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CORPORATE GOVERNANCE MANDATED CHANGES BENEFIT BUSINESSES AND NATIONAL ECONOMIES FOR EQUITY AND SUSTAINABILITY: A REVIEW

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Abstract

In the new corporate governance model developed as a result of my research and studies, sustainability success in the future should be based on 89 provisions that are necessary to address economic, financial, environmental, and social issues at the firm and country levels. The 89 provisions complement eight parameters, including social, environmental, political, and economic provisions needed for sustainable success at firm and country levels. Especially, the Legality provisions that constitute the external environment and refer to laws and regulations implemented by politicians. In addition to the 89 provisions, it was necessary to see improvements in some of the elements provisions to overcome conflicts and complexities regarding economic, environmental, and social problems that led to the development of the G15 and the G17 indices. Thus, the necessity of the CSR policy (66) and The Code of Ethics (67) under the elements of Capital Structure Provisions and Control Systems (internal governance element) have been stressed as the two other fundamental provisions that significantly contribute to sustainability success. To capture the variations that significantly account for variations in the exchange rate exposure, net trade, and stock market returns, justifying the validity of the improvements in the cultural and legality elements for corporate performance and profitability, a two-factor and multiple-factor regression models, ARCH and ARMA models were used. The existing empirical results contribute significantly to the improvements in firm-level management in terms of leadership effectiveness, financial innovations, and environmental *protection, as well as in country-level management, which stimulate international trade and combat financial exposures. The analysis demonstrates the changes in firm-level management that are required to benefit organizations and the country's environmental, social, and economic issues. Research demonstrated that developments in the provisions needed and the mandatory changes have aided in reducing economic, social, and environmental issues such as financial exposures, improving trade, and hedging at the firm and country levels.*

Keywords: Corporate governance, Leadership effectiveness, financial exposures, financial innovations, hedging, sustainability success

INTRODUCTION

According to Krings and Schusler (2020) sustainable development addresses economic, social, and environmental issues and in real life incorporates a neoliberal market rationale that strengthens inequalities, and as the social work profession seizes its role in advancing environmental sustainability, efficient and effective practice models must clearly address social and economic injustice. On the other hand, sustainable development refers to ecological, economic, and social necessities where the ecological necessity is to live within the world's biophysical carrying capacity while conserving biodiversity. The social necessity is to ensure the development of a democratic governance mechanism that keeps the values that people wish to live by; and the economic necessity is to ensure that everyone in the world has access to the essentials of life (Dale & Newman, 2009) as stated by Krings and Schusler (2020). Moreover, fair treatment and meaningful involvement of people and the equal protection of environmental and public health laws and regulations confirm environmental justice. Furthermore,

‘’Environmental justice (EJ) is the *fair treatment and meaningful involvement* of all people regardless of race, color, national origin, or income with respect to the development, implementation, and enforcement of environmental laws, regulations, and policies. At its core, environmental justice asserts that all people and communities are entitled to *equal protection of environmental and public health laws and regulations* defined by the United States Environmental Protection Agency (2019)’’ stated by (Krings and Schusler, 2020).

Therefore, the way a corporation and a country behaves is important when adjusting to changes in the internal and external environment, and should be able to respond in the right way in order to combat ecological, economic, and social issues by taking the right governance approach. In this regard, it is critical to define corporate governance before delving into the impact of the internal and external environment and Environmental Justice (EJ). Corporate governance, according to Avcın and Balcıoğlu (2017), is a management orientation system that involves directing and controlling embedding effective internal and external governance behaviour subject to laws and regulations. Furthermore, internal governance attributes associated with the Competing Values Framework (CVF) theory include collaboration, control, creation, and competition (Cameron et al., 2006). The external environment, as well as the Corporate Legality Framework (CLF) theory (Gillan, 2006), help organizations rationalize and collectively add value to an organization and the country's economy in terms of ecological, economic, environmental, and social protection. The complementarity of these elements will assist firms in developing better leadership effectiveness and managing internal and external environmental issues Avcın and Balcıoğlu (2017), and further improvements in the provisions will result in the creation of better leadership effectiveness and financial innovations at the firm level Avcın, (2018).

This paper emphasizes the significance of mandatory changes implemented in previous studies, such as Avcın (2018; 2019), as well as developments in the provisions related to the principles outlined in the Sarbanes-Oxley Act (2002) and the Financial Reporting Council (2014), which resulted in the creation of the G15 and G17 indices. Provisional improvements raised the overall mean score of firms, implying efficiency and better management of the internal and external environment as well as financial exposures. (Avcın, 2019). It can be deduced that firm-level management benefits the society as a whole and keeps the ecological, economic, and social awareness intact maintaining equity and sustainable success.

Many studies have been conducted to examine the relationship between financial exposures and a firm's profitability and value. However, no research has been conducted on the need for mandatory corporate governance changes to combat financial exposures and environmental issues. The investigation yielded results that may acknowledge the significance of governance quality, resulting in less financial exposure and maintaining socially responsible approaches combating external risk whether environmental, economic social, or ecological. Mandatory changes, on the other hand, have an impact on organizations' investment opportunities and on countries that trade internationally in global markets. As a result, the general concept of mandatory changes includes an individual, a company, and a country that are protected and covered from external exposures. The extensive investigation and explanatory findings acknowledged the significance of the mandatory changes to corporate governance attributes that resulted in improved financial performance. *For more information about G15 and G17 indices see Appendix.*

This review discusses the significance of the G15 and G17 indices, as well as the necessary changes to the model's core elements' provisions that benefit organizations and national economies in combating financial market exposures as well as sustainability issues.

The paper begins with a literature review explanation of the corporate governance model, hypotheses, and a discussion of the empirical results, followed by a conclusion.

LITERATURE REVIEW

With regard to the theoretical background, it was noted that there were many divergent views on the Competing Values Framework (CVF) and Corporate Legality Framework (CLF) in predicting external environmental exposures. In the existing literature, some schools of thought argued against the validity of the Competing Values Framework (CVF) in explaining company performance. Cameron et al. (2006) discovered, for example, a strong correlation between the Competing Values Framework (CVF) elements and corporate performance. Furthermore, the Competing Values Framework (CVF) aids in the prediction of future market values and explains what the capital market considers when pricing companies.

Several researchers have studied corporate performance using various methods, such as return on assets and return on equity, but none of these measures has been successful in explaining the significance of corporate performance. Sengur (2011) and Coşkun & Sayılır (2012), for example, discovered a negative relationship between return on assets and return on equity and financial performance. The Competing Values Framework (CVF), on the other hand, depicts a broad-scope representation for predicting and measuring corporate performance (Cameron et al., 2006). In a similar study, Avcın (2017) discovered that internal and external governance provisions are complementary and positively associated with corporate performance as measured by Return on Assets, Return on Equity, and Tobin's q. Moreover, according to research conducted by Avcın (2018) on the banking sector in North Cyprus, the validity of the key elements in the model, including the disclosure of information already in the provisions in external governance elements, would help firms to build the right leadership effectiveness prior to any financial innovations in the financial markets. An investigation revealed that advancements in the provisions of internal governance elements generated more value and complementarity of external governance elements and assisted organizations in dealing with external environment exposures. Therefore, previous studies emphasized the importance of internal and external governance, which was more important in establishing the right value-creation hypotheses and data use. Furthermore, Avcın (2019) discovered evidence consistent with the prediction that having good internal and external governance mechanisms and capital market regulations helps firms be ready for uncertainty as well as any financial crisis. Aloui et al. (2019), for example, investigated the relationship between corporate governance and market risk, examining the impact of volatility and heteroscedasticity on corporate governance and market returns, and discovered that implementing shareholder protection during a crisis helped firms increase financial returns while decreasing stock return volatility. However, is it enough to simply have increased shareholder protection to deal with the complexities of financial markets? In fact, it is insufficient on its own. According to two studies, Avcın (2018; 2019), it is more important to establish the right firm-based corporate governance where both studies emphasized the validity of eight corporate governance elements' provisions that aid in the creation of a governance system in accordance with laws to combat stock market volatility during and after a crisis. The empirical evidence showed that improvements in internal and external governance elements' provisions resulted in lower stock market volatility during and after the crisis Avcın (2019).

Many other studies on governance and financial exposures conducted by various researchers have led to a greater need for governance improvements. For example, Hege et al., (2018) discovered in their working paper series on finance that developments and further adoption of governance reforms significantly reduce financial exposures and improve stock returns. They modified the Sarbanes-Oxley (SOX) Act of 2002 and implemented extensive governance measures.

Several other researchers investigated the relationships between corporate governance and profitability (Avcın & Balcıoğlu, 2017; Almaqtari et al., 2020); corporate governance and market risk involving stock market returns, exchange rate volatility, and treasury bills (Aloui et al., 2019); exchange rate risk, hedging, and corporate governance mechanisms (Yang et al., 2008; Hege et al., 2018); and macroeconomic uncertainty (Chow et al., 2008). These studies have highlighted the importance of making the necessary changes in corporate governance mechanisms to deal with external financial exposures. Therefore, it is possible to conclude that the study's corporate governance provisions support a proper governance mechanism that firms can develop and implement. The G15 and G17 indices, as well as the 89 provisions included, can help to establish an appropriate corporate governance framework that may aid the improvement of firms' financial position and the development of Environmental Justice (EJ). *For more information about the 89 provisions see Appendix.*

There has been a growing interest regarding social, environmental, and economic vitality for equity and sustainability, and these issues have forced firms and countries to take measures without compromising future generations' expectations. The model constructed gives way to the above elements in the concept of sustainable development that can quickly transform into much broader dimensions in dealing with Equity and Sustainability (ES) and Environmental Justice (EJ). One definition of sustainable development is ''the development that meets the needs of the present without compromising the ability of future generations to meet their own needs", Brundtland Commission, 1992. Furthermore, due to the damage to the environment that has led to serious climate change, countries came together to put an objective forward by agreement to tackle the problem. One of them has been the Kyoto Protocol (Krings and Schusler, 2020).

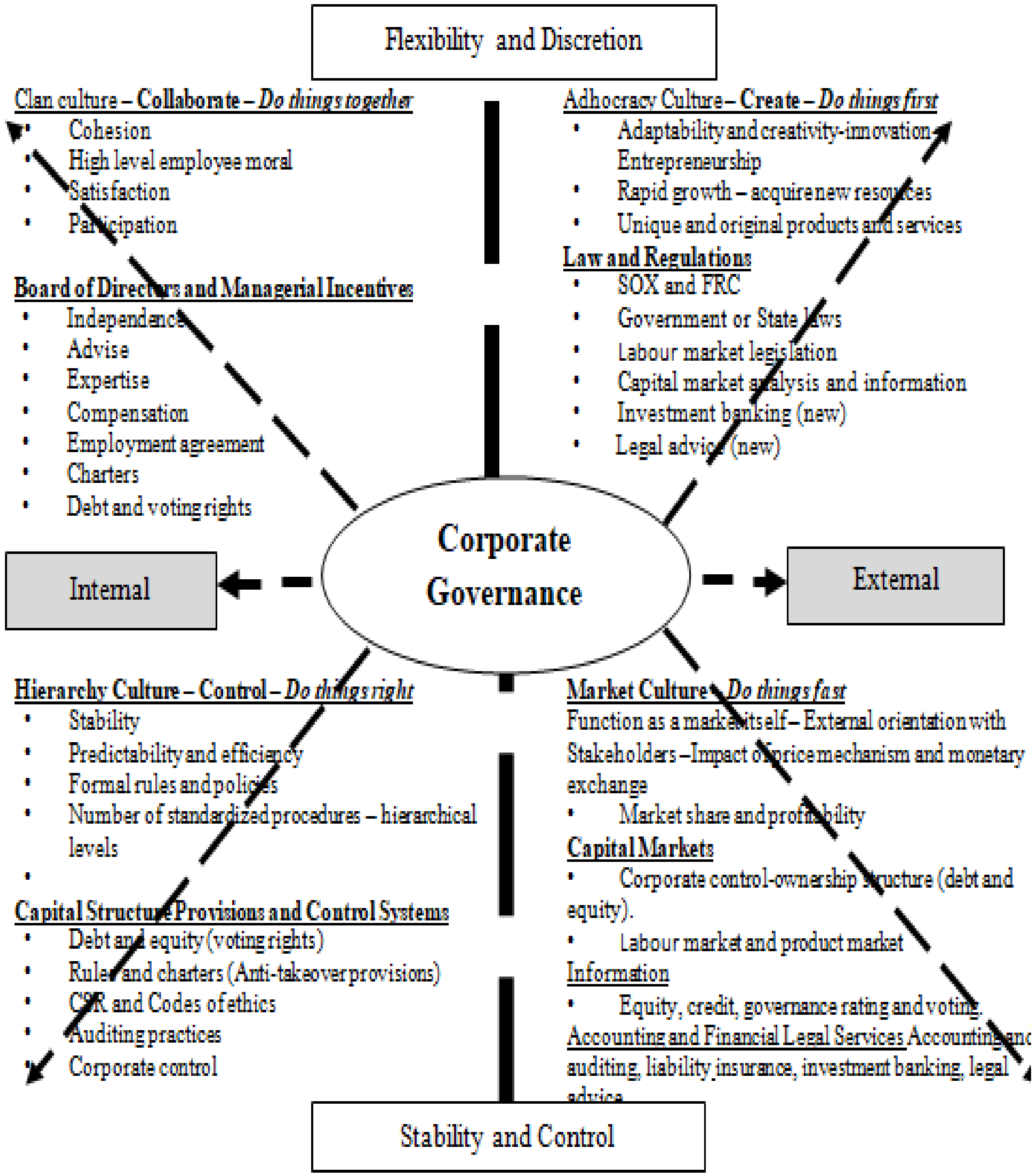
According to Deakin (2001), in today's world, corporations and countries view ES and EJ sustainable development as not just tackling climate change or meeting the needs of people but in a broader sense involving developing the quality of life of people and protecting the environment. Therefore, firm directors and countries' governments have a huge duty to make sure that their actions and activities are in line with the provisions explained in the model in order to improve people's quality of life and protect the environment. Especially the burden is on the shoulders of the politicians to implement the right legality measures that involve Laws and Regulations under Adhocracy Culture in the model that every firm must follow to maintain equity and sustainability success. As mentioned in the introduction section at its core, which refers to environmental justice, all people and communities are entitled to equal protection of environmental and public health laws and regulations. Furthermore, the Sarbanes-Oxley (SOX) Act of 2002 and the Financial Reporting Council (FRC) of 2014 reforms were implemented to monitor and control the activities of directors for equity and sustainability success. Moreover, further improvements in the provisions and the standards implemented have reduced internal and external environmental issues.

It is argued that firms are being governed internally and externally, referred to as the balance sheet model, where a firm should take into consideration the actions of politicians as well as laws and regulations (Gillan, 2006) to maintain equity and sustainability for all stakeholders in concern. The recent reforms of the Sarbanes-Oxley Act (SOX) of 2002 and the Financial Reporting Council (FRC) of 2014 have shown that laws, regulations, and political actions have an important effect on creating a broader mechanism for managing equity and sustainability in the internal and external environment. Therefore, the 89 provisions in the model and the significance of the mandatory changes to corporate governance contributed to the construction of the G15 and G17 indices that resulted in improved firms' performance that adds value to Environmental Justice (EJ) in treating people equally and fairly, implementing and enforcing environmental laws and regulations, and protecting the environment and public health.

THE MODEL OF CORPORATE GOVERNANCE

The corporate governance model is depicted in Figure 1 (Avcın & Balcıoglu, 2017), which unifies the organizational value dimensions with the external governance components to improve organizational effectiveness and enable corporate culture and leaders to address both internal and external tasks (Cameron et al., 2006). The corporate governance model thus demonstrates that an emphasis on internal and external governance components, as well as further improvement in the "No" answers from the 2015 survey, leads to improved leadership effectiveness, implicitly implying the firm's ability to compete in the external environment. The "No" responses that were later interpreted as "Yes" responses, leading to improvements in the company's corporate performance, are shown in Tables 1 and 2.

Figure 1: Modern corporate governance framework



Source: Author's compilation

Table 1: Frequencies of ''No'' Answers for Internal Governance Elements.

Internal Governance Elements' Provisions

Collaboration element provisions		f	%
Q5c In the organization departments provide employees with the right information about ownership interests and profit-sharing rights.	yes	55	29,3
	no	133	70,7
Q6c All employees are given the right to negotiate power and openly reach collaborative decisions.	yes	86	45,7
	no	102	54,3
Q8c Employees in departments are assigned to work on a project.	yes	42	22,3
	no	146	77,7
Q10c Employees are happy with the way the reward system and the modes of conduct provisions are implemented in the organization.	yes	93	49,5
	no	95	50,5
Q11c Employees are allowed to own shares within their company.	yes	13	6,9
	no	175	93,1
Control element provisions		f	%
Q8ct Your organization has a management strategy (Mission Statement) to help maintain a competitive edge within the environment.	yes	120	63,8
	no	68	36,2
Q9ct Your organization has a Customer Charter (CC) policy (number of standardized rules) to establish excellent customer service.	yes	103	54,8
	no	85	45,2
Creativity element provisions		f	%
Q5cr Your organization currently is working on a new innovation	yes	91	48,4
	no	97	51,6
Q6cr Your organization recently launched a new product.	yes	78	41,5
	no	110	58,5
Q8cr Your organization acquire new resources in order to establish new product uniqueness.	yes	72	38,3
	no	116	61,7
Q9cr Your organization maintain a management strategy of doing things first to maintain external discretion.	yes	91	48,4
	no	97	51,6
Q10cr Your organization have a team of Market Research (MR) to help find information about product innovation.	yes	79	42,0
	no	109	58.0
Market culture (Compete) element provisions		f	%
Q7mc Your organization provide feedback forms to customers	yes	81	43,1
	no	107	56,9
Q8mc Your organization received a market award in last decade.	yes	59	31,4
	no	129	68,6
Q9mc Your organization follow international trading and quality standards (e.g. ISO 9000).	yes	91	48,4
	no	97	51,6
Q10mc Your organization is a member of a trading bloc such as the European Union (EU).	yes	41	21,8
	no	147	78,2
Q11mc You have received a share of profit from your organization in the last decade.	yes	19	10,1
	no	169	89,9

Note: *For more details in Table 1 refer to the Appendix for original outcomes from the SPSS.*

Table 1 depicts the mandatory corporate governance changes for the G17 index as the provisions for internal governance elements. The provisions for external governance elements is depicted in Table 2 as changes for the G15 index. ''No'' answers are assumed to be ''Yes'' answers for the purposes of furthering the development of corporate governance at the firm level.

Table 2: Frequencies of ''No'' Answers for External Governance Elements.

External Governance Elements' Provisions.

Board of Directors and Managerial Incentives element provisions		f	%
Q1bdmi Your organization has independent board members who are actively involved with the provisions of directing and controlling	yes	44	33,3
	no	88	66,7
Q2bdmi Your organization maintains a system of advice to investors and all stakeholders consistent with the current situation regarding the financial position and investment targets	yes	55	41,7
	no	77	58,3
4bdmi The Board of the directors and the managers provide the right and convenient financial and managerial incentives to all employees and shareholders	yes	55	41,7
	no	77	58,3
Q8dbmi Your organization allows more shareholders and employees involvement in dept and voting rights.	yes	11	8,3
	no	121	91,7
Q12bdmi Shareholders have cumulative voting rights to increase and decrease board size and amend charter/bylaws.	yes	44	33,3
	no	88	66,7
Capital Structure and Control Systems element provisions		f	%
Q1cscs Your company has an outstanding debt instrument at present in the debt market.	yes	22	16,7
	no	110	83,3
Q2cscs Your company has an outstanding corporate equities in the equity market	yes	11	8,3
	no	121	91,7
Q9cscs Your company has a strategy investment finance committee.	yes	55	41,7
	no	77	58,3
Law and Regulation element provisions		f	%
Q8lr Your organization has a reward system	yes	66	50,0
	no	66	50,0
Q11lr Your company has its own teams and executives that gather information from external sources and analyze current market situations in order to do things first and fast.	yes	77	58,3
	no	55	41,7
Capital Market element provisions		f	%
Q7cm Your company has a dividend and public information policy	yes	55	41,7
	no	77	58,3
Q8cm Your organization has an information policy that informs the public about its way of implementing and use of new developments regarding capital market instruments (financial innovations) in accordance with the current law	yes	44	33,3
	no	88	66,7
Q9cm Your company clearly discloses with evidence of any used capital market instruments abroad, such as in a foreign securities exchange, results, and financial status of its operations.	yes	33	25,0
	no	99	75,0
Q10cm Your company provides information about its total share capital and voting rights under current laws	yes	55	41,7
	no	77	58,3
11cm All transactions performed by the Board are disclosed to the public.	yes	11	8,3
	no	121	91,7

Note: *For more details in Table 2, refer to the Appendix for original outcomes from the SPSS.*

As a result of the survey outcomes, hypotheses were formed where internal and external governance are complementary and improvements in the legal framework and "yes" answers lead to better corporate governance performance and firm performance. Yes answers to No answers on related elements' provisions improved firms' overall mean corporate governance scores, resulting in improved leadership effectiveness, financial innovation, and computable financial exposures in financial markets.

Table 3 shows the overall value-added CGOV scores for firms after accounting for the weighted mean average values of ‘’yes’’ answers positively contributed to the improvement of firms' corporate governance performance and Figure 2 depicts the overall summary statistics graphically based on the results obtained from the SPSS.

Table 3: Case Summaries

Abbreviations:

CGOVS = Corporate governance score

INTGOVS = Internal Governance Score

EXTGOVS = External Governance Score

INTGOVVAS = Internal Governance Value Added Score

EXTGOVVAS = External Governance Value Added Score

CGOVVAS = Corporate Governance Value Added Score

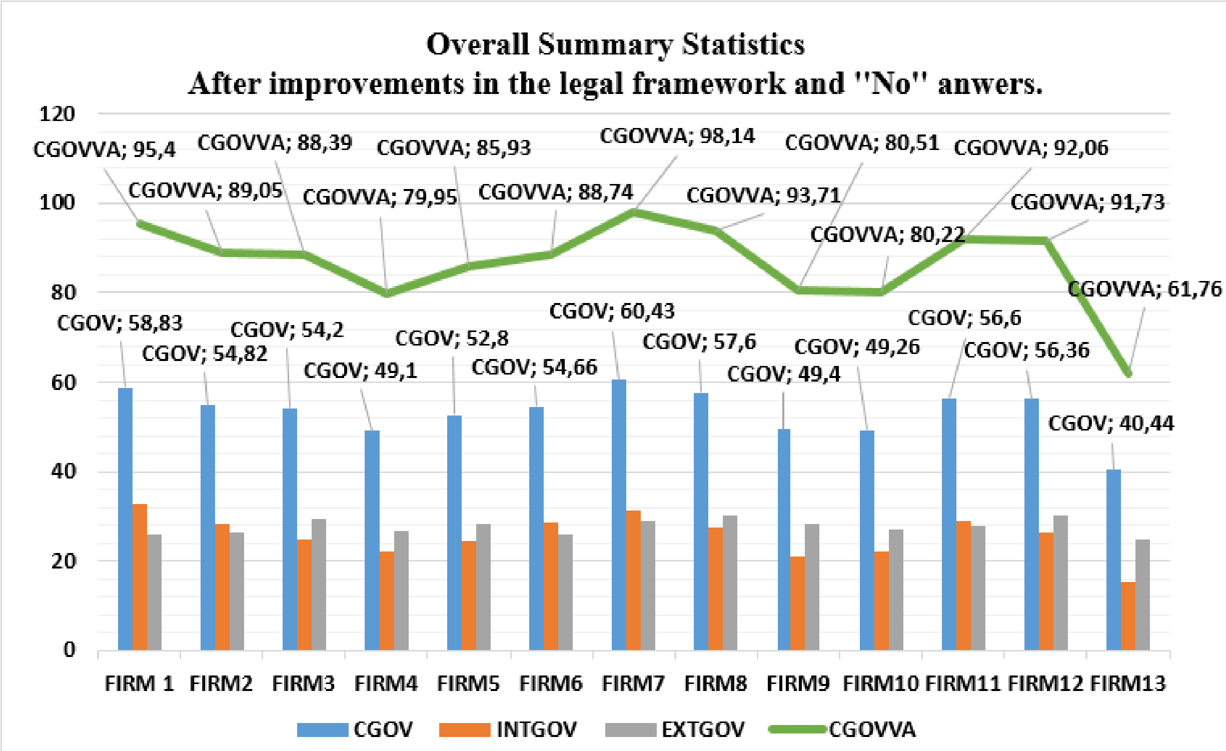
Case Summaries[a]

	CGOV	INTGOVS	EXTGOVS	INTGOVVAS	EXTGOVVAS	CGOVVAS
1	58,83	32,70	26,10	52,13	43,27	95,40
2	54,82	28,46	26,36	45,34	43,71	89,05
3	54,20	24,93	29,30	39,71	48,68	88,39
4	49,10	22,20	26,90	35,36	44,59	79,95
5	52,80	24,60	28,20	39,18	46,75	85,93
6	54,66	28,80	25,80	45,97	42,77	88,74
7	60,43	31,33	29,10	49,90	48,24	98,14
8	57,60	27,40	30,20	43,64	50,07	93,71
9	49,40	21,20	28,20	33,76	46,75	80,51
10	49,26	22,26	27,00	35,46	44,76	80,22
11	56,60	28,86	27,80	45,97	46,09	92,06
12	56,36	26,20	30,10	41,83	49,90	91,73
13	40,44	15,40	25,00	20,31	41,45	61,76
Total N	13	13	13	13	13	13
Mean	53,4231	25,7185	27,6969	40,6585	45,9254	86,5838

a. Limited to first 100 cases.

Note: *For more details in Table 3 refer to the Appendix for original outcomes from the SPSS.*

Figure 2: Case summaries



Mandatory changes such as the G15 and G17 indices were created in response to changes in the legal framework and improvements in the provisions of corporate governance elements. Previous research and empirical findings confirmed the validity of good governance, which led to improved firm performance in dealing with the complexities of internal and external environment.

The universality of the model – The importance of the CSR and Codes of Ethics for environmental justice

The parameters that make up this model refer to the necessity of two previously established theories (Cameron et al., 2006; Gillan, 2006), and it is a situation that affects not only North Cyprus but also all countries, for example, the UK, Germany, and the USA, which makes it universal. In the USA, early laws such as the Securities Act of 1933 and the Exchange Act of 1934 and recent reforms in the legal system such as the Sarbanes-Oxley Act (SOX) of 2002 have shown that legislation and politics have an important impact on firms' operations and on corporate governance systems (Gillan 2006).

The governance of organizations and nations should be as shown in Figure 1 to address social, environmental, and economic issues. The CSR policy and ethics codes must be implemented at the firm level in order for the model to guarantee that the needs and desires of all stakeholders are met. As a result, it is anticipated that politicians will implement legality provisions at the national level in order to support the overall well-being of society by addressing financial, economic, environmental, and social issues as well as keeping an eye on business activities. Because it would not be appropriate in this situation to manage North Cyprus separately from other countries, a universal model that applies to all nations was developed.

Family ownership is common in North Cyprus, and there is no distinction between this setting and the economic, social, cultural, environmental, regulatory, and political settings around the world because North Cyprus has a free, open-market economy. For this reason, the 89 provisions in the model and the extensive improvements as depicted in the G15 and G17 indices underline how to address environmental injustice, whether there are financial, social, environmental, or economic problems around the world.

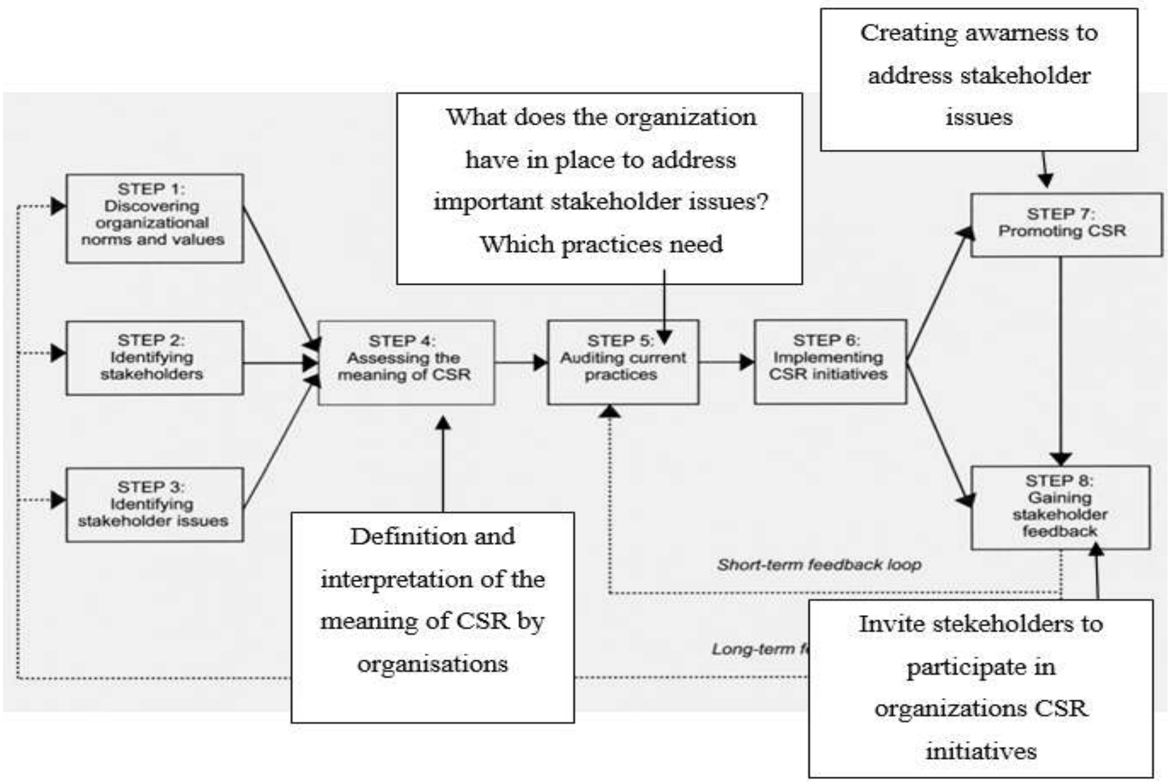
This essay defends the corporate governance guidelines that every company's management plan for environmental justice must contain. So, by addressing corporate governance, this review hopes to lessen environmental injustice. Companies in North Cyprus and other nations will be more susceptible to external shocks if their corporate mechanisms do not include the G15 and G17 provisions. Politicians have a heavy responsibility to ensure that everyone, regardless of culture, is treated fairly and actively engaged in society through laws, regulations, and policies.

Additionally, the model developed refers to the necessity of the CSR policy provision (66) and the Code of Ethics provision (67) under the elements of Capital Structure Provisions and Control Systems (internal governance element) as the two fundamental provisions that are embedded in the model that significantly contribute to sustainability success. Also, the G15 and G17 indices take into account the further development of all stakeholders' needs. According to Maignan et al. (2005), in terms of values and norms, organizations internally and externally have to create a framework to satisfy the needs and expectations of various stakeholders, so-called Primary stakeholders and Secondary stakeholders, to be able to create greater collaboration, satisfaction, and control. The organization must create a cohesive internal environment to protect and support the actions of the related stakeholders, be able to closely work together to find ways to implement rules and regulations, and work closely with social actors. On the other hand, CSR has become a routine element in the business and regulatory debate.

Corporate social responsibility (CSR) essentially entails a shift in the emphasis of corporate responsibility from profit maximization for shareholders within the bounds of legal obligations to responsibility to a broader range of stakeholders, including communal concerns like protection of the environment and accountability on ethical as well as legal obligations, McBarnet, (2009: 1). In order to address every issue a stakeholder may have, a company should develop stakeholder issue-solving indicators (Maignan et al., 2005: 961).

Corporate Social Responsibility is an important part of corporate strategy in sectors where inconsistencies arise between corporate profits and social goals or discord can arise over fairness issues. Therefore, an organization must establish a corporate social responsibility (CSR) policy in order to resolve issues. In order to create a CSR, an organization should be able to discover its values and norms and identify its stakeholders and their issues. Furthermore, an organization may follow an eight-step procedure, as shown in Figure 3, in order to be able to implement a successful CSR policy (Maignan et al., 2005:966).

Figure 3: Corporate Social Responsibility Model



Source: Adapted from Maignan et al. (2005:966)

Based on the arguments above, it could be deduced that the importance of corporate management is vital for every country, whether Cyprus, Germany, the UK, or the USA, to see for the benefit of the whole society and for the protection of our planet for future generations. The actions of the politicians should influence the firms to implement the right provisions, as illustrated in the Appendix section of this study, for their activities for environmental justice and sustainability success.

DATA AND METHODOLOGY

The investigation refers to a sample of 13 non-financial firms in North-Cyprus. All sample data consist of the frequencies of ''No'' answers for internal and external governance elements. The exchange rates of USD, EUR, GBP against the Turkish lira, the stock market prices of BIST100, S&P 500 and FTSE100 between 2013 and 2017 and net trade of all industries from 2013 to 2017. The construction of the hypotheses was based on the model in Figure 1 that internal and external governance elements are complementary and exhibit a positive relationship with firm performance.

To proceed with the investigation about the validity of the improvements in the cultural and legality elements it was necessary to assume that *''NO''* answers will be *''YES''* answers for the following questions as illustrated in Tables 1 and 2 above. The contribution of the *''YES''* answers to the internal and external governance is the weighted average of the mean values of the questions representing the *''NO''* answers indicated as a value added to the CGOV score index respectively. In addition, to capture the variations that significantly account for variations in the exchange rate exposure, net trade, and stock market returns, justifying the validity of the improvements in the cultural and legality elements, a two-factor and multiple-factor regression models and ARCH and ARMA models were used. The models used are as follows:

$$Y = a + b_1 X_1 \tag{1}$$

$$Y = a + b_1 X_1 + b_2 X_2 + \cdots .. bpXp \tag{2}$$

The ARMA model:

ARMA (p, q)

$$X_t(p) = \sum_{j=1}^{p} a_j x_{t-j} \tag{3}$$

$$X_t(q) = \sum_{j=1}^{q} b_j \epsilon_{t-j}\, \epsilon_t \tag{4}$$

Hence,

$$X_t = \sum_{j=1}^{p} a_j x_{t-j} + \sum_{j=1}^{q} b_j \epsilon_{t-j}\, \epsilon_t \tag{5}$$

Where $\{\varepsilon_t\}$ is white noise with mean constant and is uncorrelated with the x_{t-n}. The left-hand side of the equation is the process of AR and the right-hand side of the equation is the process of MA. The representation of the (*AR* (∞)) is as follows:

$$X_t = \sum_{j=1}^{\infty} \pi_j x_{t-j} + \epsilon_t \tag{6}$$

Where π_j are constants with $\Sigma \pi^2_j < \infty$.

HYPOTHESES TESTING AND EMPIRICAL RESULTS

Hypothesis 1 *H1: Internal governance and external governance are complementary and exhibit a positive relationship with firm performance.*

Table 4: Result of Hypothesis 1

a. Dependent Variable: Average Corporate Governance Score unlisted companies Cyprus	H	Intercept	R^2	F stat	t	p-value	Unstandardized Coefficients β
Corporate Legality Elements (External Governance)	*H1*	0,186	0.859	107,922	9,031	0,000	0,583
Corporate Market Culture Elements (Internal Governance)					10,787	0.000	0,303
Number of observations 320							

Notes: All sample mean corporate governance score has been determined by the corporate legality elements and corporate market culture elements. The weights are as follows: Average Corporate Governance Score = 0,186 (constant term) + 0,583((Unstandardized Betas for corporate legality elements) + 0,303 (Unstandardized Betas for corporate market culture elements) + 0,400 (error term). The p values below 0.05 indicate significance at 10%, 5%, and 1% respectively.

The results of Table 4 illustrate that the 89 provisions are interrelated and add value to the firm performance indicating efficient corporate governance. The value of R^2 = 0.859 determines the relationship between internal and external governance which is significantly positive.

The inclusion of the G15 and the G17 mandatory changes as necessary to improve corporate governance performance that may help firms to maintain equity and sustainability in tackling internal and external environmental issues whether are ecological, economic, environmental, or social.

Hypothesis 2 *H2: The inclusion of the G15 and G17 indices improves the corporate performance of firms.*

Table 5: Results of Hypothesis 2

a. Dependent Variable: Corporate Governance (CGOV)	H	Intercept	R^2	F stat	t	p-value	Unstandardized Coefficients β
G17 – External Governance	*H2*	3,895	0.991	579,902	8,472	0,000	0,055
G15 – Internal Internal Governance					29,356	0.000	0,064
Number of observations 320							

Notes: All sample mean corporate governance score has been determined by the corporate legality elements and corporate market culture elements. The weights are as follows: Average Corporate Governance Score Value Added = 3,895(constant term) + 0,055((Unstandardized Betas for corporate legality elements) + 0,064 (Unstandardized Betas for corporate market culture elements) + 0,008 (error term). The p values below 0.05 indicate significance at 10%, 5%, and 1% respectively.

All 89 provisions and the improvements in the ''NO'' provisions to ''YES'' answers justifies that firms have been at a better state combating financial exposures and obtain more stock returns on their investments also the country to improve its international trade.

The inclusion of the G15 and G17 mandatory changes improved the corporate oversight value further from 86% to 99%, which is an indication of justified good governance that aids in reducing external financial exposures and enhancing trade and stock returns. This was the foundation for hypothesis 3, which was built on the findings of hypothesis 2. Based on these findings, it can be concluded that the SOX and FRC reforms, and the mandatory changes implemented increased the overall mean value of corporate governance performance from 53% to 87%. Moreover, the mandatory changes also call for equity and sustainability, which will result in a higher standard of living, fair treatment and meaningful involvement for everyone, and equal protection of environmental and public health laws and regulations.

Hypotheses 3 and a; b; and c; provide robustness checks for the main results and the theoretical results, as well as the associated proofs regarding justified corporate governance changes.

Hypothesis 3 *H3: Corporate governance performance exhibit a statistically significant relationship with financial exposure stock returns and net trade.*

H3a: Good governance leads to less financial exposure.

H3b: Good governance leads to more stock returns.

H3c: Good governance leads to less net trade.

Prior to the inclusion of the G15 and G17 indices Panel A illustrates results regarding the relationship between firm-level performance, financial exposure, stock returns, and net trade.

Table 6: Results of Hypotheses 3, 3a, b, and c.

Net trade, Financial exposure, stock returns.

Sample adjusted 2008 - 2017

Financial exposure included observations: 3969

Stock returns included observations: 1531

Firms included observations: 320

Net trade sample: All industry.

Panel A: Test of firm-level performance financial exposure stock returns and net trade

a. Dependent Variable: Corporate Governance Score (CGOV)

	H	Intercept	R^2	F stat	t	p-value	Unstandardized Coefficients β
Financial exposure	*H3*	1,706	0,492	2,906	-1,705	0,187	-0,039
Stock returns		-1,766	0,128	1,620	1,273	0,229	3,297
Net Trade		1,537	0,131	1,057	-1,028	0,338	-0,001
Number of observations 320							

Notes: All sample mean corporate governance scores have been determined by the external governance elements and internal governance elements. The weights are as follows Corporate Governance Score = 1,706 (constant term) + -0,039((Unstandardized Betas for financial exposure) + 0,023 (error term). Corporate Governance Score = -1,766 (constant term) + 3,297 (Unstandardized Betas for stock returns) + 3,394 (error term). Corporate Governance Score = 1,537(constant term) + -0,001 (Unstandardized Betas for net trade) + 0,013 (error term). The p values below 0.05 indicate significance at 10%, 5%, and 1% respectively.

Panel B: Test of firm-level performance financial exposure stock returns and net trade after inclusion of the G15 and G17 indices.

a. Dependent Variable: Average Corporate Governance Score Value Added (CGOVSVA)

	H	Intercept	R^2	F stat	t	p-value	Unstandardized Coefficients β
Financial exposure	*H3a*	2,933	0,993	302,302	-17,387	0,004	-0,499
Stock returns	*H3b*	-12,597	0,294	4,570	2,138	0,056	14,472
Net Trade	*H3c*	1,891	0,405	4,769	-2,184	0,065	-0,003
Number of observations 320							

Notes: All sample mean corporate governance score has been determined by the external governance and internal governance elements. The weights are as follows: Corporate Governance Value Added = 2,933 (constant term) + -0,499((Unstandardized Betas for financial exposure) + 0,029 (error term). Corporate Governance Value Added = -12,597 (constant term) + 14,472 (Unstandardized Betas for stock returns) + 6,770 (error term). Corporate Governance Value Added = 1,891(constant term) + -0,003 (Unstandardized Betas for net trade) + 0,001 (error term). The variables are in absolute values. The p values below 0.05 indicate significance at 10%, 5%, and 1% respectively.

Finally, a paired sample t-test of the differences in the mean scores of firm-level performance, financial exposures, stock returns, and net trade was performed to confirm hypothesis 3 and support the above findings. After that, the absolute values were transformed by taking their square roots. This was necessary to remove the negative and positive percentage changes because leaving the absolute values could have imposed transaction bias, causing the error terms to be distributed abnormally (Table 7).

Table 7: Paired Samples Test

	Paired Differences							
				95% Confidence Interval of the Difference				
	Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
CGOV – Financial exposure 2013 TO 2017	-,520	,179	,080	-,744	-,297	-6,474	4	,003
CGOVVA – Financial exposure 2013 TO 2017	-,229	,184	,092	-,522	,064	-2,484	3	,089
CGOV - Stock returns 2013 TO 2017	,533	,052	,014	,502	,565	36,835	12	,000
CGOVVA – Stock returns 2013 TO 2017	,866	,091	,025	,811	,922	34,067	12	,000
CGOV - Net trade 2013 TO 2017	-,368	1,504	,501	-1,525	,787	-,736	8	,483
CGOVVA – Net trade 2013 TO 2017	-,256	1,352	,478	-1,387	,875	-,535	7	,609

Notes: The table illustrates the paired samples t-test results. The table shows the difference of the mean scores of CGOV, Net trade, Financial exposure, and Stock returns. Hence , the *results show the standard deviation of the difference between the means and the standaard errors of the differenec between firms' CGOV, Net trade, Financial exposure and stock returns respectively. Furhermore, the t values exhibit that, improvements in the copporate governance performance of firms led to a more positive net trade and less financial exposure. The total tailed probability for CGOV and Net trade imply that there is significant difference in firms' means between CGOV and Net trade where, t(8) = -0,73, p.000 for CGOVVA and Net trade t(7) = -0,53, p.000 and similarly there is significant difference in companies'means CGOV and Financial exposure where, t(4) = -6,47, p .003 and for CGOVVA and Financial exposure where, t(3) = -2,48, p .089. For CGOV and Stock returns there is significant difference in firms' means where, t(12) = 36,83, p .000 and for CGOVVA and stock returns where, t(12) = 34,06, p.000 confirming the rejection of the null hypothesis. For more details in Table 7, refer to the Appendix for original outcomes from the SPSS.*

These findings suggest that it is more important to establish an appropriate firm-based corporate governance mechanism before reforming capital market provisions to address the complexities of market risks caused by stock prices and/or exchange rates. As a result, the hypotheses developed contribute to our understanding that corporate governance performance is important and positively related to internal and external governance behaviour while being negatively related to financial exposures.

The G15 index covers 15 provisions that are required amendments to ensure fair treatment and meaningful participation of all people in both the internal and external environments of laws, regulations, and policies; the G17 index, with its seventeen provisions, is primarily responsible for covering these issues. As a result, the G15 and G17 indices support the idea that firm-based performance contributes to sustainable development, which includes environmental justice, which addresses social, economic, and environmental injustice.

DISCUSSION AND CONTRIBUTION TO CORPORATE GOVERNANCE THEORY AND PRACTICE

This study demonstrates that the provisions of internal and external governance elements influence overall corporate behavior, and mandatory changes contribute to better corporate governance mechanisms that aid in the management of financial complexities as well as maintaining environmental justice. As a result, firms with demonstrable corporate governance practices will benefit from the trust that their stakeholders have instilled in them, and it would be great to see managers and, most likely, leaders equipped on ethical grounds and in favor of a greater benefit to society as well as the firm by rejecting the most unethical solutions.

The strategic plan of a controlled system of corporate behavior is the need to understand and acknowledge that the model's key elements in Figure 1 are consistent with the cultural and legality approach (Cameron et al., 2006; Gillan, 2006), which is likely to lead to efficiency in corporate behavior that meets the principles outlined in the Sarbanes-Oxley Act (SOX, 2002) and the Financial Reporting Council (FRC, 2014).

This review paper also looks into the issue of correct corporate behavior-based governance and how it can be improved, recognizing that proper corporate behavior can help prevent undesirable corporate activity that necessitates mandated governance provisions leading to environmental justice.

Previous evidence indicated internal country-level capital market inefficiency and negative incorporation of internal and external governance, implying a need for enforcement to improve corporate governance mechanisms for proper management in terms of fair treatment and meaningful involvement of people and equal protection of environmental and public health laws and regulations and investment strategies at the firm level.

According to regression and t-test analyses, financial difficulties can be overcome by well-managed businesses, and despite this, the rules, laws, and regulations that the governments will propose will guarantee equality and sustainability. Only with good management will companies be able to comply with laws and regulations. Accordingly, the findings of earlier research demonstrate that the only way to achieve proper management, both at the level of companies and countries, is by putting the chosen provisions into practice. Therefore, all individuals and communities will have the right to equal protection, equitable treatment, and meaningful participation under environmental and public health laws and regulations by putting into practice the 89, G15, and G17 provisions that justify good governance.

Ecological, economic, and social requirements are prerequisites for sustainable development that can be satisfied with good and proper governance. It also ensures the development of a democratic governance mechanism that defends the values that people who create social requirements want to live by with the addition of G15 and G17 provisions, which give support to the 89 provisions as improvements, as the model expresses. We can assert that anyone who generates income and can afford the necessities of life can access them.

CONCLUSION

First, the findings revealed that both internal and external governance elements have a positive relationship with firm performance. (1)The proposed corporate governance model's key elements of internal and external governance aid in assessing firm-level corporate behaviour and performance and are statistically significant. (2) The inclusion of mandated provisions improved the corporate governance score on average. (3) The proposed model of corporate governance contains the appropriate value drivers for orientation in the relevant provisions, allowing firms to implement and deviate when issues and complexities arise in the internal and external environment whether is economic, ecological, social, or environmental. Second, the value of 85.59% indicates that the magnitude of change or variation in internal and external governance variables in relation to the independent variable corporate governance performance is significant, and internal and external governance responsiveness is positive (β =.303, p.00) and (β =.583, p.00) (See table 4 H1), indicating that firms can make long-term investments and financial innovations. The inclusion of mandated governance provisions in the G15 and G17 produced valuable results, such as an increase in the overall mean score of corporate governance performance of firms. The value of 99.10% indicates that the magnitude of the change or variation in G15 and G17 internal and external governance variables in relation to the independent variable corporate governance performance is significant, and mandated provision responsiveness is positive (β =.064, p.00) and (β =.055, p.00) (See table 5 H2). Third, improvements in non-listed companies' corporate governance provisions significantly improve corporate governance performance. Furthermore, the inclusion of mandated governance provisions in the G15 and G17 demonstrates that good governance leads to increased foreign trade and stock returns and decreased financial exposure.

Finally, and most importantly, the G15 and G17 mandated corporate governance measures are critical in influencing good corporate governance changes for all stakeholders, as well as maintaining financial market stability and risk management. The adoption of mandated external governance provisions (G15 index) measures reduced financial exposure and increased net trade and stock returns more than mandated internal governance provisions (G17 index). Both measures are absolutely necessary in order to deal with the complexities of market risks and to develop financial markets. As a result, emphasis is placed on the relationship between corporate governance performance and financial exposures, net trade, and stock returns.

These studies have demonstrated that all the components of the ideal governance mechanism greatly aid in the realization of environmental justice, equity, and sustainability in this context. Thanks to the correct and legitimate laws and provisions that will be proposed by those in charge of the countries, the rights of shareholders and managers working in corporations, taking environmental protection measures, and realizing the existence of the principle of equality will all be realized. This study has demonstrated that achieving environmental justice, equity, and sustainability requires the proper governance framework at the corporate and national levels.

LIMITATIONS OF THE STUDY

This new review paper addresses the mandated provisions needed for firms to have in place prior to interaction with the external and internal environment and does not attempt to explain the external economic impact on firms. However, it outlines ethical considerations in terms of dealing with all stakeholders and the value drivers that can help firms to establish the right leadership effectiveness for better running companies and most generally in the world. Hence, the constructed model of corporate governance in Figure 1 does not attempt to address political issues that may influence firms' activities but instead helps firms embed the right orientation in dealing with environmental issues and financial complexities internally and externally. In addition, the review does not attempt to explain the impacts of poor corporate governance but tries to explain the complementarity of internal and external governance elements for better-run companies for sustainable justice, equity, and sustainability.

The data that support the findings of this study are openly available in [FTSE 100 Index (FTSE)] at [https://uk.investing.com/indices/uk-100], reference number [FTSE 100 Index (FTSE) – Investing.com].

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APPENDICES

Avcın and Balcıoğlu (2017) 89 'good' governance provisions

Element 1: Collaborate provisions

1. The organization provides all employees with all the necessary support and direction to help maintain efficiency and share the success of growing together and acting in unity.
2. Managers and other employees show mutual respect and understanding to each other while working in the organization.
3. The organization uses the process during which employees are consulted about becoming actively involved in a project or program of activity.
4. The organization has a reward system and modes of conduct (moral practices) in order to maintain job satisfaction and a high level of morale.
5. In the organization, departments provide employees with the right information about ownership interests and profit-sharing rights. **
6. All employees are given the right to negotiate power and openly reach collaborative decisions. **
7. All departments and the top management are working interdependently and there is good interaction and communication.
8. Employees in departments assigned to work on a project. **

9. Employees are happy with their work and with their supervisor.
10. Employees are happy with the way the reward system and the modes of conduct provisions are implemented in the organization. **
11. Employees can own shares within their company. **

Element 2: Control provisions

12. Your organization provides you with a job specification and person specification relating to your job role and responsibilities.

13. Your organization has a control system (a hierarchy of structure) that defines roles and responsibilities.

14. Your organization has a disciplinary and grievance rules to help maintain efficiency and predictability at work and use these rules whenever is necessary.

15. Your organization has Health and Safety policy

16. Your organization has employment policy.

17. Your organization has a CSR (Corporate Social Responsibility) policy.

18. Your organization has Codes of ethics policy.

19. Your organization has a management strategy (Mission Statement) to help maintain a competitive edge within the environment. **

20. Your organization has a Customer charter policy (number of standardized rules) to establish excellent customer service. **

21. Your organization has other standardized procedures in order to improve motivation such as education and training on the job and off the job, use of appraisal schemes to increase effectiveness and efficiency.

22. Employees are happy with all the control systems that the organization maintains at the present time.

3. Element 3: Creativity provisions

23. Your organization helps integrate such culture at work to make you adapt to new activities such as participating to work in new projects and be creative.

24. Your management provides you with the right new approaches to help innovate and participate in creativity.

25. Your organization spends on Research and Development.

26. Your management allows innovative approaches and entrepreneurship.

27. Your organization is currently working on an innovation. **

28. Your organization recently launched a new product. **

29. Your organization opened up new growth opportunities for original products and services.

30. Your organization acquires new resources in order to establish new product uniqueness. **

31. Your organization maintains a management strategy of doing things first to maintain external discretion.

32. Your organization has a team of market researchers to help find information about product innovation.**

33. Your organization follows a market-oriented approach to establish competitive edge and control and improve market share.

4. Element 4: Compete (Market Culture) provisions

34. Your organization rightly implements its CSR policy.

35. Your organization works closely with the community.

36. Your organization maintains high quality of customer response to complaints and resolve problems quickly.

37. Your organization establishes its activities based on the activities and requirement of the market itself.

38. Your organization follows private sector (Price Mechanism) interactions in order to do things fast.

39. Your organization follows Financial Markets (FM) interactions in order to improve its trade and implement product-pricing strategies.

40. Your organization provides feedback forms to customers. **

41. Your organization received a market award in the last decade. **

42. Your organization follows international trading and quality standards (e.g. ISO 9000). **

43. Your organization is a member of a trading bloc such as the European Union (EU). **

44. You have received a share of profit from your organization in the last decade. **

5. Element 5: Board of directors and managerial incentives provisions

45. Your organization does have independent board members that are actively involved with the provisions of directing and controlling. **

46. Your organization maintains a system of advice to investors and all stakeholders consistent with the current situation regarding investment targets. **

47. The Board of Directors and managers provide the right and convenient financial and managerial incentives to all employees and shareholders.

48. Your company has compensation regulations actively used. **

49. All employees have a contract of employment and employment agreement between the ownership and the directors.

50. Your organization has independent proxy advisors.

51. Your organization has customer social charters and codes of ethics rules.

52. Your organization allows more shareholders' and employees' involvement in terms of debt and voting rights. **

52. Your organization has a contract with the shareholders in which they agree on how the company will run.

54. Your company has the protection of a shareholders' agreement against the power of the majority shareholders

55. Your organization provides information to all shareholders regarding the debt and the voting rights for resolution during the transfer of shares and obtaining share capital from external sources.

56. Shareholders have cumulative voting rights to increase and decrease board size and amend charter/bylaws. **

Element 6: Capital Structure Provisions and Control Systems

57. Your company has outstanding debt instruments at present in the debt market. **

58. Your company has outstanding corporate equities in the equity market. **

59. The shareholders' majority vote is required in order to approve a merger.

60. Shareholders can call special meetings.

61. All stock-incentive plans adopted with shareholder approval.

62. Your company has an audit committee made up of independent directors and with the necessary experience.

63. Your company has a remuneration compensation committee.

64. Your company has an internal audit function other than the audit committee.

65. Your company has an investment finance committee. **

66. Your company has an active CSR policy.

67. Your company has Codes of ethics standards actively used.

Element 7: Law and Regulations provisions

68. The management of your organization follows laws and regulations to help maintain good governance practices and long–run sustainability.

69. Your organization aims to establish a culture on a "comply and explain" principle in order to create better social value and financial value for the whole society.

70. Your organization always expects to improve shareholder improvement and governance reporting in line with current government regulations.

71. Your management aims to provide quality information in order to create a strong shareholder involvement and protect all stakeholders based on the "say on pay" principle.

72. Your organization follows current labour market legislation in order to maintain efficiency and effectiveness in your activities.

73. Your organization recently recruited new employees.

74. The management of your organization helps maintain the highest motivation of your employees by protecting their pay and working conditions in line with current regulations.

75. Your organization has a reward system. **

76. Your management provides a contract of employment to new employees and renew for existing employees with current laws to avoid discrepancies and conflicts.

77. Your management works closely with independent consultants, and advisors in order to maintain reliable and consistent information about the capital markets.

78. Your company has its own teams and executives that gather information from external sources and analyse current market situations in order to do things first and fast. **

Element 8 Capital Market provisions

79. Your company states and maintains the role, duties and responsibilities of the BODs.

80. Your Board of Directors closely controls and advises the operations in line with laws, Articles of Association and internal rules, regulations and policies.

81. Your management and the BODs have a special provision in your Articles of Association regarding the statutory rights, treatment and involvement of shareholders while practicing in the capital market and in the running of the company.
82. To accommodate the practice of shareholders your organization acts in compliance with the current regulations and apply internal rules.
83. Your organization adopts a cumulative voting procedure in order to improve relations between all shareholders, no matter of being a minority or foreign.
84. The Board of Directors should clearly explain and include the adoption of principles already covered in its annual report.
85. Your company has a dividend and public information policy. **
86. Your organization has an information policy that informs the public about its way of implementing and use of new developments regarding capital market instruments. **
87. Your company's Board of Directors clearly explains and includes the adoption of non-applicable principles in its annual report. **
88. Your company clearly discloses with evidence any used capital market instruments abroad, such as in a foreign securities exchange, results, and financial status of its operations. **
89. Your company provides information about its total share capital and voting rights under current laws and all transactions performed by the Board disclosed. **

These provisions are complementary that provide an incentive to firms that enable them to establish the right corporate management mechanism.

** 'No answers'

G17 index provisions mandated

1. In the organization, departments provide employees with the right information about ownership interests and profit-sharing rights.
2. All employees are given the right to negotiate power and openly reach collaborative decisions.
3. Employees in departments assigned to work on a project.
4. Employees are happy with the way the reward system and the modes of conduct provisions are implemented in the organization.
5. Employees are allowed to own shares within their company.
6. Your organization has a management strategy (Mission Statement) to help maintain a competitive edge within the environment.
7. Your organization has a Customer Charter (CC) policy (number of standardized rules) to establish excellent customer service.
8. Your organization currently is working on innovation.
9. Your organization recently launched a new product.
10. Your organization acquires new resources in order to establish new product uniqueness...

11. Your organization maintains a management strategy of doing things first to maintain external discretion.
12. Your organization has a team of Market Research (MR) to help find information about product innovation.
13. Your organization provides feedback forms to customers.
14. Your organization received a market award in last decade.
15. Your organization follows international trading and quality standards (e.g. ISO 9000).
16. Your organization is a member of a trading bloc such as the European Union (EU).
17. You have received a share of profit from your organization in the last decade.

G15 index provisions mandated

1. Your organization has independent board members that are actively involved with the provisions of directing and controlling.
2. Your organization maintains a system of advice to investors and all stakeholders consistent with the current situation regarding the financial position and investment targets.
3. Your company has compensation regulations actively used.
4. Your organization allows more shareholders' and employees' involvement in terms of debt and voting rights.
5. Shareholders have cumulative voting rights to increase and decrease board size and amend charter/bylaws.
6. Your company has outstanding debt instruments at present in the debt market.
7. Your company has outstanding corporate equities in the equity market.
8. Your company has an investment finance committee.
9. Your organization has a reward system.
10. Your company has its own teams and executives that gather information from external sources and analyze current market situations in order to do things first and fast.
11. Your company has a dividend and public information policy.
12. Your organization has an information policy that informs the public about its way of implementing and use of new developments regarding capital market instruments (financial innovations) in accordance with the current law.
13. Your company clearly discloses with evidence any used capital market instruments abroad, such as in a foreign securities exchange results and financial status of its operations.
14. Your company provides information about its total share capital and voting rights under current laws.
15. All transactions performed by the Board are disclosed to the public.

Table 1: Frequencies of ''No'' Answers for Internal Governance Elements. Internal Governance Elements' Provisions.

Q5cIn the organization departments provide employees with the right information about ownership interests and profit-sharing rights.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	55	1,4	29,3	29,3
	no	**133**	3,4	**70,7**	100,0
Q6cAll employees are given the right to negotiate power and openly reach collaborative decisions.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	86	2,2	45,7	45,7
	no	**102**	2,6	**54,3**	100,0
Q8cEmployees in departments are assigned to work on a project.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	42	1,1	22,3	22,3
	no	**146**	3,7	**77,7**	100,0
Q10cEmployees are happy with the way the reward system and the modes of conduct provisions are implemented in the organization.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	93	2,3	49,5	49,5
	no	**95**	2,4	**50,5**	100,0
Q11cEmployees are allowed to own shares within their company.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	13	,3	6,9	6,9
	no	**175**	4,4	**93,1**	100,0
Q8ctYour organization has a management strategy (Mission Statement) to help maintain competitive edge within the environment.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	120	3,0	63,8	63,8
	no	**68**	1,7	**36,2**	100,0
Q9ctYour organization have a Customer Charter (CC) policy (number of standardized rules) to establish excellent customer service.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	103	2,6	54,8	54,8
	no	**85**	2,1	**45,2**	100,0
Q5crYour organization currently is working on a new innovation.					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	yes	91	2,3	48,4	48,4
	no	**97**	2,4	**51,6**	100,0

Q6crYour organization recently launched a new product.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	78	2,0	41,5	41,5
	no	**110**	2,8	**58,5**	100,0

Q8crYour organization acquire new resources in order to establish new product uniqueness.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	72	1,8	38,3	38,3
	no	**116**	2,9	**61,7**	100,0

Q9crYour organization maintain a management strategy of doing things first to maintain external discretion.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	91	2,3	48,4	48,4
	no	**97**	2,4	**51,6**	100,0

Q10crYour organization have a team of Market Research (MR) to help find information about product innovation.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	79	2,0	42,0	42,0
	no	**109**	2,7	**58,0**	100,0

Q7mcYour organization provide feedback forms to customers.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	81	2,0	43,1	43,1
	no	**107**	2,7	**56,9**	100,0

Q8mcYour organization received a market award in last decade.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	59	1,5	31,4	31,4
	no	**129**	3,3	**68,6**	100,0

Q9mcYour organization follow international trading and quality standards (e.g. ISO 9000).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	91	2,3	48,4	48,4
	no	**97**	2,4	**51,6**	100,0

Q10mcYour organization is a member of a trading bloc such as the European Union (EU).

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	41	1,0	21,8	21,8
	no	**147**	3,7	**78,2**	100,0

Q11mcYou have received a share of profit from your organization in the last decade.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	19	,5	10,1	10,1
	no	**169**	4,3	**89,9**	100,0

Table 2: Frequencies of ''No'' Answers for External Governance Elements. External Governance Elements' Provisions.

Q1bdmiYour organization has independent board members that are actively involved with the provisions of directing and controlling					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	44	1,1	33,3	33,3
	no	**88**	2,2	**66,7**	100,0
Q2bdmiYour organization maintain a system of advice to investors and all stakeholders consistent with the current situation regarding the financial position and investment targets.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	55	1,4	41,7	41,7
	no	**77**	1,9	**58,3**	100,0
4bdmiThe Board of the directors and the managers provide the right and convenient financial and managerial incentives to all employees and shareholders					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	55	1,4	41,7	41,7
	no	**77**	1,9	**58,3**	100,0
Q8dbmiYour organization allows more shareholders and employees involvement in dept and voting rights.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	11	,3	8,3	8,3
	no	**121**	3.0	**91,7**	100,0
Q12bdmiShareholders have cumulative voting rights to increase and decrease board size and amend charter/bylaws.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	44	1,1	33,3	33,3
	no	**88**	2,2	**66,7**	100,0
Q1cscsYour company has an outstanding debt instrument at present in the debt market.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	22	,6	16,7	16,7
	no	**110**	2,8	**83,3**	100,0
Q2cscsYour company has an outstanding corporate equities in the equity market					
		Frequency	Percent	Valid Percent	Cumulative Percent

Valid	yes	11	,3	8,3	8,3
	no	**121**	3,0	**91,7**	100,0
Q9cscsYour company has a strategy investment finance committee.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	55	1,4	41,7	41,7
	no	**77**	1,9	**58,3**	100,0
Q8lrYour organization has a reward system					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	66	1,7	50,0	50,0
	no	**66**	1,7	**50,0**	100,0
Q11lrYour company has its own teams and executives that gather information from external sources and analyze current market situations in order to do things first and fast.					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	77	1,9	58,3	58,3
	no	**55**	1,4	**41,7**	100,0
Q7cmYour company has a dividend and public information policy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	55	1,4	41,7	41,7
	no	**77**	1,9	**58,3**	100,0
Q8cmYour organization has an information policy that informs the public about its way of implementing and use of new developments regarding capital market instruments (financial innovations) in accordance with the current law.					
Valid	yes	44	1,1	33,3	33,3
	no	**88**	2,2	**66,7**	100,0
Q9cmYour company clearly discloses with evidence of any used capital market instruments abroad, such as in a foreign securities exchange, results and financial status of its operations.					
Valid	yes	33,0	,8	25,0	25,0
	no	**99,0**	2,5	**75,0**	100,0
Q10cmYour company provide information about its total share capital and voting rights under current laws					
Valid	yes	55,0	1,4	41,7	41,7
	no	**77,0**	1,9	**58,3**	100,0
11cmAll transactions performed by the Board are disclosed to the public.					
Valid	yes	11	,3	8,3	8,3
	no	**121**	3.0	**91,7**	100,0

Source: SPSS