

SUMMARY

Corporate governance, attempts to minimize the conflict of interests between managers and shareholders, which arising from the separation of ownership and control over the partition of wealth generated by company. Shareholders expect to protect their investments against expropriations and assure themselves of getting a return on their investments and maximize their wealth. Managers expect to remunerate their efforts for company's success. Both parties, shareholders and managers, aim protect their rights and increase their wealth, conflicting of interests cause agency problem. Besides, different risk preferences of shareholders and managers can cause collisions governing companies and preparing business plans. These reasons show need for corporate governance.

This dissertation has three chapters. In first chapter, agency problem, sources of agency problem, agency problem's parties, effects on agency problem, disciplining mechanisms, connection between agency problem and corporate governance, basic principles of corporate governance are examined.

Second chapter includes development of corporate governance in the world, milestones in corporate governance (for example Cadbury Report in Britain, Sarbanes-Oxley Act in USA and OECD Principles of Corporate Governance) in the world. Additionally, Anglo-American and Continental Europe corporate governance systems compared.

Third chapter includes Turkish application on corporate governance. In third chapter, preparation procedures of Turkish accounting standards, regulations about independent auditors, Disclosure Platform examined and SPK Principles of Corporate Governance and Turkish Trade Law regulations about companies compared.

