, Turkey was characterized by a credit-based system to refer to the national business systems literature (e.g., Whitley, 1992). As a result of this cross-ownership and government's covert support for family business groups that employed thousands, international shareholder participation had also remained limited. Furthermore, international shareholders who had shares in corporations of which are mostly owned by families, were actually investing into their relations to the family rather than the free market. Therefore, the context in which shareholder rights was introduced purportedly as part of better corporate governance was far away from the original context where it was imported from and where defining the rights of shareholders constituted a significant concern.

After TÜSİAD's publication of corporate governance principles promulgated by the OECD in 1999, "shareholder" as a concept was identified as the right way to describe the ownership of stock in a company. Furthermore, OECD's emphasis on building trust and attracting long-term investments by ensuring corporations to acknowledge the rights of shareholders was supported in Turkey due to increasing attention towards the need for capital and the diminishing capacity of the banking and finance sector to provide support in that regard. As part of these concerns, the problems of financial institutions were brought into attention especially after the 2001 economic crisis in the country, and business groups with financial businesses under their control were about to face stricter rules and regulations. Combined with need for investments and stricter control over credit mechanisms, corporations had to attend to the transformation of the shareholder concept in the country. TÜSİAD, in addition, through emphasis on the role and responsibilities of the board, generated a relatively new discussion that revolved around positions of the board and general assembly vis-à-vis each other. However, TÜSİAD's translation of shareholder rights was modest compared to other dimensions of corporate governance such that then valid commercial code was promoted as sufficient.

Achieving a certain level of stability in the economy, the government entered the emergent corporate governance field as one of the main actors not only via regulations but also statements of vision and ambitions towards furthering the international economic integration of the country.

Corporate Governance Principles of Turkey was published by SPK in 2003 and marked the date when the government not only recognized but also supported the concept. Government's intentions regarding aligning the regulations with those promulgated by international institutions such as the OECD was observable in the principles, and moreover, through various occasions TÜSİAD and government appreciated each other for cooperating in this endeavor. As part of the regulations, the concept of shareholder rights entered the regulatory field of corporations and that particular section of SPK principles were highly similar to TÜSİAD's publication of OECD principles. As a regulation, SPK principles also specified rules and recommendations regarding governance of corporations, one of which was extending minority rights. SPK specifically addressed the possible limitations towards the exercise of minority rights and in this manner recommended against the use of privileged voting by majority shareholders. However, the translation of these recommendations to prevent majority shareholders to render other shareholders' discretion obsolete had been altered by corporations even in this initial phase. Throughout the years from 2004 to 2011, the alterations by the corporations to enabling and extending minority shareholders' influence in decision making persisted. As analyzed above, many of the corporations complied to the recommendation that required defining minority shareholders as those who hold 5% or more of the overall shares but none of them lowered this level despite calls by SPK. Furthermore, privileged voting in major decisions including nominating/electing board members or changes to articles of association remained and majority shareholders, families in most cases were able to protect their power by also complying with some of the recommendations.

The intentions of the majority shareholders to retain their power becomes more visible considering how recommendations that speak to the positions of the board of directors and general assembly vis-à-vis each other were translated into practice. Although SPK principles positioned general assembly as superior to that of the board, both OECD principles and TKYD reports have emphasized how the board is crucial for establishing corporate governance. OECD, in its original principles highlighted the need for increasing the responsibilities of the board and TKYD, by referring to OECD, identified boards as the key constituents for rapid transition to best practices of corporate governance. OECD's position was mostly related to the experiences of lack of monitoring of executives in the 1990s, especially in the US, that led to corporate scandals while TKYD emphasized the dynamism and timeliness that can be attributed to the board rather than the general assembly. One could see the latter was prevalent among corporations too, as they

accounted for non-compliance to SPK's recommendations for empowering assemblies by attributing dynamism to the board and pointing to the necessity of being attentive to daily transactions. Therefore, the board has been protected and preserved as the main decision-making body without enabling minority shareholders to even nominate members. Consequently, by the end of 2011, boards that were dominated by majority shareholders, mostly family members, had at least the same level of discretion they had prior to 2003.

After 2012, with the introduction of YTTK and some mandatory principles by SPK, many of the corporations immediately took actions that led to compliance with the new code. In general, mandatory compliance worked as corporations tended to modify their articles of association to make them in line with the communiqué published by SPK in 2011. In terms of shareholder rights, SPK recognized how decision making remained centralized as it was before, and mandated corporations to ensure a majority of the independent board members' approval for major decisions in order to limit majority shareholders' discretion. By also mandating a certain ratio for independent board members in all publicly traded corporations, SPK intended shareholders other than the majority ones to be represented in the board. However, privileged voting for nominating and electing board members remained untouched and, moreover, cumulative voting recommendation that existed in the 2003 principles was removed by the SPK. Many of the firms had already disregarded recommendations for cumulative voting but its removal also encouraged majority shareholders to further their control over the election of the board. Eventually, although the mandated items were complied, all the corporations maintained traditional practices of nominating and electing board members. Moreover, shareholders' right to appoint a special auditor was added to the articles of association but was never exercised.

In 2012, the alterations performed by the corporations were incarnated by TÜSİAD's explicit criticisms to the new communiqué issued in 2011, especially for enhanced shareholder rights. TÜSİAD openly argued against SPK's regulations that ensured minority shareholders and independent board members a relative superiority over controlling shareholders. Although TÜSİAD's attack was responded with retraction of some of the principles by the government in that regard, SPK maintained its position through constant references to capital accumulation, Turkey's aspirations to become a "regional power", and has started to raise the issue of international investors even more explicitly. Moreover, privileges of controlling shareholders in

nominating and electing board members were also criticized by SPK as these rights were argued to be obstacles for international investors' decisions for investing in corporations traded in the stock market.

Consequently, the convergence TÜSİAD and the government had in the earlier phases of the travel of corporate governance within Turkey has come to an end primarily due to diverging interests of these actors on the rights of minority shareholders. Especially with the 2011 communiqué and afterwards, TÜSİAD and corporations have translated shareholder rights as an "intervention" in their controlling rights whereas government's translation in this phase has revolved around protecting existing and potential international investors in the capital markets.

7.1.2. Travel of Transparency

Prior to the arrival of corporate governance principles, transparency had already become a concept that attracted the attention of society in Turkey, though mainly with respect to governmental affairs. Despite the concept's relatively high association with governmental operations, the word carried positive connotations in the eyes of public in general. Furthermore, transparency of government, especially public banks, also suggested an association between transparency and the inflow of international capital. Turkey's dependence on foreign investments were recognized in the context of government policies regarding the economy and overall transparency. However, transparency of corporations was not a major issue; in fact, corporations were not needed to be transparent since the ideas of multiple shareholders or stakeholders in general were not part of either the extant commercial code or the understanding related to corporations which, for many years, were run by families and had led the growth of the economy. Moreover, then valid commercial code, despite various changes since its issuance in 1957, was based on ensuring the fullest discretion of controlling shareholders over their businesses.

However, both the economic crises in the 1990s and failure of the banking system in 2001 resulted in a heightened sensitivity towards transparency, though still mainly associated with government, but also towards capital markets as well. TÜSİAD's publication of OECD principles that included transparency as one of the pillars of a functioning market economy was probably viewed as a remedy for addressing perceived lack of trust. Therefore, TÜSİAD's position for a liberal economic system and well-functioning market economy aligned with government's interests for

attracting foreign capital and eventually transparent corporate governance was presented by both as the solution, so a major translation already occurred during this early phase. Whereas in the US and in the OECD principles too, corporate governance was framed essentially as a way to enhance control over top executives running large corporations with dispersed ownership and thus to curb potential opportunistic behavior on their part (i.e., as a panacea for the agency problem) in Turkey it became promoted as a tool for facilitating and expanding the flow of foreign capital.

Translations also occurred as corporations were expected to act in line with these prescriptions. The positive connotations attributed to the concept did not translate into practice since corporate governance was also being associated with public disclosure for corporations, which has not been part of their practices up until that time, and moreover, the processes within the corporation have been regarded as "trade secrets", by extending the definition of "secret" to encapsulate almost all procedures. Until SPK principles in 2003, listed corporations did not include corporate governance principles and any further transparency measures as part of their communication. Rather most of them extended their annual reports to include more information on the operations of the corporations. Public disclosure turned out to be the focus and selective disclosure, while increasing the overall information about the operations for the public, served essentially as a public relations activity. Corporations did not extend the information flow when it was about how the corporation was governed, its shareholder structure, board composition as well as the agendas of general assembly and board meetings.

Beginning to be wary of what was expected of them, corporations resorted to stating protection of trade secrets as an explanation for their reluctance to act in line what was shaping as a corporate governance field. As was the case before 2000, the period between 2000 and 2003 rendered a tendency to view most of the recommended corporate governance procedures as making trade secrets visible. A justification possibly on their part could be the country's poor performance in terms of regulating the protection of intellectual property. However, combining this reaction towards lack of protection of intellectual property with the concept of ownership that was described earlier, the tension boils down to the tradeoff between control and transparency. Ultimately, both TÜSİAD and consultants becoming active in the corporate governance field with a view to generate new business had to argue that for corporations to become more transparent, they should be convinced that transparency of procedures does not necessarily mean that their

control over the business vanishes. MÜSİAD's approach also relates to this tension since they also tried to convince their members to become more "institutionalized" by emphasizing control would still be in the hands of the owners. This formulation involved another translation largely disparate from the concerns that had instigated the interest in corporate governance in the US and elsewhere, in that now corporate governance was turned into something that would ensure "institutionalization", a vague notion that does not have its counterpart in the former settings but was "invented" in Turkey (used also in a number of other emerging economy contexts) to take a diversity of meanings such as systematization of company procedures or delegation of greater authority to so-called professional managers.

After 2003, because SPK specifically recommended which information was to be shared in which way, corporations' reactions became easier to identify through the compliance reports that they were now expected to issue. Due to the prevalence of cross-ownership and large family business groups, ownership structures and especially the ultimate controlling shareholder information were regarded as crucial by the government so that these items were included as part of the recommendations. However, throughout the years from 2004 to 2011, corporations were largely reluctant to share this information, and moreover, explained this non-compliance in various ways. Therefore, even though the families' existence was known as the majority shareholders, neither the shares of individuals nor the individual that was the ultimate controlling shareholder was transparently disclosed. Instead, corporations both latitudinally (by mimicking each other) and longitudinally (by copying their own texts) provided standardized explanations. Not only for shareholder structure but also regarding the overall decision making processes, when a non-compliance case occurred, the explanations included but not limited to less than specific statements such as "we are working on it", "due to the dynamic nature of the industry", "because the debate over the principle is still ongoing". Furthermore, SPK's principles added to vagueness too, because although many of the concepts were relatively new for the context, further explanations or specific recommendations were missing; and therefore, corporations enjoyed vagueness as it was already a key enabler for their reluctance to disclose information.

In addition to vagueness, corporations did not appear to be inclined towards establishing formal information policies, which was another recommendation by SPK. Formal information policies were important according to SPK because only through a structured mechanism could the

transparent flow of information be established. For most of the businesses, publishing a website that includes information that is exactly presented in the annual reports was seen enough. However, with the introduction of KAP (Public Disclosure Platform) and regulatory changes, publicly quoted corporations started disclosing certain information (e.g. acquisition of assets, mergers etc.) once it became mandatory. This significant change and its rapidness indicate that companies in Turkey have the tendency to follow the law rather than principles or recommendations. Launch of KAP and compliance with the law also supported the idea that the new commercial code was necessary to ensure a certain level of transparency and that the "comply-or-explain" approach provided a broader range of avenues for translations into practice though a considerable degree of mimetism also prevailed.

With the new commercial code and the following SPK communiqué, the expectation was to enable the principles to be abided more widely. However, mandating publicly traded corporations to follow certain articles and keeping comply-or-explain alongside with them resulted in more standard texts and increased vagueness since transparency items were not included in the mandatory part. Reaffirming the tendency of law abidance, compliance reports increased in size (i.e. pages) due to disclosure of mandated items while the texts and particularly explanations for non-complied recommendations became more imprecise, which serves as another example of the space they provided for practice translations to occur. Moreover, as disclosing shareholder structures remained as part of comply-or-explain principles, the corporations' tendency to disclose, or explain non-disclosure practices become less frequent and by the end of 2018, only a few of the publicly quoted companies actually disclosed the ultimate controlling shareholder. As identified by SPK very recently, corporations continued to refrain from providing "crucial" information for investors and/or potential investors which would enable them to understand what was going on in executive and board levels. Similar to shareholder rights, international investors were further emphasized by SPK in explicating the need for transparent corporations. Therefore, transparency followed a path in which at the beginning it was deemed highly significant for attracting capital and then considered as crucial for the functioning of a market economy; ended however, through its translations by corporations, by added vagueness and opacity of corporate activities and decisions.

7.1.3. Travel of Board of Directors

Board of Directors, one of the main headlines of the OECD's original and revised principles had attracted some attention in academic literature in Turkey before 2000 (e.g., Buğra, 1994). As the old commercial code (1957) specified, only natural persons with registered shares in the company could be board members. Therefore, board of directors had the nature of assembly before the launch of the stock market effectively in 1986. After this date, although the number of corporations with publicly offered shares increased constantly, the percentage of outstanding shares per corporation remained significantly low. Thus, even with public offerings the structure and nature of boards of directors had not changed, hence either the family members or those who are elected by the families were placed on boards. Therefore, the dominance of the families in the boards as well as in the decision-making processes had been a well-established common practice before 2000 (Buğra, 1994). Furthermore, this dominance was not considered as a major issue or problem since it was "normal" to let the family businesses (mostly groups of businesses) to be run by families that owned them. In addition, culturally prevalent "patron" concept that identifies with fathers of the families as the ultimate decision-maker allowed for centralization in processes of decision making and rendered the boards as bodies for informing other members rather than a platform for debate and discussion.

It was through TÜSİAD's initiative to translate the OECD principles that brought the "independence" of the board as an issue for the first time in 2000. OECD described independence of the board as inclusion of members who are not to be closely related to the corporation through economic, family or other ties. The justification for recommending independence in the boards in OECD's terms was the capacity of independent board members to prioritize the interests of the corporation above other parties. The economic crisis in 2001 had also been related to lack of auditing within the board, or at least government's view was in this direction so for the first time in 2002, the government mandated independent external audit and audit committees to be formed within the boards for publicly traded corporations. At about same time, TÜSİAD extended OECD's principles for board independence by recommending a certain minimum ratio and providing specific criteria for independence of a board member. Moreover, TÜSİAD also added another committee along with the audit committee mandated by SPK, and suggested this

"corporate governance committee" to have independent directors in majority as well as handle the tasks of nomination and remuneration to further enhance the independence within the board.

TÜSİAD's calls for more independence in the boards were taken up by SPK's principles and as of 2004 listed corporations were recommended to include a certain ratio of independent board members in their boards. Although the recommendation was part of "comply-or-explain" method that was adopted by SPK back then, some of the corporations did start to include independent directors. Corporations that did not do so explained non-compliance in ways such as "we are working on increasing the number of independent members in the board". At about same time, two recently emerged actors, TKYD and consulting firms introduced "professionalization of the board" and depicted board membership as a position to be performed by those who are both skilled and independent. These actors, by emphasizing "sustainability" and "family interests", argued for "professional" boards, not only for the sake of "professionalization", but also claiming it was "in the best interests of the family". Nevertheless, in general the concept of independence and "professionalization" (as juxtaposed to family members in the board by TKYD and consulting firms) seemed to gain some ground. Yet, as SPK also identified, because nomination and election of board members were still in the hands of controlling shareholders, independence remained on the surface, a case of translation in itself. At the same time, SPK's principles identified boards as the crucial actor for establishing better corporate governance procedures and there was the view to "empower" boards as TÜSİAD had recommended based on the OECD. As a translation twist, adding independent directors enabled many of the corporations to explain not extending the minority rights by referring to the existence of independence within the board. In the process of translation of the notion of independence between 2004 and 2011, the proclaimed initial intention by TÜSİAD and SPK to prioritize the interests of the other parties was not achieved although there was some increase in the number of independent directors.

As part of the so-called "independence" project, SPK, in 2011, recommended forming committees within the boards and formalizing the categories of practices as early detection of risk (also included in YTTK), nomination, and compensation, along with audit and corporate governance committees that were recommended in 2003. However, SPK's recommendation also included allowance for the corporate governance committee to handle other committees' duties temporarily and this allowance resulted in corporations not-forming committees other than the corporate

governance committee. Corporations that refrained from establishing committees in the earlier "comply-or-explain" era started to form these committees after 2011, albeit with a translation once more. After 2011, the alterations by corporations performed in the independent directors recommendation was furthered to include committees such that, neither the majority of these committees (except for the audit committee, which was mandated to have independent directors) consisted of independent directors nor the practice of corporate governance committee to handle other committees' duties has changed. SPK's updated principles in 2014 that render committees as mandatory was also responded with alterations corporations. Eventually, the quest for "independence" of the duties of the board of directors were disallowed as well.

The new commercial code and the communiqué by SPK brought mandatory compliance items into the corporate governance field at the beginning of the "separation" phase. Most of the mandatory articles were related to board of directors, the requirement that one third of board members needed to be independent being the most significant. TKYD and TÜSİAD's calls for mandating independent board members were at this stage taken up by the SPK; and as expected, the buttress of the law led to a significant increase in the number of independent directors. Furthermore, starting from 2012, independent members' resumes and statements that disclose their independence were included in the compliance reports.

However, removal of cumulative voting recommendation by the SPK and thus the maintenance of controlling shareholder domination in the nomination and election processes led to the persistence of a "less independent" board from the majority owner(s). The former removal was an indication of how the translations that had occurred at the corporation level resulted in a change in the position of the main regulatory body over the corporate governance field. Moreover, despite SPK's continuing recommendation for eliminating privileged voting, corporations maintained this practice as well. Mandating committees and independent chairs for each, however, did lead to a significant increase in the number of independent directors and previously ignored committees. However, the quest for independence within the board, even it might be achieved to a certain extent, was likely to have fallen short of convincing SPK and international investors as described in the analysis section. Therefore, committees and the actual decision-making processes were decoupled from each other, rendering the capacity of committees and independent members to influence these decisions limited. Moreover, SPK's principle that recommended disabling multiple

memberships in committees by board members has been complied by very few of the corporations, indicating a ceremonial compliance.

Observing the fact that families tended to challenge complying with certain corporate governance principles to preserve their control over their businesses, there have been other changes related to this in the course of the period between 2012 and 2018. TÜSİAD's open criticism of the SPK communiqué for being "against controlling shareholders" especially through "disproportionately empowered minority shareholders and independent directors" not only reaffirms the alterations performed by the corporations in this phase, but also marks the date the so-called "alliance" between government and TÜSİAD came to an end. Once the promoter of independent directors, TÜSİAD, shifted to an opposing position as the regulation rendered independent directors as key actors that supervise controlling shareholders.

Inclusion of female members as a recommendation by SPK have caused a change over the period of 2012-2018. As part of raised diversity concerns globally, SPK recommended female board members to be present in the boards, albeit with a comply-or-explain approach. Though not significantly, number of female directors has increased over the years. However, a careful examination reveals that complying with this recommendation and responding to a globally hot topic also opened another avenue to include more family members. Most of the corporations that included female board members elected them among the females in the family, and presented their increasing ratio of women in the boards pretentiously (explaining the efforts and/or showing the improvement with separate pages in the reports etc.). Therefore, the quest of SPK for increasing gender diversity in the boards has been translated into empowerment of families by the corporations.

7.2. Actors of Translation

7.2.1. TÜSİAD and TKYD

While the context of corporations was already subject to many changes regardless of corporate governance principles and primarily due to the approaching financial crisis, TÜSİAD's initiative in 2000 could have only occurred through emphasizing internationalization by also referring to the failing financial system as well as the incapacity of government to act on it. TÜSİAD as a champion for this quest since the beginning had the chance to take the lead in a context where

following Western ideas and practices were often regarded as sources of legitimacy. Combined with developed relations with Western institutions and organizations such as IMF, World Bank and the European Union in the early 2000s, TÜSİAD both provided further legitimacy for its position of flag-carrier and more importantly had the chance to influence government policies directly. This role of TÜSİAD had been acknowledged by both of the governments that were active between 2000 and 2003; so much so that, then chairman of corporate governance committee of SPK openly stated how TÜSİAD's efforts lighted the way for them (Alacaklıoğlu, 2003, p. 198). TÜSİAD's emphasis, in this first phase, has been on the role of board of directors and transparency, two of the original dimensions in OECD principles, and the other two, shareholder rights and stakeholders, were in a way neglected, marking a translation performed by TÜSİAD.

The emphasis on transparency by TÜSİAD is worth delving deeper. One reason for TÜSİAD's emphasis on transparency was their major role in the country's overall economic development and apparently their view that non-transparent governmental procedures were the most significant cause of the problems in the economy in the late 1990s and early 2000s. Accordingly, TÜSİAD, through highlighting governments' responsibility in these crises had the chance to promulgate its agenda not only over the government but within the country. In the early 2000s, attracting foreign capital and quick recovery from the 2001 crisis became the common goal for TÜSİAD and the government. In addition to influencing economic policies, TÜSİAD's ambitions to limit the informal economy that damages the competitiveness within the country (TÜSİAD, 1995) supported the partnership established with the government. Because members of TÜSİAD were also the members of well-known business families in the country, the attention their business operations attract was disproportionate compared to "below the radar" companies that were or might be competitors of businesses of most of the TÜSİAD members. Therefore, through emphasis on efficiency of markets, competition that benefits the customers, and tax collection TÜSİAD enlarged the coalition for transparency. Supporting and even participating in privatization efforts between 2004 and 2011 was also a major indicator in this endeavor.

TKYD, founded as an initiative of TÜSİAD in 2003, took the lead and became more influential on the discourse of and around corporate governance by publishing reports in partnership with globally renowned consultancy firms. As described in the previous paragraph, highly regarded Western institutions in the 2000s enabled these consultancy firms to provide further legitimacy for

TKYD's suggestions towards better corporate governance. TKYD, aligned with TÜSİAD's interests, championed the quest for more transparency as well as independence of the boards. Furthermore, through surveys and research, TKYD openly criticized corporate practices in Turkey, especially in terms of the reluctance to disclose information and to formalize corporate governance procedures. TKYD's emphasis on "professionalization" in governance was more explicit primarily because the organization was founded and maintained by professional managers unlike TÜSİAD which had a larger membership base among owners of large family businesses. However, this emphasis on professionalization was quite different than TÜSİAD's initial approach since TKYD's tone and the content of its reports directly took the families as the audience. Moreover, TKYD openly argued that transparency was helpful for performance and capital costs, rather than as a core value as described in OECD principles. In 2010, TKYD devoted its efforts to publish a handbook for family businesses that discusses family councils, family constitutions, and importance of balancing the interests of family and the business. In that regard, TKYD became a promoter of what MÜSİAD referred as "institutionalization" within the field of corporate governance. Consequently, by the end of 2011, TKYD's position in the corporate governance field has transformed from an "instructor" to "family counselor".

Global economic crisis in 2008 had influences on Turkey's economy as it did on all the countries in the world. However, both the limited negative effects and quick recovery in 2010 were introduced as a success story by economic actors with attributions as well to the policies that were adopted by the government in the last decade (2002-2010) as the major contributor (Oğuz, 2011). TÜSİAD also acknowledged the fact that Turkey's achievement was primarily due to the structural reforms the government consistently made (İzmen, 2010). While government's position as the main actor in the economy became clearer, issuance of the new commercial code and SPK communiqué on corporate governance in 2011 assured the flag-carrier role to the government in the corporate governance field. From this point onwards, TKYD underwent another transformation and instead of fulfilling the role of TÜSİAD as a policy recommender began focusing on certification, consulting and other practices that targeted family businesses rather than the government. Eventually, the merits of good corporate governance became discussed not by business associations but by the government, particularly SPK. In this last period until the end of 2018, SPK was critical towards the corporations and their lack of efforts to comply with the law.

At the beginning of 2012, before government's taking over the role as flag-carrier within the field became apparent, TÜSİAD took a stand against government especially towards the new communiqué that, as TÜSİAD markedly argued, against "the controlling shareholders' rights to have discretion on their property". This "stance" of TÜSİAD was responded by government as minimal changes to the communiqué but nevertheless, TÜSİAD as an actor that represents big business in Turkey turned against the corporate governance, at least in terms of SPK's principles.

7.2.2. Consulting Firms

Consulting firms as an actor group, albeit in various forms and names, became part of the corporate governance field after SPK's 2003 principles were published. Their participation in the field occurred through partnering with TKYD in the association's endeavor to promote corporate governance as the golden standard of the 21st century. In that regard, consulting firms such as BCG and Deloitte took part not only in translation of SPK's principles, but also the evolution of corporate governance in a way that their interests were represented. A notable indicator of their interests can be found in the publications of TKYD and Deloitte as co-authors. In all five publications between 2006 and 2008 (referred in this study), a footnote (or a version of it) in the references page quote "you shall not use the information presented [in the publication] in your personal, commercial, or financial decisions, rather you are recommended to ask for a competent professional" (TKYD, 2006). Throughout the negotiation phase, along with TKYD, consulting firms have highlighted the families as important constituents of corporate governance, and moreover, promoted corporate governance as the instrument that protects the interests of the family. In line with this, consulting firms have not only targeted the publicly traded corporations but at every instance added private corporations as beneficiaries of corporate governance.

Consulting firms' partnership with TKYD enabled these firms to present themselves as the importers of corporate governance as indicated by the title of the first report by TKYD and Deloitte "What is Corporate Governance?" published in 2006. While newly founded TKYD has tried to establish a presence in the field through the help of internationally renowned consulting firms, these firms not only claimed a distinguished position but also translated corporate governance in a way that best serves their agenda. In the negotiation phase, at even earlier stages, "professionalization" of the boards to "protect the families" has been put forward by these firms

and “helping families to deal with corporate governance” has become the defining theme of their translations of corporate governance between 2003 and 2011.

After 2011, as the data and analysis chapters indicate they were not included as “translators” of corporate governance not because of their interest in the field or their translations have ended but because their role has shifted from one of the main actors that translate corporate governance into and within Turkey to a more passive recipient position. The end of their partnership with TKYD was identified as the date this shift has become apparent.

7.2.3. Government and Public Authorities

As the analysis section covers, government both with its agencies and as a ruler had a major and expanding role in the process of translation of corporate governance mainly after the year 2003. TÜSİAD’s initiation rendered business associations crucial but at the same time the period between 2000 and 2018 has witnessed a transformation of the role and position exhibited by the government. Initially, between 2000 and 2003, the government and its agencies acted as observers who were trying to understand how to approach the corporate governance issue. Coming from the OECD, government’s intentions to comply with Western institutions enabled corporate governance principles to be identified as necessary. TÜSİAD’s existence and government’s dependence on business organizations for economic growth further legitimized the concept. SPK’s 2003 principles reflected how both TÜSİAD and the principles were adopted though with some sensitivity to the conditions in this particular context. Country’s increasing economic performance after 2003 and expanding relationships with the European Union boosted the interest on corporate governance, and following that the government, both through SPK and BDDK, published various communiqués that were related to various dimensions of corporate governance. The launch of the public disclosure platform, and corporate governance index within the stock market were the significant moves the government made between 2004 and 2011.

Furthermore, starting in 2005, preparations for a new commercial code and a capital markets law were related and possibly even inspired by the emergent corporate governance field. In this period, the government worked closely with TÜSİAD and TKYD; by not only informing these associations but also receiving feedback constantly. Akin to corporate governance principles, these regulatory changes were discussed and modified by emphasizing the compliance with Western

norms and ways of trade. TÜSİAD and the government's interests were aligned throughout the 2000s so much that they both agreed even the governance of public institutions should be subject to OECD's corporate governance principles and goals. Furthermore, the concept "investment climate" has been referred to multiple times by the chairman of the commission for the new commercial code to emphasize how the goal of becoming a part of the Western world and an EU member necessitated the internalization of OECD principles. However, the 2008 economic crisis and its aftermath in European countries convinced both TÜSİAD and the government that at least the financial institutions and the overall structure of financial markets in Turkey were better than their Western counterparts. Moreover, this attributed superiority resulted in the government to obtain the upper hand in matters of economy.

Until the 2011 communiqué by SPK, both TÜSİAD's and government's interests were aligned on issues such as Turkey's EU accession, developing capital markets, and promoting transparency. This alignment not only enabled corporate governance to be supported by the government through regulations but also served both actors' interests. Metaphorically, from 2000 to 2003, government and business associations have flirted and got to know each other while developing the relationship. 2003 marks the date of marriage to continue the metaphor. However, in 2011, a supposedly perfect marriage ended in a way that government started to direct its efforts to attract international investors without TÜSİAD's support or consent. Moreover, corporate governance has been instrumentalized by the government in early 2010s to even contend the families who are majority shareholders in large corporations were the impediments for extending corporate governance practices and expanding capital markets.

After 2011 and 2012, government's need for a partner declined gradually also because of the developments in the broader context. The problems between Western nations and Turkey over the issues like Syrian Civil War, Palestinian Territories, attempted coup d'état in 2016 rendered championing for Western values more difficult while also resulting in a stronger and more centralized governmental structure. Thus, in terms of corporate governance, the rise of government as "the actor" has also been supported by other incidents in the broader context.

7.2.4. Corporations

Fourth group of actors alongside business associations, consulting firms, and the government was corporations. Understanding how corporations participated into the process of translation is important because they were both the practitioners of corporate governance principles, starting from 2004 and they not only with their practices but also through compliance reports provided a discursive element for the field as well. The first reports for compliance; however, came before SPK's initiative in 2004, especially in the banking and finance industry. Due to the reforms around 1999, 2000, and 2001, banks had already established certain procedures in terms of transparency and accounting standards. Following the public scrutiny in the 2001 crisis, compliance to international banking rules and regulations became top priority for financial institutions. In fact, "corporate governance" as a term was first used by a bank to refer to the internal processes and risk management in 2002 in the annual report. By the end of 2003, all the banks in this analysis had corporate governance as a separate section in their annual reports. Although these initial attempts were nowhere near the compliance reports or any sort of assessment, it still indicates that the need for accountability especially in the international arena required financial institutions to be alerted. Therefore, before SPK, banks were introduced to the corporate governance through compliance issues.

Banking and finance industry's head start, however, did not translate into a flag-carrier role in the years after 2004. Although these companies have not fallen behind compared to other sectors in terms of corporate governance practices, their explanations for non-compliance indicated a pattern of referring to industry-specific regulations. From 2004 to 2018, while following the general tendencies in the field, banks always indicated the existence of BDDK regulations and a clear superiority of BDDK over other regulatory bodies. In fact, this superiority was part of the law both before and after 2011 but nevertheless, financial organizations' overall tendency for reporting non-compliance to SPK recommendations went beyond the law to utilization of every exception that BDDK enabled for non-compliance. Furthermore, after the 2008 global economics crisis, banking industry and banks in Turkey gained even higher levels of legitimacy since the success of government was also tied to reforms in the banking industry between 2001 and 2008. Consequently, banks initiated the compliance and corporate governance practices, continued to the

extent in which BDDK forced to and eventually lagged other companies in terms of compliance to the principles.

While banking industry was distinguished from others in their translation of principles into practices, ownership structures played a more crucial role in determining how organizational level translations occurred. Firstly, as discussed in the previous sections, existence of a family as the majority shareholder in a corporation translated into actions and reactions towards protecting the power and discretion of the family over the business. Moreover, even when the family was not the majority shareholder but existed with multiple partners, still the tendency was towards keeping family members in the boards and disguising individual shareholder information. In addition, families who were also the members of TÜSİAD followed a similar path with the business association; pioneering role in the beginning, internationalization ambitions between 2004 and 2011, and a lowered influence over the policies and discourse after 2011. On the other hand, although few in numbers, publicly quoted companies with no particular family involvement in the ownership structure were hesitant to practice corporate governance principles at the initial stages. Even after SPK's communiqué in 2003, non-family corporations lagged turning principles into practices primarily due to two major reasons. One, being in the periphery of TÜSİAD, they were not involved in the liberalization project and/or an improved capital markets endeavor. For these companies which do not have the motivations shown by TÜSİAD, corporate governance principles were less of a central issue than it was for families represented in TÜSİAD. Second, because they did not have the popularity that large family business groups have, their concerns for public scrutiny was likely to have been lower. Because "family name" was not a resource or an asset for these companies, their concerns would be limited to their corporations.

Other than existence of the family, existence of the government as a shareholder has been a factor in terms of translating the corporate governance principles for the last two decades. Although listed in the stock market as the other companies, government corporations have had their own laws and regulations which release them from some of the corporate governance principles, including but not limited to privileged voting, limitations on share transfer etc. Despite these limitations, these government-backed corporations; most of which were privatized during this period, attracted investor attention due to monopolistic advantages in their respective sectors. Considering the investors' intention was to utilize these advantages rather than transparent governance, these

corporations were not much inclined to comply despite numerous warnings by SPK. Especially after 2013, companies with government as a shareholder have complied less with corporate governance principles. Founding of Turkish Wealth Fund in August 2016 and transfer of shares to this organization chaired by the President of Turkey added to this non-compliance since conflicts of interests were no more explainable within the corporate governance principles framework. Therefore, government as a shareholder altered corporate governance principles, through avoidance and/or defying (Oliver, 1991) while as the regulator consistently pushed for companies to comply with. All in all, government's quest for more transparent and liberal capital markets in the early stages of the corporate governance has transformed into a centralized approach that narrates interests of the society as superior to all others', including Western institutions.

Existence of international shareholders either in the form of executive partnership or passive capital investor has increased throughout the years from 2000 to 2018. Aligned with the economic policies pursued between 2000 and 2011, investors from abroad provided capital inflows through publicly listed companies. Along with privatization efforts by the government, Turkey's story of aligning itself with the West has been responded in the capital markets. However, existence of international shareholders in the boards or even at executive levels did not change these corporations' compliance levels. Moreover, this similarity between compliance efforts of domestic and international shareholders goes beyond a mimetic response, to a level in which corporations with international shareholders have eventually put less and less efforts for compliance as well as explaining non-compliance. Especially in terms of minority rights and election of board members, international partners' influence was not towards compliance but more towards less transparency. Furthermore, this pattern repeated itself in all the periods, not only in the last period in which one would expect a detour from Western liberal economic values. Consequently, international shareholders did not lead to more transparency and compliance in the translation of corporate governance into Turkey's field of corporations.

8. CONCLUSION

This study aimed to contribute to the literature on organizational change and "diffusion" of ideas-practices in contexts other than where they originated, by employing a process perspective lens and a translation approach. In doing so, qualitative research methods were employed in order to uncover (1) how, through which mechanisms, by which actors and with which translation "rules" a "world society" template (Meyer et al., 1997) has initiated an issue-field, (2) the process through which an emergent issue-field has evolved in time, and (3) how an imported idea/practice and context in which it is imported changed through interactions between each other. In the following, a generic model of process of corporate governance translation in Turkey is presented and theoretical contributions, limitations, and possible future research directions are discussed.

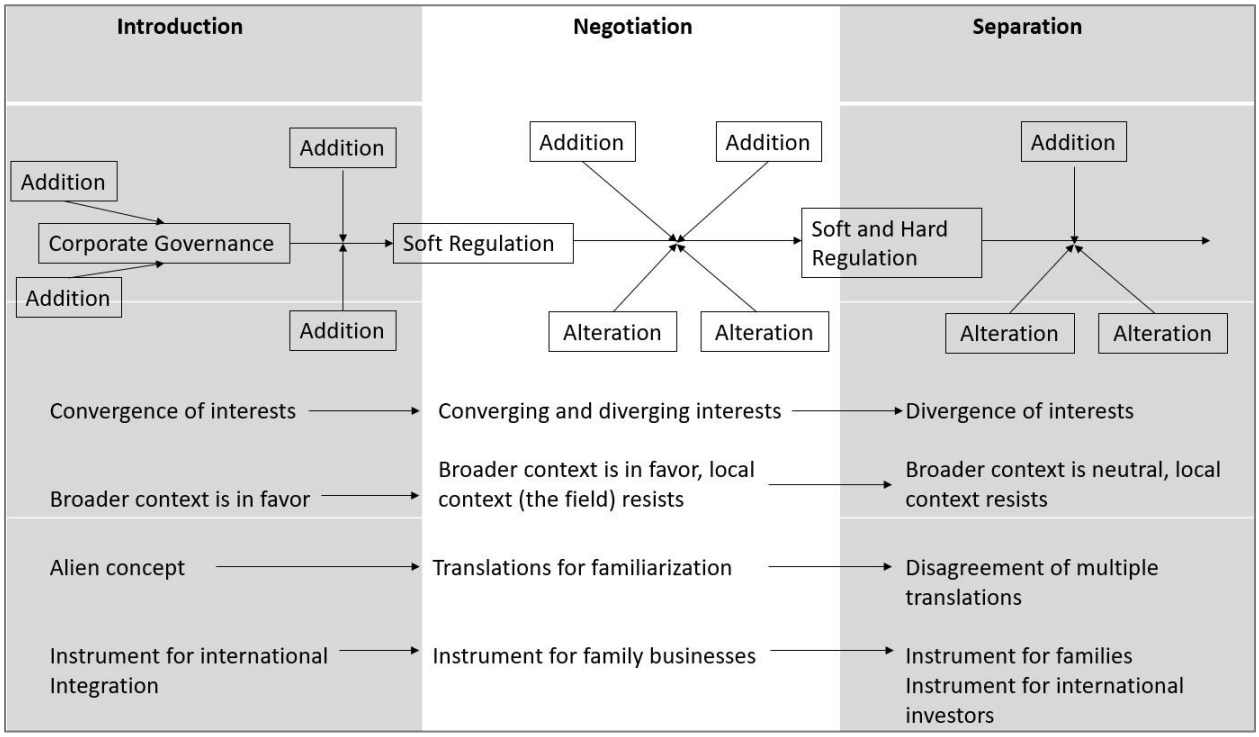

Figure 4. Process Model of Corporate Governance Translation

The *first* contribution this study makes is to the translation approach. With a process-centric methodology the analysis reveals that translation of an idea or practice from its original context to an entirely different one involves multiple translations by a variety of actors. In that regard, the "translation work" concept developed by Cassell and Lee (2017) is expanded via empirically investigating corporate governance in Turkey via Røvik's (2007) framework. As the analysis

revealed *alteration,* a relatively understudied aspect of rules of translation emerges as a key mechanism to explain the travel of a concept into and within an alien context. Alteration, defined as a radical form of translation, when surveyed at an issue-field level, either in the form of defying or as an avoidance response, is able to explain how certain practices and/or regulations become subject to change as they travel into and within a context. Because in Cassell and Lee's (2017) study translation of the idea, "learning representatives of trade unions", was from the UK to New Zealand, which can be identified as similar contexts, the nature of the translation work which might include countering (passively or actively) acts as shown in this study, might have been overlooked. However, the case of Turkey and corporate governance enables identifying alterations to the original ideas and/or practices as not only more salient but also persistent on certain matters. Therefore, rather than focusing on the dichotomy of "successful" and "failed" translations, alteration was emphasized as one of the mechanisms that cause the change in the imported idea, as well as a key determinant of the field.

The *second* direct contribution is to the "rules of translation" approach, introduced by Wæraas and Sataøen (2014) based on Røvik's (2007) framework. Originally developed to understand and categorize translations from the field level to the organizational level, the contributions to this framework are twofold. First, because in this study the field which has emerged around the issue of corporate governance was the level for analysis, these "rules" were applied dynamically rather than in an episodic manner, meaning that the translations performed by actors were surveyed for their influences on the field in the process. Therefore, adopting the "rules" framework to a field level approach enabled same actors to perform different translations in time, depending on the changes to the concept and the context (e.g. TÜSİAD introduced independent board members in the first phase but exhibited a remarkable counter-attack in the third phase as the concept and the context evolved in a way that conflicts with their interests). Secondly, similar to Cassell and Lee, Wæraas and Sataøen also overlook alteration that might involve resistance to the field level pressures not only because it was an organizational level study, but also due to the context of their study, that is hospitals in Norway trying to adopt "reputation management". In their study "reputation management" was not contested as an issue because "hospitals need a strong reputation to attract more patients and qualified personnel and ultimately perform better financially" (Wæraas & Sataøen, 2014, p. 246). However, in the corporate governance case, the alterations to certain principles has resulted in "institutionalization" of a "translated" version of practices to become

prevalent (e.g. shrinking the size of boards to minimize independent board members' influence) at the field level.). Aligned with this, MÜSİAD's alteration at the early stages confirms non-existence of the "source" (Wæraas & Sataøen, 2014, p. 244) in the context where MÜSİAD delivers their report to. Therefore, altering a management idea or practice requires either a form of legitimacy in the eyes of the other actors, or a clear discrepancy between the "source" context and the "translated" audience.

Following the first two contributions, the *third* contribution of this study is identifying mechanisms of strategic responses introduced by Oliver in 1991. Oliver's attempt to introduce agency and power relations to the institutional theory brought strategic responses of organizations to institutional pressures. This study, albeit not following Oliver's framework, by empirically surveying the translations by the actors to certain practices and principles, reveals how strategic responses can be considered as forms of alterations and how these alterations might have consequences for the issue-field in general. Therefore, not only alteration as a translation rule is further explicated via identifying two sub-mechanisms, avoiding and defying, but the discussions of power and agency in the processes of institutionalization, which are deemed missing in institutional research (Clegg, 2010) are evoked. Rather than focusing on the power of agents as in their steady state, their actions and capacity to shape an issue-field are empirically shown. The analysis and discussion of this study are expected to be illuminating for researchers who are puzzled with incorporating power, resistance, and field-level implications into studies based on translation approach and/or institutional frameworks.

As a *fourth* contribution, through temporal bracketing, this study provides an empirical example in which the actors and their interests might converge and diverge in their translations depending on how the process unfolds. In that regard, while TÜSİAD's initiative at the beginning resembles "institutional entrepreneurship" in which the entrepreneur not only theorizes the idea but also attempts to form coalitions around it (Maguire, Hardy, & Lawrence, 2004), in this case with government, once the "entrepreneurship" role was taken up by the government, the diverging interests of these actors emerged in the process. Calls for finding a creative balance for "actor-centric" and "process-centric" approaches to institutional entrepreneurship (Hardy & Maguire, 2017) are, thus, responded through accounting for the interests of the actors throughout the process. Therefore, process-centric account of translation adopted in this study enabled observing multiple

institutional entrepreneurs to emerge along the process and understanding the converging and diverging interests of these actors.

Fifth, through incorporating types of translations into field-level research, this study identifies that the prevalence of "rules" or types of translations depend on which phase the issue field is at. Specifically, the prevalence of "additions" in the introduction phase is followed by co-existence of "additions" and "alterations" in the negotiation phase, and "alteration" has become more prevalent as the negotiations over the conceptual and instrumental values of corporate governance have been resolved (or unresolved). Thus, the "structuration" of the field is not only decomposed into its phases, but also the "modes" of translations that each phase involves were uncovered. In that regard, Wright and Zammuto's (2013) "steps of processual mechanisms" that they offered for mature fields was expanded for emerging fields.

Sixth contribution this study makes is to the literature on corporate governance by answering the calls for "case-based, historical, and actor-centered forms of institutional explanation" (Aguilera & Jackson, 2010, p. 529) in comparative corporate governance research. Focusing on Turkey, a setting that "corporate governance" was an "alien" concept prior to its importation, this study reveals how and why corporate governance might have faced variations to its content when it interacts with a particular context. Moreover, this study introduces how "corporate governance" might be instrumentalized by actors to promote their interests. By that, this study recognizes the role of broader context that also shapes the interests of the actors, so both endogenous and exogenous triggers of institutional change (Höllerer, 2013) were incorporated into the "translations" of actors.

Seventh, contributing to the growing body of research in family business groups is achieved primarily due to the selection of the research setting. Families as the majority shareholder of corporations emerged throughout the study and so how families and their corporations (both affiliated and non-affiliated to a business group) play a key role in translating a "globally promoted" business idea is discussed. In addition, existence of affiliated corporations with their parent corporations in the same field, by being a relatively unique case, provided explanations towards the translations performed by these corporations. Further studies of family businesses and family business groups, as well as studies on corporate governance should, therefore, include families as key actors in translating management concepts into and within fields.

Eighth and final contribution is about the inclusion of government as an actor alongside other participants of the field. As Engwall (2006) suggests, the reciprocal relation of government and corporations, and how they interact with each other are critical for understanding how the rules, regulations and other constituents of the field of governance co-evolve. Therefore, taking "government" seriously, this study, through a translation approach, illustrates how the reciprocal relations of actors in the field of corporate governance evolve and how the rules and regulations might be consequences of institutional environments as well as constituents of them.

As is the case with any study, this study has limitations and provides further research opportunities. The first limitation is about the external validity of the findings presented in the study. Although Turkey resembles other peripheral countries in many aspects, the findings of this study require alternative settings to be employed for justification. Secondly, the qualitative and interpretive nature of the study, while enabling descriptive richness, disable making concrete causal inferences. Therefore, the relations presented in the study are subject to scholarly examination to infer causality. Third, the actual practices of the corporations are unknown to the researcher, so the cases of decoupling, i.e. difference between reported and actual practices were not accounted for. Depending on the nature of these decoupling activities, some of the suggested relations might include over- or under-estimations. Fourth limitation is related to the methodology in which "thickness" of the description is selected over coding textual data, therefore the inferences belong to the author, thus, it is the author's interpretation of the processual data. Fifth, although the study was designed as an inductive research, some of the concepts (e.g. stakeholders) are left out a priori for enabling parsimony for the researcher. Sixth, the data used in the analysis is not exhaustive but limited to include theoretically relevant actors and their most prominent texts. Future research might argue that privately held business organizations or media should be incorporated as other key actors of corporate governance. This theoretical sampling methodology, thus, might involve the biases of the researcher. Finally, the temporal bracketing employed as part of process-centric view might be argued as insufficient to explain the process and other brackets might be researched in the future.

In conclusion, despite its limitations, the contributions this study make bring novelty to the research in translation literature as well as process-centric organization studies. Corporate governance as a recently emerged research domain might also benefit from the propositions of this

study to enrich the extant perspectives on national, international, or transnational governance. Recalling Heraclitus of Ephesus, similar to management ideas travel into and within certain contexts, the conclusions drawn in this study are subject to change and put forward to enhance the scholarly work to explain the dynamism of our environments.

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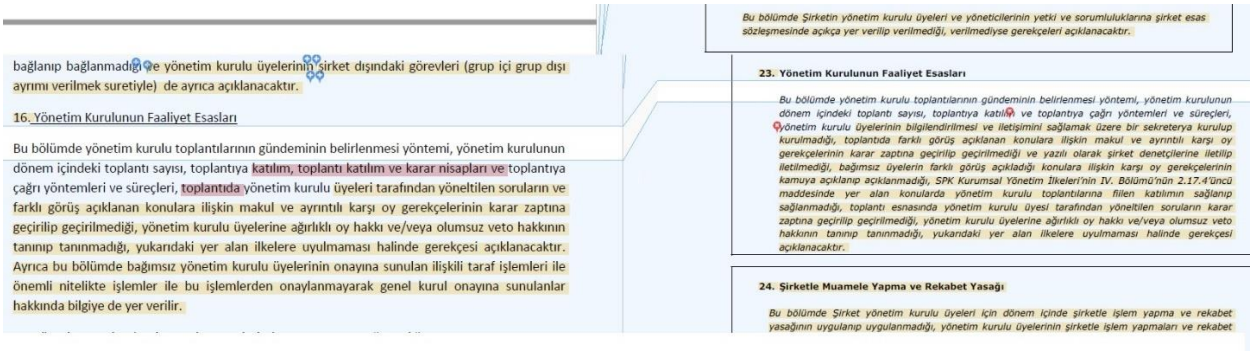
Appendix A – Text Comparison Software Example



bağlanıp bağlanmadığı ve yönetim kurulu üyelerinin şirket dışındaki görevleri (grup içi grup dışı ayrımı verilmek suretiyle) de ayrıca açıklanacaktır.

16. Yönetim Kurulunun Faaliyet Esasları

Bu bölümde yönetim kurulu toplantılarının gündeminin belirlenmesi yöntemi, yönetim kurulunun dönem içindeki toplantı sayısı, toplantıya katılım, toplantı katılım ve karar nisapları ve toplantıya çağrı yöntemleri ve süreçleri, toplantıda yönetim kurulu üyeleri tarafından yöneltilen soruların ve farklı görüş açıklanan konulara ilişkin makul ve ayrıntılı karşı oy gerekçelerinin karar zaptına geçirilip geçirilmediği, yönetim kurulu üyelerine ağırlıklı oy hakkı ve/veya olumsuz veto hakkının tanınıp tanınmadığı, yukarıdaki yer alan ilkelere uyulmaması halinde gerekçesi açıklanacaktır. Ayrıca bu bölümde bağımsız yönetim kurulu üyelerinin onayına sunulan ilişkili taraf işlemleri ile önemli nitelikte işlemler ile bu işlemlerden onaylanmayarak genel kurul onayına sunulanlar hakkında bilgiye de yer verilir.

Bu bölümde Şirketin yönetim kurulu üyeleri ve yöneticilerinin yetki ve sorumluluklarına şirket esas sözleşmesinde açıkça yer verilip verilmediği, verilmediyse gerekçeleri açıklanacaktır.

23. Yönetim Kurulunun Faaliyet Esasları

Bu bölümde yönetim kurulu toplantılarının gündeminin belirlenmesi yöntemi, yönetim kurulunun dönem içindeki toplantı sayısı, toplantıya katılım ve toplantıya çağrı yöntemleri ve süreçleri, yönetim kurulu üyelerinin bilgilendirilmesi ve iletişimini sağlamak üzere bir sekreterya kurulup kurulmadığı, toplantıda farklı görüş açıklanan konulara ilişkin makul ve ayrıntılı karşı oy gerekçelerinin karar zaptına geçirilip geçirilmediği ve yazılı olarak şirket denetçilerine iletilip iletilmediği, bağımsız üyelerin farklı görüş açıkladığı konulara ilişkin karşı oy gerekçelerinin kamuya açıklanıp açıklanmadığı, SPK Kurumsal Yönetim İlkeleri'nin IV. Bölümü'nün 2.17.4'üncü maddesinde yer alan konularda yönetim kurulu toplantılarına fiilen katılımın sağlanıp sağlanmadığı, toplantı esnasında yönetim kurulu üyesi tarafından yöneltilen soruların karar zaptına geçirilip geçirilmediği, yönetim kurulu üyelerine ağırlıklı oy hakkı ve/veya olumsuz veto hakkının tanınıp tanınmadığı, yukarıdaki yer alan ilkelere uyulmaması halinde gerekçesi açıklanacaktır.

24. Şirketle Muamele Yapma ve Rekabet Yasağı

Bu bölümde Şirket yönetim kurulu üyeleri için dönem içinde şirketle işlem yapma ve rekabet yasağının uygulanıp uygulanmadığı, yönetim kurulu üyelerinin şirketle işlem yapmaları ve rekabet