Family Business Institutionalisation: Impact On Financial Performance In An Emerging Economy*

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Abstract

Despite institutionalisation having a potential impact on the financial performance of public family businesses in an emerging economy, attempts to measure it at the organisational level have been rare. In this context, drawing on old institutional theory, in this study, institutionalisation is addressed as a multidimensional construct that comprises formalisation, professionalisation, transparency, accountability, fairness and responsibility. Moreover, the impact of institutionalisation on financial performance is examined based on profitability ratios. Applying data obtained from 150 public family businesses in the 2011–2015 period, the results demonstrate that the institutionalisation level and board size have a positive significant effect on return on equity (ROE), while the firm size, board size and the percentage of independent members of the board have a positive significant effect on the return on assets (ROA).

Keywords: family business, old institutional theory, institutionalisation, financial performance
JEL Codes: M10, M14, M16

Introduction

Family businesses constitute 75 % of all firms operating in industrialised countries, one third of the Fortune 500 firms as well as providing 50 % of U.S. gross domestic production and 80 % of total US employment (Ward 2016). In Turkey, 98 % of approximately 700,000 corporations are family firms (Ateş 2013). Whilst there are different definitions, a firm in an emerging economy is considered as being a family business when one individual consolidates enough shares to possess a minimum of 20 % of the voting rights and the maximum percentage of voting rights compared to other shareholders (de Vries 1993).In developing countries, family firms play an important role in the growth and internationalisation of the economy (Basco 2015). Recent research has also demonstrated that family firms may have better performance compared to non-family ones (Binz/Ferguson/Pieper/Astrachan 2017).

Yet, family firms often have difficulties in abandoning their existing habits and encounter problems, such as nepotism, patriarchalism, centralised management style etc. (Smyrnios/Romano/Tanewski/Karofsky/Millen/Yilmaz 2003). Whilst these problems are also faced by the public family firms in developed economies, their effects on those in emerging economies are magnified (Luo/

* Received: 18.1.19, accepted: 17.7.20, 2 revisions.

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 DOI: 10.5771/0949-6181-2021-1-147

Chung 2013). Under weak legal and regulative discipline, family members are more likely to regard the business as their own backyards and become involved in self-serving behaviours that exacerbate the aforementioned problems. Eventually, this leads to the legitimacy of the business being questioned by stakeholders, who are vital for better financial performance (Liu/Yang/Zang 2012). For this reason, it can be argued that institutionalisation is more critical for family businesses in emerging economies in terms of alleviating the difficulties that can cause an illegitimate outlook for stakeholders and thus, may have a negative effect on firm performance (Siddiqui 2010).

According to the old institutional theory regarding family business, institutionalisation is defined as the process of a family business's adaptation (with its family and non-family members) of rationalised patterns that are compatible with rules, standards, formal structures, norms and procedures and thereby, forms a distinctive character to other organisations (Selznick 1957). Yet, which type of rationalised patterns constitute institutionalisation in terms of a family businesses is poorly understood and hence, the efforts to measure it at the family business level are rare (Martinez/Aldrich 2014). The tendency in the current family business literature in relation to emerging markets is to focus on the corporate governance mechanisms, in particular, the presence/absence of a non-family manager (Luo/Chung 2013; Peng/Sun/Vlas/Minichilli/Corbetta 2018). However, corporate governance mechanisms are consequences of the institutionalisation process (Melin/Nordqvist 2007). Whilst they are important, analysing them alone does not reflect the organisational progressive evolution of public family firms towards internalising and legitimising their formal structures, informal norms, collective procedures or shared ideologies by creating rationalised patterns (Tolbert/Zucker 1996), all of which may have implications for financial performance. Therefore, an important void in the literature remains to be filled in the context of public family firms in emerging economies, in terms of describing the institutionalisation process and its potential implications for financial performance, which is the aim of the investigation in this paper.

To achieve this objective, a research model is designed to cover rationalised patterns (dimensions of institutionalisation), including formalisation, professionalisation, transparency, accountability, fairness and responsibility, which could help family firms in developing countries to institutionalise and thus, gain legitimacy. Legitimacy will add value to organisations, which, as suggested by Selznick (1957), is a "value beyond the technical requirements". As asserted by the scholars of old institutional theory, it is likely that institutionalised organisations will acquire resources more easily and at a lower cost. Moreover, they will get easier access to the product markets through cooptation with stakeholders, since they are considered as valid and reliable players (Selznick 1996). Hence, drawing on the old institutional theory, it is hypothesised that greater institutionalisation will lead to better financial performance, namely higher return on assets

(ROA), return on equity (ROE) and return on sales (ROS), in public family firms in emerging economies.

Under this lens, the first contribution of this study is the identification and empirical examination of a multifaceted institutionalisation construct within public family firms in an emerging economy setting, for it is still contested as to which type of rationalised patterns constitute institutionalisation in the practical and theoretical discourses. The second contribution of the paper is the development of a new validated scale in order to measure the institutionalisation level of public family firms in an emerging economy. The third contribution is providing evidence for a significant advantage of institutionalisation, which is the positive effect on return on equity in family businesses.

The paper is composed as follows. In the first part, the theoretical background and hypotheses development are presented, whilst in the second, the methodology is explained including the data collection and scale development process. In the third part, the results of the study are presented, which is followed by discussion in the fourth and consideration of the limitations in the last, with suggestions for further research also being provided.

1. Research Context and Model Development

1.1 Family Businesses in Emerging Economies

Whilst there is still no consensus on the definition of family business in the research, teaching and consulting communities (Neubauer/Lank 2016), three types of definitions based on the multiple role of the "family", as the owner, manager and successor, are prominent in the field of family businesses. Yet, of these three types of definitions, it has been confirmed after a literature review that most of the definitions (57.3 % of studies) are based on "family ownership" (Pindado/Requejo 2015) since information about ownership concentration is functional, unambiguous and transparent in most countries (Astrachan/Klein/Smyrnios 2002). That is, "undertakings owned by a single family member in practice" (Berry 1975) are preferred as the simple and convenient definition for family businesses in most of the studies. According to Block (2010), in countries where the shares are more dispersed, such as in the U.S.A, when 5 % of the shares of a firm are owned by a single family, then it is regarded as a family firm. In contrast, in emerging economies, where ownership of shares by the family is more concentrated, a number of studies have considered a company as a family business when 20 % of the shares are owned by a single family member (de Vries 1993). Since this study was also conducted in an emerging economy, firms with a minimum 20 % of shares owned by a single family were taken as being family businesses.

The family can provide and add resources to the firm in multiple ways, including through financial, human, intellectual, cultural and social capital (Danes/Stafford/Haynes/Amarapurkar 2009). This enables the firm to engage in fierce competition with its non-family counterparts (Carney/Duran/van Essen/Shapiro 2017). However, despite these positive contributions to the business, high family ownership can increase the risk of opportunistic behaviours and introduce several problems (Songini/Gnan 2009). Some of these are nepotism, distributive injustice, free riding, nonalignment of interest among family members and conflicts of interest between family members and minority shareholders (non-family members) in public family firms (Schulze/Lubatkin/Dino 2003), which can seriously harm firm performance.

The aforementioned problems are not endemic solely to public family firms in emerging economies, for they are also pervasive in developed countries (Punnet 2004). However, in emerging economies, where there are weak monitoring mechanisms, lower property rights protection, ineffective implementation of rules and regulations as well as low political and economic stability, the problems originating from the embeddedness of the family within the business are magnified (Miller/Lee/Chang/Le-Bretton-Miller 2009). In these economies, owners and/or managers of family firms are more likely to engage in self-dealing and misbehaviour in the absence of governmental rules and regulations. This may decrease the resource cooptation (a dyadic technique for obtaining the consent of external stakeholders) of the family business with stakeholders, as the perceived legitimacy of the company by external stakeholders tends to diminish (Selznick, 1949). Consequently, it is assumed that family firms in emerging markets are more likely to be seen as invalid and untrustworthy players in the marketplace (Kidwell/Kellermanns/Eddleston 2012) compared to their operating counterparts in developed markets, which may also more severely harm their firm performance.

One option for gaining the trust of stakeholders and legitimacy in global markets for family firms in emerging ones is institutionalisation. This, comprising rationalised distinctive patterns, can facilitate family businesses in developing nations' engagement with resource cooptation with stakeholders in the global marketplace, which could then have positive financial performance implications. In the section below, the concept of institutionalisation, with its components as rationalised patterns and its relevance to financial performance, or in other words, its implications for ROA, ROE and ROS in public family firms, is elaborated upon in more detail.

1.2 Model Development

1.2.1 Institutionalisation of family businesses

From the studies on institutionalisation, it is not easy to make a single definition of the concept, since there are two major multifaceted contrasting institutional theories in the existing literature, namely, the old and new institutional theories (Selznick 1996). The former mainly focuses on the process side of institutionalisation, being described by Selznick (1957: 33–35) as *"the emergence of orderly, stable, socially, integrating patterns out of unstable, loosely organized or narrowly technical activities*". According to the author, by institutionalising an organisation *"takes on a special character and to achieve a distinctive competence"*. Later, the new institutional theory emerged in response to the old form. The new institutionalists criticised it for being highly concentrated on the micro influences of rational actors (managers) and ignoring the interaction between the organisation and the environment (Meyer/Rowan 1977). Unlike the old institutionalists, they put the emphasis on the environment that encircles the organisation, claiming that institutionalisation emerges at the "sectoral or societal level", whereby, rather than specific organisations, it is the environment that can be institutionalised (Jepperson 1991). Hence, according to new institutional theory, all the organisations within the same environment will experience isomorphism due to the regulative, normative and cognitive pressures of the institutional environment (Di Maggio/Powell 1983).

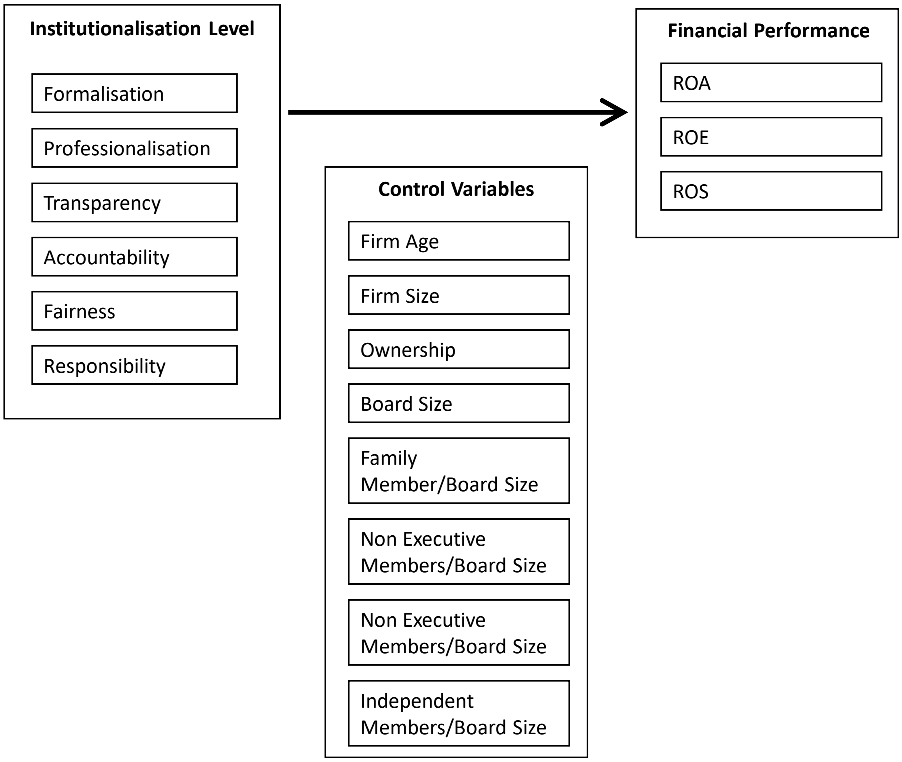
Yet, there has also been considerable criticism of new institutional theory within the realm of institutional theory studies. For example, Donaldson (2002) argued that unlike new institutional theory that posits ritual and conformity to some ideology, old institutional theory involves the very essence of management, namely the ability to make as rational as possible decisions. In a similar vein, Stinchcombe (1997), also contended that the assumption of the new institutional theory of the managerial adherence to environmental determinism disregards the emergence of distinctive patterns constituted by the human element during the institutionalisation process. Finally, Selznick (1996) argued that the old institutional theory rational patterns that formulate institutionalisation emerge out of organisation reaction and adaptation to the environment, yet still with the endeavours of rational actors and thereby, rejected the argument that the old institutional theory totally disregards the environment. Moreover, he also objected to the implications of the new institutional theory that portrays organisations as being too passive and evaluating the environment as overly constraining and deterministic.

These arguments are particularly important when attempting to construct a definition of institutionalisation in the context of family businesses in an emerging economy, where work and family relationships are combined and influence each other more intensively in the void of formal mechanisms (Kabasakal/Bodur 2002). Hence, based on old institutional theory, institutionalisation in this present study will be defined as the process of an organisation's gradual transformation with its members (including family and non-family members) to internalise rationalised patterns in harmony with rules, standards, formal structures, norms and procedures, thereby gaining a distinct identity when compared to other firms (Selznick 1949). Regarding the institutionalisation of a family business, it should be understood that the organisation will be concerned with adopting rationalised patterns to meet all relevant stakeholders' interests, instead of caring solely about the short-term interests of family members. In this context, the focus in this study will be on the creation of rationalised patterns that are systematic, consistent and socially accepted, which emerge out of loosely organised technical activities, thus helping a family business to institutionalise (Selznick 1957).

Hence, a multidimensional lens is required to understand fully which rationalised patterns constitute family business institutionalisation. Accordingly, there are a number of theoretical articles that have attempted to identify the rational patterns that can help to transform commonly found family businesses' informal and unorganised climate (Fleck 2007). Representing old institutionalism, Parsons (1956) sought to analyse the patterns developed within an organised group and asserted that formalisation reflected by hierarchical relations, formal communication as well as rules and procedures are important indicators of the institutionalisation process. Ford and Schellenberg (1982) argued that formal organisational mechanisms can help family businesses to institutionalise by replacing arbitrary decisions, patriarchal relations and sentimental conflict amongst family members. Alie (1982) further developed the theoretical notion of systematic patterns that formulate institutionalisation and stressed the importance of professionalisation for family businesses. This argument was supported by Dekker, Lybaert, Steijvers and Depaire (2015), who suggested that practices, such as authority differentiation of top management, a non-family CEO and a board where the majority consists of independent members will lead to a family business professionalising and thus, contribute to the institutionalisation process.

Mason, Kirkbride and Bryde (2007) directed attention away from systematic and consistent patterns towards the socially accepted ones that contribute to institutionalisation, holding to the importance of transparency and accountability in the institutionalisation process. In line with this argument, Chen, Chen and Cheng (2008) stressed that, transparency represented by stakeholders' (not just the family members) timely access to relevant and reliable information about the company may be a part of the family institutionalisation process. In a similar vein, Jones (2003) argued that family businesses that can provide evidence that the entrusted resources are used in accordance with the interests and expectations of all stakeholders, become accountable, which serves as a rational pattern that helps them to institutionalise.

Figure 1: Model of the Study



The theoretical perspective on the socially accepted rational patterns was further broadened by Hirsch and Lounsbury (1997), who considered fairness as an integral part of the institutionalisation process. Likewise, Jennings, Breitkreuz and James (2014) argued that fairness maintained by treating all external and internal stakeholders equally is a rational pattern and a substantial element in family business institutionalisation. A final facet of institutionalisation is responsibility, which is considered in terms of a socially accepted rational pattern pertaining to the compatibility of family business actions with legislation, principles agreement and internal regulations of the company. Complying with all of these will promote the protection of all the stakeholders' rights (Waddock/Bodwell/Graves 2002).

Based on these insights, for this research, the aim is to capture institutionalisation comprising six rational patterns found in the literature and its subsequent financial performance, as return on assets, return on equity and return on sales, in public family businesses in an emerging economy.

1.2.2 Financial Performance

Financial performance is defined as the evaluation of how much a business's predetermined financial targets are achieved in terms of profit and loss within a given time interval (Kaplan/Norton 1996). In particular, the financial position of a company is of paramount importance for potential external shareholders, as that part of the stakeholders which is considering investing in the business. It is generally accepted that financial ratios are the simple, efficient and practical analysis tools of financial performance. They are described as the relationship between two different types of quantitative financial information connected to each other in a logical way, where a meaningful financial indicator emerges (Liang/Lu/Tsai/Shih 2016).

While there are several financial ratios used by accountants and financial analysts, the most frequently utilised to determine a company's financial situation are profitability ratios, which are return on assets (ROA), return on equity (ROE) and return on sales (ROS) (Richard/Devinney/Yip/Johnson 2009). These measure a company's ability to generate profit during a period of time based on its assets, equity and level of sales. ROA is calculated as net profit after tax divided by the total assets (Jewell/Mankin, 2011, Keown/Martin/Petty/Scott Jr 2006), which gives the level of success of a firm in using assets to generate profit independent of the financing (debt versus equity) of those assets. (Selling/Stickney, 1989). ROE is one of the all-time favourites and perhaps, the most widely used overall measure of corporate financial performance (Rappaport 1986:31). It is calculated as net profit after tax divided by the total shareholder equity (Keown/Martin/Petty/Scott Jr 2006). Whilst ROA measures the return on all capital invested in an asset, ROE focuses just on the equity component of the investment. It relates the profit left over for equity after debt service costs have been deducted (Damadoran, 2007). Finally, ROS is calculated as net profit after tax divided by the total sales (Keown/Martin/Petty/Scott Jr 2006), which shows the profit margin (ROS is also defined as profit margin). That is, it depicts how much net profit a business's sales are producing profit and it also measures the firm's ability to control the costs incurred to generate the sales (Niemann/Schimdt/Neukirchen, 2008).

1.2.3 The Relationship Between Institutionalisation and Financial Performance in Public Family Businesses in an Emerging Economy

The relationship between institutionalisation and financial performance can be explained through the social construction of value of the institutionalisation process, whereby rationalised patterns inject value into organisations, a "*value beyond the technical requirements*" (Selznick 1957), which increases their legitimacy. This, in turn, may facilitate the firm's resource cooptation with all relevant stakeholders as a coherent and credible player in the market, thus enabling it to access market resources more easily and at less cost, thereby achieving better financial performance. Davis, Desai and Francis (2000) argued that, firms with lower levels of institutionalisation face reduced legitimacy and eventual extinction. Roberts and Greenwood (1997) asserted that firms will perform better, if they can increase their institutionalisation level. Oliver (1997) contended that institutionalisation will result in better integration with global markets and thus, improve firm performance.

However, the financial performance implications of the institutionalisation process are more crucial for family businesses in emerging economies, since these companies operate in countries that missed the industrial revolution and therefore, they lag behind in the process pursued by those firms in the developed parts of the world (Cuervo-Cazurra/Dau 2009). In the absence of legal and regulative government mechanisms that enable family opportunism, these companies have to confront challenging family business problems, legitimacy issues and complexity in their relational networks, whilst being subject to various regulations, such as competition rules, consumer protection legislation, generally accepted accounting principles, disclosure requirements, and/or labour practices (Alpay/Bodur/Yılmaz/Çetinkaya/Arıkan 2008). In their efforts to develop trade with the rest of the world, family businesses in emerging economies are highly dependent on gaining legitimacy in order to overcome two difficulties simultaneously, that is, industrialisation and integrating the marketplace through cooptation with external stakeholders (Kobrin 2000). Hence, the rational patterns of which institutionalisation is constituted may generate value for family businesses in such economies by inhibiting the exacerbation of the aforementioned family business problems. This, in turn, will lead to the organisation being seen as viable, legitimate and credible in the eyes of the various stakeholders in the global marketplace (Punnett 2004).

In this context, consumers may attach loyalty to institutionalised family businesses, since these organisations are regarded as accountable and would explain the consequences of their operations in compliance with regulations, thereby preventing any customer grievance and possibly yielding more net profit (Vallejo 2008). Institutionalised family businesses may be able to recruit the most skilled and educated employees from the labour market, as people would want to work in a professionally managed organisation with formal procedures that will treat them fairly and avoid any types of nepotism (Sorenson/Goodpaster/Hedberg/Yu 2009). Additionally, due to the formalised work practices, institutionalised family firms are more likely to exert higher control over their employees to conform with task and production requirements (Jones, 2012). This may increase the overall quality and quantity of work, possibly ending up with an increased net profit (Sorenson et al. 2009).

Moreover, external shareholders would not hesitate to invest in institutionalised family businesses, when they can easily access the periodically disclosed financial reports of the company. They would know whether or not the investor relations engage in the responsibility of preserving the obligatory minority shareholders' rights and thus, prevent a potential conflict of interest with major shareholders (family members) (Luo/Chung 2013). External shareholders can provide the cash-inflow to family businesses and may help them to renew their obsolete fixed assets, which can lead to higher efficiency of the total assets used in operations and thus, probably result in more net profit (Gombola/Ketz 1983).

Furthermore, it can be argued that institutionalised family firms are more likely to implement formal strategic planning and less likely to diverge from predetermined strategic plans, which may increase the efficiency of all business operations, again leading to higher net profit. In a similar vein, such firms are more likely to use formal feasibility reports in their strategic planning, thus allowing for the forecasting of the optimum level for investments in total assets (Nordqvist/Melin, 2010). Due to appropriate investments in assets, institutionalised family firms can generate profits with the right amount of total assets. Increased net profit and optimum investment in assets may eventually increase the return on these assets (Liesz/Maranville 2008). Thus, drawing on the old institutional theory, the following hypothesis is posited:

Hypothesis 1: The greater the institutionalisation the higher the return on assets.

With respect to the above arguments, it would also seem reasonable to contend that institutionalised family firms will find it easier to get loans from banks, since the written and recorded operations of the business transactions will be transparent to third parties. That is, this may lead to such firms being seen as trustworthy and legitimate organisations in the eyes of the potential creditors. They would know that these firms would be able pay their debt back on time, with the right amount of interest and thus, be willing to provide loans (Hiebl/Feldbauer-Durstmüller/Duller/Neubauer 2012). Easier access to the required financial leverage would, in turn, mean family firms would not have to use all of the shareholders' equity for funding business operations, which could enable the shareholders to generate profits with the right mixture of equity and financial leverage (Margaritis/Psillaki, 2010). In addition, using the optimum amount of financial leverage can also lead to being able to take advantage of tax incentives and/or exemptions offered by federal, state and local authorities and thus, decrease the amount of taxes paid to the government, eventually increasing net income (Liesz/Maranville 2008). Further, as institutionalised family businesses would be considered more reliable, creditors may charge lower interest rates on debt and this would increase net profit (Hiebl et al. 2012). In general, parsimonious utilisation of shareholder equity supported by an optimum amount of financial leverage along with decreasing tax payments and interest rate expenses can increase the return on equity (Rajan/Zingales 1995). Thus, drawing on the old institutional theory, the following hypothesis is posited:

Hypothesis 2: The greater the institutionalisation the higher the return on equity.

In connection with the above discussion, it can also be argued that institutionalised family businesses are more likely to acquire cheaper raw materials from suppliers, since they will have no doubts about collecting their receivables on time, which will be secured through formal contracts. This could eventually result in a decrease in the cost of the goods sold by institutionalised family businesses, thereby increasing the net profit (Zaheer/McEvily/Perrone 1998). Higher firm reputation due to the institutionalisation may attract new customers and also protect the existing market share without needing more spending on advertising expenses. This could result in lower sales expenses and possibly yield more net profit in family businesses (Zellweger/Mason 2008). Thus, drawing on the old institutional theory, the following hypothesis is posited:

Hypothesis 3: The greater the institutionalisation the higher the return on sales

As offered by the old institutional theory, the value infusion of institutionalisation to the technical requirements of the businesses facilitates the abovementioned resource cooptation with various stakeholders, by bringing in social acceptance and favourable treatment in the marketplace (Selznick 1957). This is especially important for family businesses in emerging economies, since they can often suffer from a lack of confidence on the part of stakeholders. In particular, they need recognition by creditors, suppliers or external shareholders, which could result in improvements in their financial performance (Starr/MacMillan 1990). Hence, drawing on the old institutional theory, it is expected that: greater institutionalisation will lead to better financial performance, in other words, this will result in higher ROA, ROE and ROS in public family firms in emerging economies.

2. Methodology

2.1 Sample

The data of this study were obtained through a questionnaire administered to top managers, defined by Kor (2003) as inside top-level executives, including CEOs, COOs, business unit heads and vice presidents from family firms listed on the BİST (Borsa Istanbul). Specifically, a list of 237 family firms that disclosed their financial reports for the 2011–2015 period, was created from the 517 firms listed on the BİST (Borsa İstanbul). All 237 firms had more than

1,500 employees and were owned by the family shareholders with a minimum of 20 per cent ownership rights. Data on the ultimate ownership of family firms were collected from KAP (Public Disclosure Platform). The questionnaire form was sent electronically to the 237 family firms, with 150 agreeing to participate in the study, thus yielding a 63 % response rate. As the respondent and non-respondent firms were likely to be identical according to the focus of the research, there is no systematic bias and thus, 150 firms are representative of the population. Out of 150 firms in the sample, 42 were in the finance sector (28 %), eight in technology (5.3 %), 14 in retail (9.3 %), 75 in manufacturing (50 %) and 11 (7.3 %) were in other sectors (tourism, construction, logistics, automotive etc.).

2.3 Measurement

2.3.1 Measurement of the Institutionalisation Level

For measurement of the institutionalisation level, a validated scale is needed and hence, a suggested procedure by Churchill (1979) was followed. First, 82 sample items were generated as the domain of the study, which comprised the six dimensions (rational patterns) of institutionalisation, namely: formalisation, professionalisation, transparency, accountability, fairness and responsibility. These 82 items were first reduced to 75 after conducting "content validity" with five experts. Later, a preliminary questionnaire form consisting of 75 items was sent to 219 family firms listed on the BİST after 2011 in order to explore the factor structure without reducing the targeted population. In this way, 162 responses were obtained. For purification, first, reliability analysis was conducted. Item inter correlations were calculated as 0.70 and the coefficient alpha score as 0.952, which proved that the preliminary scale was reliable (Cortina 1993). Item to total correlation scores varied between 0.322 and 0.583 (all positive and above 0.25) and thus, at this stage none of the items were removed (Sekaran/Bougie 2013). Yet, after subsequent factor analysis through principal component analysis, the 75 items were reduced to 23 collected under six factors (*for the statements requiring a response, please see the appendix*). These six factors explain 69.657 % of total variance, i.e. above the generally accepted threshold of 60 %. (Carmines/Zeller 1979). The Cronbach's alpha score was calculated as 0.867 (still close to 1) and the significance level for the Bartlett test was found to be 0.000 (< 0.05).

After the purification, reliability and validity analysis of the scale with 23 items was carried out through confirmatory factor analysis, with the Smart PLS 3 statistical tool. Subsequently, a new questionnaire form was prepared consisting of 23 items and demographic questions. In this way, 150 new data sets were collected from 237 family firms (targeted population) listed on the BİST, which had disclosed their financial reports for the 2011–2015 period (including years 2011 and 2015). Later, this dataset is used to test the hypotheses.

To conduct reliability analysis, Cronbach's alpha and composite reliability scores were evaluated. It was found that the scores of all the latent variables (sub-constructs of institutionalisation), except for the Cronbach's alpha of responsibility (which is 0.616, very close to 0.70), are higher than the recommended threshold of 0.70. Yet, since the composite reliability score is regarded as a better indicator due to the fact that each factor loading of each item differs from one another (Peterson/Kim, 2013), responsibility was not removed.

To conduct validity analysis, convergent and discriminant validity analyses were applied (Coltman/Devinney/Midgley/Venaik 2008). The convergent analyses results indicate that all t-values of each item are greater than 1.96 and all p values are less than 0.05. So, adequate convergent validity has been attained. (Fornell/Larcker 1981). The discriminant validity, on the other hand, depicts that the average variance explained by each latent variable is more than 50 % and the square root of the average variance explained for each latent variable is greater than the correlations with the other latent variables. Below in Table 1, the findings for discriminant validity through the square root of AVE (Average Variance Explained) are shown.

As seen in the table 1, adequate discriminant validity of the preliminary scale with 23 items has been established and so, none has been removed from the scale. Subsequently, reliability and validity analyses proved that the scale with 23 items is reliable and valid for the measurement of the institutionalisation level.

Table 1: Discriminant Validity Through the Square Root of AVE (on diagonal)

	Formalisation	Professionalisation	Transparency	Accountability	Fairness	Responsibility
Formalisation	**0.788**					
Professionalisation	0.479	**0.809**				
Transparency	0.347	0.244	**0.718**			
Accountability	0.460	0.384	0.424	**0.883**		
Fairness	0.513	0.296	0.521	0.477	**0.799**	
Responsibility	0.220	0.206	0.562	0.375	0.511	**0.849**

2.3.2 Measurement of Financial Performance

The financial performance of family firms listed on the BİST has been measured by using secondary data obtained from KAP (Public Disclosure Platform). Specifically, the five year average values of all profitability ratios (ROA, ROE, ROS) for each family firm that had announced its financial reports for the 2011–2015 (including the years 2011 and 2015) period were calculated regarding the ratio level and then, standardised according to Z-scores. For, the financial performance of a company can be interpreted by financial analysts by taking the average of financial ratios over a five-year period (Altman 1968).

2.3.3 Control Variables

For the control variables, firm age, firm size, family ownership concentration, board size, the percentage of family members on board, the percentage of independent members on the board and the percentage of non-executive board members on the board are included in the model. Firm age can be considered as a control variable, since older family firms tend to have more formalised structures and professionalised management (Mintzberg, 1979). Moreover, they tend to have lower profitability due to rising costs, slowing growth and assets becoming obsolete (Coad/Holm/Krafft/Quatraro, 2018). Larger firms tend to have more formal rules and regulations to control their vast numbers of employees (Chu, 2011), also tending to have more competitive power and a bigger market share. Thus, firm size may affect both institutionalisation and financial performance (Hall/Weiss, 1967). Moreover, highly family concentrated firms may have less professionalised management due to the high numbers of family managers and family ownership may decrease the profitability through the moving of scarce resources away from profitable projects to increase their compensation. So, ownership may affect both institutionalisation and financial performance (Chen/Cheung/Stouraitis/Wong 2005; Leffort/Urzua 2008; Andres 2008; King/Santor 2008; Sacristan-Navarro/Gomez-Anson/Cabeza-Garcia 2011).

In a similar vein, firms with larger boards tend to have more bureaucratised procedures, such as formalisation of the director nomination process and they may also face difficulties in maintaining board attendance frequency and decision making, which may lower profitability (Yermack 1996; Nakano/Nguyen 2012; Arora/Sharma 2016; Mishra/Kapil 2017). The percentage of family members on the board may affect the level institutionalisation, whereby the dominance of family influence on the board can lower its professionalisation. This could also affect profitability due to their emotional influence on strategic decision making (Ameer/Ramli/Zakaria 2010; Lam/Lee, 2010).

An organisation tends to be more transparent and fair when the numbers of independent members is increased, since they can ensure the relevant information is disclosed to all stakeholders and they can also maintain fairness by balancing the conflicts of interest between family and non-family shareholders (Chiang/He, 2010). Moreover, independent members may facilitate companies' access to diverse external market resources through their diverse networks, which will increase the profitability (Agrawal/ Knoeber 1996; Anderson/Reeb 2003; Arosa/

Iturralde/Maseda 2010; Garcia-Ramos/Garcia-Olalla 2011; Kuo/Hung 2012). Further, as the percentage of non-executive board members increases, firms are more likely to become accountable. That is, it is argued that non-executive members are more likely to monitor firms' compliance with specified processes and outcomes better than executive ones. It is also contended that, similar to independent directors, non-executive directors can provide the firm access to necessary resources from the external environment and thus, increase firm profitability (Grace/Andy/Dunstan 1995; Laing/Weir 1999).

3. Results

3.1 Descriptive Statistics

The descriptive statistics of the study are depicted below in Table 2 and Table 3.

As it can be seen in Table 2, in terms of the institutionalisation level sub-constructs, family firms have the highest average score (4.24 out of 5) for formalisation, while they have the lowest average regarding professionalisation (3.64 out of 5). It is also evident that at the 0.05 significance level there is a positive low correlation between accountability and ROE (0.166), institutionalisation level and ROE (0.222), firm size and ROA (0.207), firm size and professionalisation (0.192), firm size and the percentage of non-executive directors on the board (0.196) as well as the percentage of non-executive directors on the board and board size (0.214). In addition, at the 0.05 significance level, there is a low positive correlation between board size and ROA (0.177), board size and ROE (0.169) and the percentage of independent directors on the board and ROA (.181). Moreover, there is a low correlation between the percentage of independent directors on the board and the percentage of non-executive directors (-0,221) as well as between the percentage of family members on the board and ROA (-0.193). It has also emerged that, at the 0.01 significance level, there is a low positive correlation between board size and responsibility (0.251), board size and firm age (0.232), board size and firm size (0.265), firm size and firm age (0.333) along with the percentage of family members on the board and ownership concentration (0.378). Finally, at the 0.01 significance level, there is a low negative correlation between board size and ownership concentration (-0.255), board size and the percentage of family members on the board (-0.277) as well as the percentage of independent directors on the board and the percentage of family members (-0.341). The maximum and minimum values for all the research variables are depicted below in Table 3.

Table 2: Descriptive Statistics of Means, Standard Deviations and Correlations

Var.	Means	s.d.	Roa	Roe	Ros	Form	Prof.	Trans.	Acc.	Fair	Resp	Inst.	Firm Age	Firm Size	Own.	B.Size	Fam/ B.size	NonEx./ B.size	Ind/ B.Size
Roa	0	1	1																
Roe	0	1	0.178*	1															
Ros	0	1	0.144	0.004	1														
Form.	4.24	0.53	0.113	0.054	0.097	1													
Prof.	3.64	0.83	0.127	0.123	0.128	0.479**	1												
Trans.	4.31	0.48	-0.108	0.070	0.054	0.326**	0.211**	1											
Acc.	4.16	0.63	0.155	**0.166***	-0.08	0.467**	0.384**	0.394**	1										
Fair.	4.21	0.43	-0.004	0.026	-0.112	0.535**	0.311**	0.481**	0.488**	1									
Resp.	4.23	0.46	0.086	0.089	0.040	0.222**	0.200**	0.546**	0.381**	0.484**	1								
Inst.	4.18	0.40	0.04	**0.222***	-0.01	0.740**	0.658**	0.767**	0.733**	0.788**	0.620**	1							
Firm Age	31.06	18.5	0.095	0.038	-0.018	-0.015	-0.006	-0.061	0.082	0.008	0.044	-0.03	1						
Firm Size	1712.5	168	**0.207***	0.154	0.120	0.085	**0.192***	-0.066	0.012	0.072	0.115	0.01	**0.333****	1					
Own.	0.56	0.21	-0.04	-0.03	0.01	-0.07	0.01	-0.07	-0.03	-0.12	-0.03	-0.09	-0.06	0.001	1				
B.Size	6.8	2.18	**0.177***	**0.169***	0.123	0.06	0.08	0.04	0.09	0.06	**0.251****	0.09	**0.232****	**0.265****	**-0.255****	1			
Fam/B.size	0.34	0.20	**-0.19***	-0.07	0.1	-0.05	-0.008	-0.01	0.03	0.04	-0.02	-0.07	-0.03	-0.07	**0.378****	**-0.277****	1		
NonEx/ B.size	0.78	0.23	0.01	0.02	0.007	0.08	0.05	0.05	0.0004	0.07	-0.08	0.08	0.07	**0.196***	-0.07	**0.214****	-0.06	1	
Ind/B.size	0.30	0.10	**0.181***	-0.17	-0.18	0.02	-0.13	-0.07	-0.082	-0.12	-0.17	-0.07	0.04	-0.06	-0.07	**-0.402****	**-0.341****	**-0.221***	1

** Correlation is significant at the 0.05 level (N=150; two-tailed)*
*** Correlation is significant at the 0.01 level (N=150; two-tailed)*

Table 3: Descriptive Statistics for Maximum and Minimum Values

All Variables	Maximum Values	Minimum Values
ROA	8,915	-1,996
ROE	2,31	-7,09
ROS	5,149	-9,122
Formalisation	5	2.5
Professionalisation	5	2
Transparency	5	3.17
Accountability	5	2
Fairness	5	3.25
Responsibility	5	3
Institutionalisation	5	3.22
Firm Age	52	23
Firm Size	2,198	1524
Ownership	0.99	0.20
Board Size	15	3
Fam Mem./B.Size	1	0.1
Non Exec/ B.Size	0.92	0.33
Ind Mem./B. Size	0.5	0.1

As it can be observed in Table 3, there are large differences between the maximum and minimum values of the profitability ratios. For example, the value of ROA varies between 1.996 and 8.915, whilst that of ROE differs from -7.09 to 2.31 and the value of ROS varies from 9.122 to 5.149. The minimum values in terms of the institutionalisation level dimensions are a little bit low for professionalisation (with 2 out of 5) and for accountability (with 2 out of 5). Yet, in general it can be seen that the minimum value of the institutionalisation level is 3.22, which can be considered as not being a very low score for a minimum value. The firm age in the sample varies between 23 and 52, whilst firm size differs from 1,524 to 2,198. In addition, it can be also observed that the maximum value of family ownership in public Turkish family businesses is 0.99, which means that in some roughly all of the voting shares belong to the one family. The board size varies between 3 and 15, whilst the percentage of family members on the board varies from 10 % to 100 %, meaning that in some businesses all the board members are from the family. Furthermore, the percentage of non-executive members on the board varies between 33 % and 92 %, whilst that of independent members ranges from 10 % to 50 %.

3.2 Testing of the Hypothesised Model

Below in Table 4, the results of the hypotheses testing are given based on path analysis, which is considered as a special case of SEM (Structural Equation Modeling), where the structural relations among variables are modeled. One advantage of using path analysis over other statistical analysis is that it considers errors in measuring latent variables, which is disregarded by all other multivariate analyses (Lei/Wu 2007). In this context, since the institutionalisation level can only be measured by six latent variables in this study, path analysis has been preferred as an analysis technique to take into account errors in measuring such variables in the model. According to the path analysis, three significant path coefficients are identified, which are indicated by arrows and the direction of the expected relationships are also given in parentheses, as can be seen below in Table 4.

Table 4: Hypothesis Testing Estimated Path Coefficients

Paths			Unstandardised Path Coefficients	T-value	P- value
Institutionalisation Level		ROA	0.047	0.331	0.628
Institutionalisation Level	→	ROE	0.241	3.740	0.000
Institutionalisation Level		ROS	0.019	0.185	0.793
Firm Age		ROA	-0.042	0.838	0.452
Firm Age		ROE	-0.147	1.872	0.061
Firm Age		ROS	0.004	0.031	0.979
Firm Size	→	ROA	0.202	3.983	0.002
Firm Size		ROE	0.219	1.931	0.055
Firm Size		ROS	-0.098	0,995	0.328
Ownership		ROA	0.004	0.113	0.952
Ownership		ROE	0.006	0.031	0.991
Ownership		ROS	-0.005	0.418	0.853
B.Size	→	ROA	0.181	3.332	0.002
B.Size	→	ROE	0.175	3.412	0.002
B.Size		ROS	0.006	0.034	0.997
Fam/ B.Size		ROA	-0.192	3.338	0.002
Fam/B.Size		ROE	0.003	0.025	0.969
Fam/B.Size		ROS	-0.098	0.973	0.332
NonEx/B.Size		ROA	-0.133	1,865	0.066
NonEx/B.Size		ROE	-0.130	1.861	0.065
NonEx/B.Size		ROS	-0.135	1.882	0.061
Ind/B.Size	→	ROA	0.179	3.345	0.002
Ind/B.Size		ROE	0.002	0.022	0.965
Ind/B.Size		ROS	0.002	0.021	0.966

According to Table 4, the institutionalisation level (unstandardised path coefficient $\beta = 0.241$, $p \leq 0.05$) has a significant positive effect on ROE and 5 percent of its variance is explained by this level, whereas it has no significant effect on ROA or ROS. Thus, only the second hypothesis has been accepted, while the first and third hypotheses have been rejected. Moreover, firm size ($\beta = 0.202$, $p \leq 0.05$) has a significant positive effect on ROA, with 3 percent of its variance being explained by the size. Board size has a positive significant effect on both ROA ($\beta = 0.181$, $p \leq 0.05$) and on ROE (0.175, $p \leq 0.05$). Three percent of the variance in ROA is explained by board size, while 3 percent of that of ROE is explained by this factor. It has also been found that the percentage of independent directors on the board has a positive significant effect on ROA ($\beta= 0.179$, $p \leq 0.05$) and 3 percent of its variance is explained by this. Furthermore, it has also been determined that the percentage of family members on the board has a significant negative effect on ROA ($\beta= -0.192$, $p \leq 0.05$) and this explains 3 percent of its variance.

4. Discussion and Contributions

Family businesses constitute a large proportion of businesses world-wide and they are an essential source for the creation of employment in most countries. In emerging economies, the importance of family businesses is substantial due to their contribution to the growth and internationalisation of the economy. The problems associated with these businesses are most likely exacerbated when there is a void of legal and regulatory mechanisms in such economies. Commonly, the legitimacy and credibility of family businesses in developing countries come into question for external stakeholders, who are the main providers of critical resources, for their engagement can increase the financial performance of these firms. One solution for family businesses in emerging economies to gain legitimacy and credibility in the presence of external stakeholders could be institutionalisation, thereby gaining less costly and easier access to global market resources. This, in return, will have positive implications for their financial performance. In this regard, the aim of the present study has been to investigate how the institutionalisation level of public family firms in an emerging economy affects their financial performance.

The participants reported that public family firms in Turkey have a high level of institutionalisation, according to the identified dimensions in the literature. Specifically, all dimensions of institutionalisation except for professionalisation (which is moderately highly perceived), are perceived as being of a high level. According to the findings, the institutionalisation level of public family businesses in Turkey positively affects the return on equity (ROE). At this point, it can be argued that in a developing country like Turkey, where turbulent socioeconomic and political conditions exist, with weak laws and regulations, public family businesses with greater institutionalisation levels are more likely to appear as legitimate and credible organisations, in particular, to the banks and to the government. In this regard, institutionalised public family businesses in Turkey tend to engage more easily in resource cooptation with banks by accessing the optimum level of financial leverage with lower interest rates, which may increase the net profit due to the lower cost of debt and also enable the company to use its shareholder equity parsimoniously. It can be also contended that due to the institutionalisation, family businesses in Turkey are more inclined to resource cooptation with the government that provides tax incentives to them, thereby decreasing their tax payments and resulting in more net profit. Overall, it can be concluded that institutionalisation will allow Turkish public family businesses to increase their return on equity through its effects on optimum utilisation of shareholders' equity and higher net profit due to lowered interest rate and tax expenses.

However, contrary to expectations, the first and third hypotheses that posited that greater institutionalisation has positive effect on the return on assets (ROA) and return on sales (ROS) have been rejected. At this point, it can be argued that except for resource cooptation with creditors and the government, institutionalisation is unlikely to increase the suchcooptation with consumers, employees, potential external shareholders and suppliers. This argument would also imply that institutionalisation does not improve the company's efficiency in using its assets by generating net profit and it also does not lower the cost of goods sold and other sales expenses like advertising costs, since it has no effect on ROA and ROS. In particular the unpredictable exchange rate risk, that is reflected in the devaluation of the Turkish Lira against foreign currencies (specifically against the Euro and Dollar) may increase the cost of goods sold and other sales expenses (taking into account that most raw materials and services, such as software, are imported from abroad) and thus, it may eliminate the positive implications of institutionalisation on ROS. Another reason for the need to reject the first and third hypotheses can be explained according several other factors, such as managerial contribution, firm strategy or business environment, which can also affect ROA and ROS.

On the other hand, accountability positively correlates with the return on equity (ROE). Hence, it can be argued that, accountability reflected through well-functioning internal auditing mechanisms will lead to better utilisation of shareholders' equity towards projects that are better evaluated and scrutinised. In doing so, the outcome will be better understood and more likely to generate profit. Moreover, the compliance of family businesses' operations with the regulations may give confidence to stakeholders that they are not sacrificing the long-term health of the company for theshort-term personal gain of family members, which may well increase the legitimacy and improve the return on equity.

The findings also indicate that larger family businesses are better at generating profit using their assets and equities compared to smaller ones, which contradicts with the findings of Chu (2011), who found the opposite effect. This difference could be due to the different characteristics of the samples. For, whilst for the current study only a sample of public family businesses was utilised, that author compared the return on assets between family SMEs and large public family businesses. At this point, it could be argued that, as family businesses on the stock exchange grow in terms of the number of employees, the wider will be the provision of employee skills to the firm, which may positively affect the return on assets. In addition, the firm size correlates positively with professionalisation and with the percentage of non-executive directors on boards, which can also be explained by theperspective that as public family businesses in emerging economies grow in size, the informal relational governance mechanisms are more likely to be replaced by professional relationships. Thus, a rising percentage of non-executive directors on boards may have an influence on these family businesses' professionalisation given their expertise in the codes of good governance. In addition to this, firm size also correlates positively with board size and firm age, as was expected.

Moreover, the findings also point to the situation that, as the boards of family businesses become larger, return on assets will increase as well, which is contradictory to the findings of Yermack (1996) and Nakano and Njugen (2012), but does align with those of Arora and Sharma (2016) and Mishra and Kapil (2017). In regard to this, it could be argued that different financial indicators and different settings might be influential on the relationship between board size and financial performance. In emerging economies, larger boards with increased pools of expertise and skills may facilitate companies' access to external stakeholders, thus improving the return equity. Moreover, it has been found that there is a simultaneous increase in firm family businesses' return on assets along with the percentage of independent directors on the board, which contradicts with the findings of Agrawal and Knoeber (1996) and Garcia-Ramos and Garcia Olalla (2011), but this is in line with those of Anderson and Reeb (2003), Arosa et al. (2010) and Kuo and Hung (2012). In this respect, I suggest that with public family businesses embedded in collectivist cultures, the principal-principal agency problem may appear as different extended family groups share business ownership. This can be lessened with the presence of independent members, who rely on their independent judgement as committee members on boards, thereby contributing to the improvement of financial performance. It is probable that independent directors would also facilitate family businesses' access to valuable knowledge and relationship resources with external stakeholders through social networks, which will increase firm legitimacy and thereby, the return on assets. In a similar vein, as was expected, a negative relationship has been found between the percentage of family members on the board and firm performance, which is in accord with the findings of Ameer et al. (2010) and Lam and Lee (2010). Furthermore, no relationship has emerged between the percentage of non-executive directors and firm performance, which is in line with the findings of Grace et al. (1995) and Laing and Weir (1999). Given the fact that non-executive directors may not necessarily be independent, it could be argued that the role of independent directors is more important in terms of affecting firm performance compared to non-executive ones.

The results also unveil that as family ownership concentration increases, the percentage of family members on the board increases as well as, as was expected, which is in line with those of Lefort and Urzua's (2008) study. Hence, in would seem that, in emerging economies, families tend to dominate the boards of the companies with their members in order to reduce the monitoring costs of the principal (family owner) and also, to justify the actions of the professional manager (agent) in the absence of legal and regulatory coercive mechanisms. However, in contrast to expectation, ownership concentration has been found to have no effect on financial performance, which contradicts the findings of Andres (2008) and King and Santor (2008), who found a negative correlation between ownership and profitability, but is in line with those of Chen et al. (2005) and Sacristan-Navarro et al. (2011). In this respect, it can be argued that the already high percentages of family ownership in emerging economies do not significantly affect financial performance of family businesses, while this may hurt firm performance of these businesses in developed ones.

Despite this research focusing on family firms enrolled on only one nation's stock exchange (namely BİST), it is believed that the implications of the findings do introduce new understanding for family business scholars and family business members along with those potential stakeholders interested in other emerging markets, such as East European countries.

There are three important contributions of this research. First, this study contributes theoretically to the family business literature by presenting valuable insights into the construct of institutionalisation. So far, many scholars have tackled the issue within the framework of corporate governance without concentrating on the process side of the phenomenon. Attempts to examine and to measure the concept within the family business context been rare, as it is not easy to determine which type of rational patterns formulate the concept. By drawing on the old institutional theory, a detailed and extensive interpretation of the rational patterns of which institutionalisation is constituted and their effect on financial performance has been presented in this study.

The second contribution of this research is the introduction of a new validated institutionalisation level scale. By proposing this scale, guidelines for future works aiming to measure the institutionalisation level for performance or even other organisational variables variables have been provided. Such an endeavour would be worthwhile in publicly traded family firms in other emerging economies, specifically in Eastern European ones that show similarities to Turkey, such as concentrated family ownership within weak institutions.

The third contribution is the identification of a positive effect of institutionalisation on financial performance in terms of return on equity, which could prove valuable for business practitioners as well as stakeholders. If family business owners and top managers want to ameliorate the family business problems often found magnified in the emerging economy context by engaging in resource cooptation with stakeholders, they need to learn more about the rational patterns that formulate institutionalisation. Owners and top management of family firms should be made aware that by increasing the institutionalisation level of their firms they may well overcome the legitimacy issue in the domestic and global markets and thus, improve the financial performance of their company.

5. Limitations and Suggestions for Further Research

The first limitation of this study is that, firm-level sample size is equal to individual-level sample size, which means that each firm's institutionalisation level was reported upon according to just one top manager's perspective. Hence, future research could take into account the collecting of data from multiple top managers of a single-family firm to measure the institutionalisation level. Second, since this study was conducted in Turkey, a single country setting and cultural aspects limits the transferability of the findings to publicly trading family firms in different emerging countries. The final limitation that needs mentioning, is the lack of insight into profitability ratios and hence, the need to measure the Z-scores in order to test the model and thus, have positive values. Clearly, there is a need for more investigation of family run businesses across emerging economies, to establish whether the findings in this paper can be generalised. In particular, further studies with a longitudinal approach could be beneficial to investigate the relationship between institutionalisation and financial performance.

Acknowledgement

This article could not have been written without the guidance of Prof. Dr. Isil Pekdemir and Prof. Dr. Cavide Uyargil. Their contributions are sincerely appreciated and gratefully acknowledged.

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Appendix

Institutionalisation Level Scale

	Statements
Formalisation 1)	*Operations are conducted according to predetermined rules.*
Formalisation 2)	*Strategic decisions taken in our firm require written approval from top management.*
Formalisation 3)	*In our firm workflow schedule is used.*
Formalisation 4)	*In our firm written job descriptions for every position are complied with.*
Professionalisation1)	*In our firm the CEO and chairman of the board are different persons.*
Professionalisation2)	*In our firm the CEO is not a family member of the owner of the firm.*

Professionalisation3)	*In our firm, the CEO alone has no authority to determine firm strategy.*
Transparency 1)	*Our firm publishes annual reports in such a way as to provide complete and accurate information to the public about the firm.*
Transparency 2)	*Our firm's web site is updated every 6 months in such a way as to reveal the ownership of the firm.*
Transparency 3)	*Our firm publishes its mission and vision on the website so that all stakeholders can be aware of it.*
Transparency 4)	*In our firm, information and disclosures that may affect the use of shareholders' rights are posted on the website for investors.*
Transparency 5)	*Our firm's profit distribution policy is disclosed to the public on the website.*
Transparency 6)	*In our firm, annual reports are published at the latest one week after the board of director's approval.*
Transparency 7)	*The annual reports of our firm include information about legal actions against the firm, that could affect the firm's market value or operations.*
Accountability 1)	*In our firm, the internal audit department proposes solutions to the management team in order to overcome shortcomings of internal audit mechanisms.*
Accountability 2)	*In our firm, the internal audit department evaluates the compliance of firm operations with the regulations and consolidates the compliance.*
Accountability 3)	*In our firm, internal audit mechanisms are controlled.*
Fairness 1)	*In our firm, equal opportunities are given to applicants in the recruitment process.*
Fairness 2)	*In our firm, equal opportunities are given to employees in career planning.*
Fairness 3)	*In our firm, every employee is treated fairly.*
Fairness 4)	*In our firm, procedures are applied for all employees in the same way.*
Responsibility 1)	*The investor relations department of our firm monitors the fulfillment of obligations arising from capital market regulations.*
Responsibility 2)	*Our firm pays the cost of goods and services to suppliers on time.*