ABSTRACT

Nowadays, publicly owned companies have more complex structures than past. The main reason for this, is that there are lots of shareholders and that there is no possibility for these shareholders to manage the company together at the same time. However, these big companies can effect not only shareholders, but stakeholders that includes customers, suppliers, workers, creditors, government, community and lots of stake groups like these. These groups can also help or destroy company in different ways. While we consider all of these, it is possible to say that companies long term success depends on protecting shareholders' and other stakeholders' interests in equal way.

Top management announces its' actions and plans to shareholders and other stakeholders through corporate disclosures. So, truthfulness of these infarmations which disclosed are very important for these groups to make desicions about company. On the other hand, these informations proof that if top management manages company in accordance with laws and other ethic rules, and if they manage company by considering all shareholders' and stakeholders' rights and interests in equal way.

Sometimes, we observe that top managers are involved in frauds to serve their own interests or serve strong groups' interests like shareholders who have a big share in company. Managers that involved in fraud can manipulate corporate disclosures, especially financial reports, that ensure these managers accountability to stakeholders and shareholders in different ways. These fraud events that occured international areas in recent years, have damaged national economies and destroyed public confidence about corporate disclosures. So, corporate governance concept which is an effective way that ensures managers accountability, transparency equality and responsibility primarily to shareholders and than stakeholders has developt. There are lots of efforts to guaranty corporate disclosure process', especially financial reporting process', accuracy thrugh governance mechanisms which are established on forms like board of directors, audit committees, top management team inside the compamy and like outside directors that audit financial reports outside the company.

In this study, I examine corporate governance mechanisms' effects, which are established on forms like board of directors, audit committees, top management team and outside directors on corporate disclosure process and financial reporting which is an important part of this process.

Key Words: Corporate governance, governance mechanisms, corporate disclosures, financial reporting.