OWNERSHIP STRUCTURE AND CORPORATE REPUTATION IN MALAYSIA

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OWNERSHIP STRUCTURE AND CORPORATE REPUTATION IN MALAYSIA

ABSTRACT

Corporate reputation research has grown significantly in recent years, highlighting a strong link between reputation and performance. However, measuring reputation solely by performance is insufficient due to the complexity of the concept. More research is needed to identify precise variables for assessing corporate reputation. Previous studies in Spain explored the relationship between ownership structure and corporate reputation, finding that family ownership negatively impacts reputation. This supports agency theory, which suggests that there is always a conflict of interest between majority and minority ownership which can harm corporate reputation. Unlike the diverse ownership in Spain, Malaysia's ownership structure is more concentrated, presenting challenges for applying these findings directly. This study aims to understand how corporate ownership structure affects corporate reputation in Malaysia by investigating the impact of family, institutional, foreign, and concentrated ownership on corporate reputation, controlling for firm age, board size, and firm size. Using 519 observations from 173 non-financial companies listed on Bursa Malaysia between 2017 and 2019, the study finds that none of the variables show a significant relationship with corporate reputation. The study's results offer practical strategies for managing corporate reputation, guiding investors, policymakers, and stakeholders in their decision-making processes, and enriching academic understanding of corporate reputation, governance, and ownership relations. These findings encourage investors to evaluate companies using broader criteria and help policymakers design more comprehensive regulatory frameworks. Additionally, the study adds nuance to agency theory by challenging simplistic assumptions about the impact of ownership on

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reputation. Academically, it promotes the development of more complex models and interdisciplinary research to better understand the factors driving corporate reputation. Future research should include a broader range of variables to capture changes over time. Comparative studies across different regions or industries and incorporating qualitative methods like interviews can provide deeper insights. Additionally, focusing on governance practices and shareholder perspectives, as well as using advanced analytical techniques, will enhance the understanding of factors driving corporate reputation.

Keywords: family ownership, institutional ownership, foreign ownership, concentration ownership, corporate reputation

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STRUKTUR PEMILIKAN DAN REPUTASI KORPORAT DI MALAYSIA

ABSTRAK

Kajian reputasi korporat telah menyaksikan pertumbuhan dan perkembangan yang ketara dalam beberapa tahun kebelakangan ini. Penyelidikan menunjukkan hubungan yang signifikan antara reputasi korporat dan prestasi korporat. Walau bagaimanapun, disebabkan sifat reputasi korporat yang luas, kebergantungan pada prestasi semata-mata mungkin tidak memberikan penilaian yang tepat. Penyelidikan lanjut diperlukan untuk mengenal pasti pembolehubah yang boleh mengukur reputasi dengan tepat. Kajian terdahulu yang dijalankan di Sepanyol telah cuba mewujudkan hubungan antara struktur pemilikan dalam syarikat dan reputasi korporat secara keseluruhan. Kajian tersebut membuktikan bahawa pemilikan keluarga memberi impak buruk terhadap reputasi korporat. Kenyataan ini menyokong teori agensi, yang menyatakan bahawa sentiasa wujud konflik kepentingan antara pemegang saham majoriti dan minoriti yang boleh merosakkan reputasi korporat disebabkan kepentingan yang bertentangan. Walau bagaimanapun, struktur pemilikan di Sepanyol adalah berbentuk kepelbagaian pemilik, manakala Malaysia mempunyai ciri-ciri kepekatan pemilik. Oleh itu, melaksanakan teori kajian tersebut di Malaysia memberikan cabaran dan mungkin tidak dapat dicapai secara praktikal. Kajian ini lebih bermotivasi untuk meneruskan usaha penyelidikan tersebut, terutamanya dalam konteks Malaysia. Objektif utama penyelidikan ini adalah untuk mengkaji dan mendapatkan pemahaman yang komprehensif mengenai korelasi antara struktur pemilikan korporat dan reputasi korporat dalam persekitaran perniagaan Malaysia. Seterusnya, kajian ini bertujuan untuk membantu perniagaan, pelabur, dan pembuat dasar di Malaysia bagi membolehkan mereka membuat keputusan yang tepat. Hal ini akan dicapai dengan menyiasat pengaruh pelbagai jenis pemilikan terhadap reputasi korporat, termasuk pemilikan keluarga, institusi, asing, dan kepekatan. Wawasan yang dinamik ini boleh

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menyumbang kepada badan penyelidikan ilmiah yang sedia ada mengenai tadbir urus korporat dan pengurusan reputasi. Penyelidikan ini menggunakan sejumlah 519 pemerhatian, khususnya memberi tumpuan kepada 173 syarikat bukan kewangan yang disenaraikan di Bursa Malaysia dari tahun 2017 hingga 2019. Hasilnya menunjukkan bahawa kesemua faktor-faktor tersebut tidak mempengaruhi reputasi korporat. Penemuan penyelidikan ini adalah relevan dengan bidang teori agensi dan bermanfaat untuk proses membuat keputusan pemegang saham. Selain itu, penemuan kajian ini mempunyai kepentingan yang besar bagi perusahaan dalam merancang strategi yang berkesan untuk menguruskan reputasi. Selain itu, kajian ini boleh membantu pelabur dalam membuat pilihan yang tepat, membimbing pembuat dasar dalam merumuskan dasar tadbir urus korporat, dan memupuk kepercayaan serta hubungan dengan pihak berkepentingan. Tambahan pula, dapatan kajian ini meningkatkan pemahaman ahli akademik mengenai reputasi korporat, tadbir urus, dan hubungan pemilikan. Penyelidikan masa depan harus merangkumi julat pembolehubah yang lebih luas untuk mencatat perubahan dari semasa ke semasa. Kajian perbandingan merentas wilayah atau industri yang berbeza dan menggabungkan kaedah kualitatif seperti temu bual boleh memberikan pandangan yang lebih mendalam. Selain itu, dengan memberi tumpuan kepada amalan tadbir urus dan perspektif pihak berkepentingan, serta menggunakan teknik analisis lanjutan, akan meningkatkan pemahaman tentang faktor yang mendorong reputasi korporat.

Kata kunci: pemilikan keluarga, pemilikan institusi, pemilikan asing, pemilikan tumpuan reputasi korporat

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LIST OF SYMBOLS AND ABBREVIATIONS

MSWG	:	Minority Shareholder Watch Group
CR	:	Corporate Reputation
FO	:	Family Ownership
IO	:	Institutional Ownership
FRO	:	Foreign Ownership
CO	:	Concentration Ownership
BOD	:	Board of Director

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CHAPTER 1: INTRODUCTION

1.0 Introduction

The basis for the following chapters is laid in this chapter's thorough research summary. It begins by presenting the research background and problem statement in sections 1.1 and 1.2. These sections provide essential context and highlight the specific issue the research aims to address. Following that, sections 1.3 and 1.4 propose the research questions and objectives, outlining the particular inquiries and goals that guide the study. These research questions and objectives serve as a roadmap for the research and shape the direction of the subsequent chapters. Section 1.5 focuses on the study's significance, which is emphasised to underscore its relevance and potential impact within academia or practical applications. Section 1.6 proposes the research organisation, providing a clear structure for the subsequent chapters. This section outlines the logical progression of topics and themes that will be covered, ensuring a coherent flow of ideas throughout the research. By presenting this organisational framework, one can understand how the study is structured and how the different sections are interconnected. Finally, section 1.7 concludes the chapter, summarising the main points discussed and setting the stage for the subsequent chapters. The concluding section reinforces the importance of the research and its relevance in addressing the identified problem or gap. This chapter delivers an extensive study overview, covering the research background, problem statement, research questions, objectives, gaps, research significance, organisation, and a concluding summary. It serves as a crucial introductory chapter, setting the stage for the subsequent chapters and guiding through the dissertation's key elements.

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1.1 Background of Study

Corporate reputation has garnered increasing attention across business studies, accounting, and related disciplines. As evident in works by Fombrun and Shanley (1990), Esen (2013), and Febra et al. (2023), scholars have delved extensively into this subject over time. The ongoing exploration of corporate reputation underscores its growing pertinence within the business landscape. As highlighted by Sarstedt et al. (2013), the importance of a firm's corporate reputation has become more pronounced within the business context. Hence, organisations are increasingly aware of their reputation's value and influence over diverse facets of their operations.

The evolution of research on corporate reputation commenced with Faris and Levitt's (1966) exploration, initially centring on the perception of reputation by buyers. Their study highlighted the significance of reputation as a key factor influencing consumer behaviour and corporate reputation. This research laid the foundation for subsequent studies on corporate reputation, emphasising its role in shaping consumer trust, brand loyalty, and purchase decisions. Faris and Levitt's pioneering work spurred a growing interest in reputation management and measurement, developing various theories and methodologies for assessing and improving corporate reputation.

Over time, the scope broadened to encompass stakeholders' perceptions, including shareholders. Scholars recognised that shareholder decisions are swayed by a company's reputation, influenced by information sources such as the company itself, the media, and other monitors (Fombrun & Shanley, 1990). Goldring (2015) states that upholding a favourable corporate reputation can yield competitive advantages and heightened economic success (Salam & Jahed, 2023). Consequently, a positive corporate reputation benefits shareholders by augmenting the company's overall value, fostering trust, and enriching business activity.

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Ownership structure significantly impacts investors' perceptions and decisions due to the potential for conflicts of interest and governance issues. According to agency theory, these conflicts often arise between majority and minority shareholders, with a heightened risk of expropriation in family ownership. In such scenarios, majority shareholders may prioritise their interests over those of minority shareholders, leading to decisions that could harm the company's overall value and tarnish its reputation. For example, majority shareholders might engage in related-party transactions that benefit themselves at the expense of the company, or they might resist changes that could dilute their control but would benefit the company as a whole.

This potential for conflict and self-serving behaviour makes investors particularly cautious about ownership structures. They closely examine how ownership is distributed and who holds the control to gauge the risk of governance issues that could adversely affect the company. A concentrated ownership structure can signal strong control and potentially decisive leadership, but it also raises red flags about the fairness and transparency of decision-making processes. Conversely, a more dispersed ownership structure might indicate a more balanced approach to governance but could also lead to slower decision-making and potential coordination problems among a larger number of shareholders.

Previous studies have extensively linked ownership structure to corporate governance, underscoring the importance of effective governance mechanisms in maintaining corporate reputation. Researchers such as Brammer and Millington (2005), Brammer and Pavelin (2006), and García et al. (2010) have demonstrated that ownership structures significantly influence corporate governance practices. Good governance ensures that the interests of all shareholders are considered, reducing the risk of expropriation and enhancing trust among investors.

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Corporate governance, in turn, directly impacts corporate reputation. A company with robust governance practices is likely to be viewed more favourably by investors, as it signals a commitment to fairness, transparency, and accountability. Effective governance can mitigate the risks associated with concentrated ownership, ensuring that majority shareholders do not exploit their position to the detriment of the company and its minority shareholders. This positive perception can enhance the company's reputation, making it more attractive to investors who are seeking stable and well-governed investment opportunities.

Most of the existing studies focus on Western and European contexts, where ownership is more diversified, which might be challenging to apply in countries with concentrated ownership, such as Asian economies like Malaysia. Understanding the relationship between ownership structure and corporate reputation within the Malaysian context can provide new insights into agency theory and assess whether the results of previous studies in diversified ownership hold. By investigating this relationship, this research helps to identify variables that can mitigate the agency problem in concentrated ownership. Thus, it adds value to academic discussions and assists businesses in making strategic decisions, such as determining which investors to approach to boost the business. Moreover, it aids policymakers in developing regulations that improve corporate reputation, for example, by attracting specific investors who can foster better corporate practices to enhance the reputation of Malaysian businesses.

Since there is no widely accepted way to measure corporate reputation, a broad and all-encompassing model is needed to fairly represent corporate reputation from the viewpoints of different shareholders. To achieve this, a search was conducted using keywords such as Corporate Reputation and Reputation across various databases, including A-Z Database, Emerald, JSTOR, SAGE, Science Direct, and Scopus.

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Relevant articles from sources like the Management Journal of Accounting and Finance, Journal of Business Administration, Journal of Accounting and Economics, Corporate Reputation Review, and Strategic Management Journal, published between 1965 and 2023, were reviewed to construct a quantitative analysis database.

With evolving philosophical perspectives on the nature and role of businesses, the study of corporate reputation has gained heightened prominence. The shift from viewing businesses solely as profit-driven private enterprises to regarding them as societal institutions with a mission to enhance individuals' quality of life underscores this transformation. Businesses no longer prioritise the growth of stock prices as their sole primary objective at the expense of all other considerations. In the globalised era, where businesses must address an array of issues, their reputations have become more intricate and nuanced. Every business carries the complex social and economic responsibility to cultivate and safeguard its image. If customers, investors, and other key stakeholders lose confidence in a company, its long-term viability can be compromised. Consequently, reputation continues to demonstrate its value as a valuable intangible asset requiring astute management.

Furthermore, earlier findings underscore that a favourable corporate reputation can confer considerable competitive advantages on businesses. Dash and Mohanty (2023) and Xuetong et al. (2023) are among the studies bolstering this assertion. These investigations underscore the positive impact of corporate reputation on various dimensions of business. A robust reputation contributes to enhanced financial results, fosters customer loyalty and trust, and attracts skilled employees, thereby cultivating a competitive edge in the market.

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Thus, corporate reputation involves shareholders' perceptions of an organisation's past conduct and future expectations (Fombrun, 1996). Effective management of corporate reputation is crucial for organisations seeking trust, competitive advantage, and long-term value. The diverse perspectives on reputation offer valuable insights, guiding further research and practical applications in this dynamic field.

Based on this belief, ranking is used as an indicator to measure corporate reputation. As discussed above, most scholars believe that reputation is the perception. In this case, ranking is one of the indicators that develop this perception. Companies that are ranked, for example, in the Fortune Most Admired Companies (FMAC) list, give the perception that these companies are well-governed. This is because being ranked in the Fortune list is not easy, as each company has to follow the rules and SOP to place themselves in the ranking.

Similarly, in Malaysia, the Minority Shareholders Watch Group (MSWG) ranking is the most established and legitimate. Any company that successfully places in the top 100 list is considered to have good corporate governance. This is because, to be listed, companies have to follow the rules set by MSWG. Not all companies manage to adhere to these strict rules. Thus, this ranking can be a measure of perception, specifically corporate reputation. Any company listed is considered to have a good reputation. Investors also use MSWG's ranking to analyse company governance.

Companies that score highly on MSWG's rankings typically exhibit high levels of corporate governance, which builds trust among shareholders and other stakeholders, contributing positively to the company's reputation. High-ranking companies are often those that hold their management accountable to shareholders, demonstrating robust

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governance structures and practices, which are key factors in maintaining and enhancing corporate reputation. The rankings also reflect how well companies treat their minority shareholders, ensuring that their rights are protected and interests are considered, which is crucial for building a positive reputation. Moreover, the ranking takes into account the overall corporate governance practices of companies, including board composition, audit quality, and risk management. Good governance practices are directly linked to a strong corporate reputation. Companies ranked highly by MSWG are usually those that actively engage with their stakeholders, including investors, employees, and the community. Effective stakeholder engagement enhances a company's reputation by demonstrating its commitment to addressing shareholders' concerns and contributing to societal well-being.

The Minority Shareholders Watch Group (MSWG) plays a crucial role in promoting good corporate governance in Malaysia. MSWG's ranking is recognised as a credible indicator of corporate reputation due to its comprehensive assessment of corporate governance practices. This ranking evaluates companies based on various criteria, including transparency, accountability, and equitable treatment of shareholders. As such, companies that perform well in MSWG's rankings are perceived to adhere to high standards of corporate governance, thereby enhancing their reputation.

Moreover, MSWG ranking provides a quantifiable and objective measure of corporate reputation, focusing on governance aspects that are critical to stakeholders. Companies that achieve high rankings are viewed as reputable and trustworthy, making the MSWG ranking a valuable tool for assessing corporate reputation in the Malaysian context.

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In conclusion, different ownership structures lead to varying governance practices that influence corporate reputation. In Malaysia, where ownership is often concentrated, this relationship becomes particularly pertinent. By examining how ownership structures in Malaysia affect corporate reputation, this research will provide insights into the effectiveness of corporate governance in a concentrated ownership context. This will help identify how Malaysian companies can manage reputation through improved governance. Most previous research has been conducted in contexts with diversified ownership. By focusing on Malaysia, this research will offer new insights into how ownership concentration influences corporate reputation, thereby contributing to both academic discussions and practical business strategies in the Malaysian context.

1.1.1 Definition of Corporate Reputation

The concept of corporate reputation has undergone significant evolution and is now recognised as a valuable asset that embodies an organisation's intrinsic values (Grey & Balmer, 1998; Clive, 1997; Dowling, 1994). This strategic advantage stems from a company's actions and conduct, which shape its reputation (Caruana, 1997). Reputation is perceived as an evaluation of a company by diverse stakeholders based on its past actions, influencing expectations, actions, and attitudes towards the organisation (Fombrun & Shanley, 1990). Reputation is understood through psychological processes, considering the perspectives of multiple stakeholders.

Meanwhile, Brown and Perry (1994) defined reputation as a comprehensive evaluation, while Dowling (1994) emphasised perceived value and estimation. Reputation is seen as a collection of distinct business principles, indicating that shareholders interpret various cues to form their perceptions of a company. This perception is crucial for a company's market positioning and overall success.

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Next, Fombrun and Rindova (1998) define corporate reputation as a company's overall allure, extending beyond products and services to encompass broader shareholder perceptions. Grey and Balmer (1998) focus on the perceived value of a company's attributes, influenced by factors like culture and shareholder relationships.

These definitions underscore the multifaceted nature of corporate reputation, arising from a combination of company characteristics, behaviour, and overall appeal. As a result, the understanding of corporate reputation emphasises its strategic importance, shaped by historical actions and shareholder opinions.

These definitions emphasise the importance of shareholder viewpoints and evaluations. For instance, Fombrun et al. (2000) highlight the significance of multiple shareholders' perspectives, while Bennett and Kottasz (2000) focus on opinions about a company. The intangible nature of a company's image and reputation is also a recurring theme, described by Black et al. (2000), Miles and Covin (2000), and Sarstedt et al. (2023).

Corporate reputation is seen as a valuable intangible asset that instils shareholder confidence, enhances competitive advantage, and encourages business transactions (Pires & Trez, 2018). This understanding is reflected in various reputation metrics, such as Fortune's annual Most Admired Companies (FMAC) list and the Reputation Quotient (RQ) assessment, which measure companies' trust, esteem, and admiration based on conduct, communication, and public perception.

The connection between reputation and shareholders is crucial. Evaluations by Dukerich and Carter (2000), Zyglidopoulos (2001), and Petkova (2012) emphasise the importance of shareholder opinions in shaping a company's reputation. This evaluation

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relates to shareholders' perceptions, indicating a lasting global aggregate assessment and the significance of reputation as a measure of integrity and competence (Devers et al., 2009).

In summary, ownership structure plays a pivotal role in shaping corporate governance practices, which in turn significantly affect corporate reputation. Corporate reputation involves shareholders' perceptions of an organisation's past conduct and future expectations (Fombrun, 1996). Effective management of corporate reputation is crucial for organisations seeking trust, competitive advantage, and long-term value. The diverse perspectives on reputation offer valuable insights, guiding further research and practical applications in this dynamic field. These definitions discussed and related have been simplified in Table 1.1 for reference.

Table 1.1: Previous Definition of Corporate Reputation

Year	Definition	Authors
2000	Perspectives of multiple stakeholders, considering their opinions and evaluations of a company	Fombrun et al.
	Commentary on a business	Bennett & Kottasz
	Evaluation based on perception	Dukerich & Carter
	Intangible asset	Black et al., Miles & Covin
2001	An aggregation of knowledge and emotions	Zyglidopoulos
	Company reputation over time	Hanson & Stuart
2009	Indication of excellence and conduct	Devers et al.
2012	Stakeholders' opinion of a company's capacity to deliver value	Petkova
2019	A concept of attitude in which stakeholders serve as evaluators.	Veh et al.
2023	Intangible asset	Sarstedt et al.
	Perceptions and assessments of a company's standing	Febra et al.

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1.2 Problem Statement

In Malaysia, the structure of corporate ownership significantly influences corporate governance, the structure of corporate ownership significantly influences corporate governance, which in turn affects corporate reputation—a key factor in attracting investment. However, the specific impacts of different types of ownership such as family, institutional, foreign, and concentrated ownership—on corporate reputation are not well understood. This study seeks to bridge this gap by examining how these distinct ownership forms are associated with corporate reputation. By exploring these connections, the research aims to provide deeper insights into the potential conflicts and synergies within different ownership structures and the implications for corporate reputation. Understanding these relationships is critical for improving corporate governance practices and enhancing the attractiveness of Malaysian firms to investors.

The interplay between different ownership structures and corporate reputation is significantly influenced by internal conflicts among shareholders, as posited by Type II agency theory. Such conflicts arise particularly in family-owned firms where the interests of the family may overshadow those of minority shareholders, thereby potentially degrading the company's reputation due to perceived poor governance. Institutional and foreign ownership structures introduce further complexities, as these owners often have distinct expectations regarding corporate governance practices, which can lead to disagreements impacting the firm's reputation negatively or positively, depending on conflict resolution outcomes.

Additionally, companies with concentrated ownership might experience power imbalances that exacerbate tensions between majority and minority shareholders, potentially resulting in governance decisions that adversely affect the company's

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reputation. Given the pivotal role of corporate reputation in influencing stakeholder trust and investment decisions, it is essential to explore how these various forms of ownership impact corporate reputation through the lens of shareholder conflicts. This study aims to fill this gap by investigating the specific mechanisms through which ownership structures can mitigate or amplify these conflicts, thus affecting corporate reputation in the Malaysian business landscape.

1.3 Research Questions

The problem statement highlights the need to understand how different ownership structures affect corporate reputation in Malaysia. It indicates a lack of clarity in the impacts of family, institutional, foreign, and concentrated ownership on corporate reputation. The discussion emphasizes the significance of corporate reputation in attracting investment, building stakeholder trust, and ensuring long-term business success. It underscores that reputation is a critical asset for any organisation, influencing investor confidence (Fombrun & Van Riel, 2004) and overall market perception.

In an effort to better comprehend the intricate relationship between corporate governance mechanisms and corporate reputation, this study seeks to provide answers to the following questions:

i. What is the connection between corporate reputation and family ownership?
ii. What is the connection between institutional ownership and corporate reputation?
iii. What is the connection between foreign ownership and corporate reputation?
iv. What is the connection between concentration ownership and corporate reputation?

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1.4 Research Objectives

Corporate reputation is crucial because it signals to investors that a company is reliable, ethical, and capable of delivering long-term value. A reputable company is more likely to attract investments, retain customers, and build strong relationships with stakeholders, all of which contribute to its overall market success. Conversely, a company with a poor reputation may struggle to gain investor trust, face difficulties in raising capital, and encounter challenges in maintaining customer loyalty.

A company's ownership structure can profoundly impact its reputation. For example, family-owned firms may prioritize long-term stability and stakeholder relationships, which can enhance their reputation. However, potential conflicts of interest and nepotism in family-owned firms might harm their reputation if not managed properly. Similarly, institutional ownership might bring rigorous governance standards and active monitoring, thereby positively influencing reputation. On the other hand, concentrated ownership can lead to governance challenges and perceived unfairness, which may detract from a company's reputation.

Understanding these dynamics is essential because corporate reputation directly influences investor confidence and market valuation. By examining the relationship between ownership structure and corporate reputation, this study aims to provide valuable insights that can help Malaysian companies improve their governance practices and reputation management strategies. This, in turn, will make them more attractive to investors and other stakeholders, ultimately contributing to their long-term success.

Establishing a definitive relationship between corporate governance and reputation is crucial, as the nature of ownership; family, institutional, foreign, or concentrated, can significantly impact investor perceptions and decisions. Based on the

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problem statement, it is essential to explore how these various forms of ownership impact corporate reputation through the lens of shareholder conflicts. This research objective aims to fill this gap by investigating the specific mechanisms through which ownership structures can mitigate or amplify these conflicts, thus affecting corporate reputation in the Malaysian business landscape. Therefore, family, institutional, foreign, or concentrated ownership may influence a company's reputation. Consequently, it is anticipated that this study will shed light on the following essential issues:

i. To investigate the correlation between family ownership and corporate reputation
ii. To investigate the correlation between institutional ownership and corporate reputation.
iii. To investigate the correlation between foreign ownership and corporate reputation.
iv. To investigate the correlation between concentration ownership and corporate reputation.

1.5 Significance of Study

The focus on how a company's ownership structure reciprocally affects its corporate reputation remains relatively underexplored. Even though there have been a few excursions into this field (Sumarta et al., 2023; Sanchez-Marin & Samuel Baixauli-Soler, 2014; Fombrun & Shanley, 1990), it is still not exclusively explored.

This research gap is significant because it highlights the need to examine not only the ownership decision-making processes but also the far-reaching effects of these decisions on a company's reputation. This study seeks to provide a more comprehensive understanding of the intricate relationship between these two fundamental dimensions of corporate governance by examining how ownership structure affects corporate reputation. In essence, it completes the circle by investigating the two-way relationship

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between ownership and reputation. This comprehensive approach allows for a more nuanced view of corporate governance dynamics, which can be invaluable for researchers and practitioners equally, revealing how firms can effectively manage their reputations in today's complex business environment.

In addition, the second phase of this research project seeks to strengthen the practical application of agency theory. This investigation provides empirical evidence supporting the use of external corporate governance mechanisms to mitigate agency issues by employing agency theory as its foundational framework. This study's findings illuminate the often-elusive relationship between ownership structure and business reputation, casting light on how businesses can effectively navigate these dynamics.

Moreover, this research project serves a practical function by equipping potential shareholders and investors with useful information for making informed decisions. Understanding how ownership structure functions to protect minority shareholder interests is of the utmost importance. This knowledge enables investors to make informed decisions about where to allocate their capital, which can influence the dynamics of corporate governance.

In conclusion, this study examines two crucial phases in the domain of corporate governance. The first stage investigates the relationship between ownership structure and corporate repute in order to provide a more comprehensive understanding of how these factors interact. The second stage employs agency theory to provide practical insights for mitigating agency issues and enhancing corporate governance while equipping investors with valuable decision-making information. These stages advance comprehension of the multifaceted complexities of corporate governance and their implications for reputation management and shareholder protection.

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1.6 Organisation of the Study

It describes the structure of the investigation. In the first chapter, the significance of the study, as well as its background, problem statements, research question, research objectives, and significance, are emphasized. In Chapter 3, following a concise literature review in Chapter 2, the methodology and hypotheses of this paper are presented. The subsequent chapter will discuss the findings, which will be followed by Chapter 5. This chapter will discuss the empirical results, followed by a conclusion that includes a summary, limitations, and suggestions for future research.

1.7 Summary

As discussed above, investors highly value the good corporate governance (GCG) mechanism because it ensures that a company can be trusted to deliver on its promises. Although these processes are directly related to a company's reputation, fewer studies have examined corporate governance mechanisms associated with corporate reputation. Consequently, this study aims to investigate how various types of corporate governance influence the reputation of businesses.

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CHAPTER 2: LITERATURE REVIEW

2.0 Introduction

Understanding how various ownership structures influence corporate reputation in Malaysia remains a critical yet underexplored area. Corporate reputation is pivotal as it impacts investor confidence and overall business success. Different ownership types—family, institutional, foreign, and concentrated—bring unique governance challenges and expectations that can affect a firm's reputation.

The literature review addresses this core issue by examining existing research on the relationship between ownership structures and corporate reputation. This review seeks to bridge the gap in knowledge by analysing how different ownership forms impact corporate governance and reputation, with a particular focus on the Malaysian context.

By reviewing relevant literature, this section provides a theoretical foundation for the study, guiding the research and supporting the development of hypotheses. The insights gained from the literature will help in formulating research questions and hypotheses about how ownership structures affect corporate reputation. These hypotheses will then inform the study's methodology and data collection strategies.

The literature review not only lays the groundwork for understanding the interplay between ownership structures and corporate reputation but also ensures that the research is grounded in established knowledge. This foundation will be critical for subsequent phases of the research, including data collection, analysis, and interpretation, ultimately contributing valuable insights to the field and enhancing the attractiveness of Malaysian firms to investors.

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2.1 Corporate Governance

Corporate governance is, undoubtedly, the cornerstone that shapes an organisation's behaviour, practices, and decision-making processes. It encompasses the intricate web of structures, processes, and mechanisms through which companies are guided and overseen. The importance of robust corporate governance in shaping a company's reputation has gained prominence in recent years. In this vein, this paper aims to delve into the existing body of knowledge concerning the intricate interplay between corporate governance and corporate reputation.

The multifaceted nature of corporate governance is eloquently captured in the 2002 report by Malaysia's parliamentary finance committee. It portrays corporate governance as a finely tuned framework that intricately blends procedural processes and structural architecture. This intricate framework is purpose-built not only to propel business prosperity and uphold corporate responsibility but also to align with the lasting objectives of enhancing shareholder value over the long term. What's particularly noteworthy in this definition is the comprehensive integration of diverse stakeholders' interests, creating a harmonious equilibrium between shareholder goals and broader societal considerations under the broad umbrella of corporate governance.

Specifically, corporate reputation is the summation of how various organisations and individuals perceive and evaluate a company (Baruah & Panda, 2020). This intangible yet invaluable asset (Pires & Trez, 2018) significantly impacts a company's competitive stance (Wernerfelt, 1984) and relationships with shareholders. However, corporate governance represents a systemic framework of rules, processes, and interdependencies governing interactions among employees and other company shareholders.

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First, corporate governance is defined by a set of formal and informal rules that prescribe the organisation's structure, behaviour, and responsibilities. These rules can be imposed externally, such as by legal regulations and industry standards, or internally, by the company's bylaws and policies. They serve as the company's governing principles, outlining its operational boundaries and ethical behaviour.

Furthermore, corporate governance entails a network of processes that regulate how decisions are made, implemented, and monitored. These procedures ensure that the organisation operates openly, fairly, and in accordance with its strategic objectives and core values. They include mechanisms for corporate reputation of which contribute to the overall effectiveness and sustainability of the organisation.

Moreover, the concept of interdependencies is central to corporate governance. It acknowledges that a company does not exist in a vacuum but rather is profoundly connected to a network of stakeholders, including employees, shareholders, customers, suppliers, and the larger community. Corporate governance endeavours to manage these interdependencies by balancing these stakeholders' diverse interests and expectations. This strategy fosters a mutually beneficial and harmonious relationship between the corporation and its ecosystem.

In addition, corporate reputation considerations constitute an additional foundational aspect of corporate governance. It emphasizes the significance of integrity, ethics, and responsible business practices in all interactions and decisions. Respecting reputation principles not only protects the company's reputation but also nurtures stakeholder confidence and credibility.

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In summary, corporate governance is a sophisticated and comprehensive framework that governs the behaviour, decisions, and relationships of a company. It ensures that the organisation operates within ethical and legal parameters and fosters positive interactions with a diverse range of shareholders. Corporate governance ultimately plays a crucial role in moulding a company's culture, values, and long-term viability in a dynamic and complex business environment.

Previous studies have scrutinized the relationship between corporate governance and reputation. Delgado-Garcia (2019) unearthed a linkage between strong corporate governance and a favourable corporate reputation. Corporate governance mechanisms such as family ownership, institutional ownership, foreign ownership, and concentration ownership (Delgado-García et al., 2010) play pivotal roles in shaping corporate reputation.

Notably, family ownership brings a unique governance structure that can simultaneously uplift and dampen corporate reputation. A committed, long-term-oriented family owner can bolster their reputation by fostering trust and stability. Family-owned firms might prioritize stakeholder relationships, thereby demonstrating heightened responsibility towards employees, customers, and the community. However, it's crucial to acknowledge that family ownership can also introduce governance challenges, such as nepotism or conflicts of interest (Pascucci et al., 2022), which could potentially tarnish reputation.

Frequently, family ownership, especially when it comprises a significant proportion of a company's shares, has a substantial impact on governance decisions. In such situations, family members who hold these shares may view their ownership as a means of retaining control and preserving their family's legacy within the company.This

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vested interest in control can lead to the promotion of nepotistic practices, in which family members are favoured for crucial positions and opportunities within the organisation. Also, this can be viewed as a means of ensuring that the company continues to reflect its values, vision, and long-term goals. It is essential, however, to establish a balance between family control and the broader interests of all shareholders, including minority shareholders. If perceived as excessive or detrimental to corporate performance, nepotism has the potential to impair the company's reputation and erode shareholder confidence. To maintain a healthy and sustainable business environment, effective corporate governance practices that address these challenges while preserving family ownership interests are essential.

Additionally, family ownership brings a conflict of interest with other ownership. The primary stakeholders are typically family members who own and control a significant portion of the company's shares. Their primary objective could be to preserve family fortune, maintain control, and guarantee the company's continuation within the family. This can sometimes conflict with the interests of other shareholders, particularly minority shareholders whose primary concern may be to maximize financial returns. Conflicts can arise when the family's desire to prioritize its own interests diverges from the financial interests of other shareholders.

Equally important, institutional investors generally adhere to more structured corporate governance approaches centred on corporate reputation. Elevated levels of institutional ownership correlate with improved governance practices, leading to an augmented corporate reputation. The advocacy for shareholder rights and the pursuit of governance enhancements by institutional investors (Al-Qadasi et al., 2019) could favourably impact a company's reputation.

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Institutional investors, such as pension funds and mutual funds, frequently possess significant stakes in publicly traded companies. As significant shareholders, they have an interest in ensuring that these companies are well-governed and operate in a way that safeguards shareholder value. To accomplish this, institutional investors advocate for improvements in corporate governance, ethical conduct, and responsible business practices with the companies in which they invest.

When institutional investors advocate for shareholder rights, they are essentially advocating for measures that increase the company's transparency, accountability, and fairness. These measures may include a greater disclosure of financial information, a clearer separation of management and board responsibilities, and a more stringent oversight of executive compensation. Institutional investors contribute to the overall integrity and strength of a company's governance framework in this manner. Thus, it gave a good perception towards investors.

Stakeholders, including customers, employees, regulators, and the investment community at large, view favourably this commitment to governance enhancements. When a company is viewed as adhering to best practices in corporate governance and ethics, it typically gains a reputation for dependability, integrity, and responsible management. In turn, this can enhance the company's image and reputation, making it more appealing to investors and potential business partners.

Consequently, a solid reputation for governance and ethical behaviour can provide a competitive advantage in the market. It can help attract top talent, improve shareholders trust, and even lessen regulatory oversight. In contrast, businesses that disregard shareholder rights and governance enhancements run the risk of reputational

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harm, which can lead to a loss of investor confidence, a decline in market value, and difficulty attracting capital.

Companies whose ownership is dominated by foreign investors or entities introduce novel governance dynamics that can have a significant effect on their corporate reputation. Foreign investors frequently bring with them global best practices and enhanced governance standards, which can be extremely advantageous to a company's reputation. These investors tend to emphasize transparency, accuracy in financial reporting, and compliance with international standards, all of which contribute to a more robust and trustworthy corporate image. This commitment to international governance standards not only improves the company's reputation but also demonstrates a dedication to global best practices.

However, foreign ownership also brings a threat to corporate governance which diminish reputation. For example, the controversy surrounding the sale of 38% of Malaysia Airports Holdings Berhad (MAHB) stock to foreign investors, such as BlackRock, has raised significant concerns and criticisms. United Nations experts and various human rights organisations have highlighted that financial institutions, including BlackRock, could be complicit in human rights violations due to their investments in arms manufacturers supplying Israel, leading to allegations of war crimes and potential genocide (Business & Human Rights Resource Centre, 2024; Geopolitical Economy Report, 2024; OHCHR, 2024). This controversy can diminish MAHB's reputation.

Furthermore, given its investments in arms manufacturers and potential links to alleged human rights violations, there are fears that BlackRock's involvement could compromise national security. This is particularly sensitive for an entity like MAHB, which oversees critical national infrastructure. Such associations can erode trust in the

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company's ability to safeguard national interests and maintain robust security measures, potentially leading to heightened scrutiny and regulatory challenges from the government and other stakeholders.

Moreover, concentrations of ownership can also pose dangers. The consolidation of power within a small group may result in conflicts of interest, in which the controlling shareholders' interests diverge from those of other stakeholders, such as minority shareholders. This may result in decisions that favour the controlling group at the expense of other shareholders. Such conflicts of interest or the perception of potential power abuse can be detrimental to a company's reputation, especially if they raise questions regarding fairness, transparency, or ethical behaviour. For example, If BlackRock were to hold a substantial stake in MAHB, it might wield significant influence over the company's strategic and operational decisions. BlackRock's substantial voting power could influence the appointment of board members at MAHB who prioritize the interests of the controlling group. Similarly, their proxy voting might lead to decisions that align more closely with the management's preferences rather than the broader interests of all shareholders. This could impact crucial decisions related to corporate governance, executive compensation, and strategic initiatives, such as mergers, acquisitions, or expansion plans.

However, in other circumstances, concentration ownership also introduces a dynamic that has the potential to strengthen corporate governance and reputation. A considerable controlling shareholder can provide stability and facilitate long-term decision-making, on the one hand. This can result in a more coherent strategic direction that is aligned with the interests of the controlling group, thereby enhancing the company's reputation for consistency and dependability.

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Hence, ownership structure, whether it is family, institutional, foreign, or concentrated ownership, is pivotal in corporate governance mechanisms, significantly influencing corporate reputation. Each type of ownership structure introduces distinct characteristics that affect governance practices and stakeholder relations. Companies that comprehend these dynamics can leverage this understanding to enhance their reputation and foster stakeholder confidence, acknowledging the intricate relationship between ownership structure, governance, and reputation.

Corporate governance, ownership structure, and reputation are closely linked, with strong governance practices and appropriate ownership structures forming the foundation for building and maintaining a positive company image. Transparent and accountable governance, such as clear financial disclosure (Ozili, 2023) and adherence to ethical standards, fosters confidence and trust among stakeholders (Bimo et al., 2022). When a company is perceived as trustworthy and reliable, its reputation naturally improves. Additionally, effective corporate governance focuses on sustainable growth (Ahmed & Anifowose, 2023) and long-term value creation. This commitment appeals to stakeholders, presenting the company as forward-thinking and responsible. Different ownership structures, whether family, institutional, foreign, or concentrated, bring unique characteristics that affect governance practices and stakeholder relations, further influencing corporate reputation.

Moreover, another tenet of comprehensive governance is encompassing effective risk management practices. Businesses that proactively identify and mitigate risks showcase their resilience and adeptness at navigating uncertainties, which invariably bolsters reputation. A competent and independent board of directors, a cornerstone of corporate governance, profoundly influences a company's reputation. This board provides oversight, strategic guidance, and decision-making aligned with

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stakeholders' interests (Bravo et al., 2015). Compliance with laws, regulations, and ethical standards further enhances reputation, showcasing a company's dedication to responsible conduct and ethical business dealings.

Malaysia's corporate governance has evolved in safeguarding shareholder rights at its core. The 1997 Asian financial crisis served as a pivotal moment, highlighting the pressing need for enhanced governance measures to restore investor confidence and bolster market stability. This period is often referred to as the genesis of modern corporate governance in Malaysia.

Regulatory entities and the government enacted substantial reforms in response to the crisis, with the Securities Commission Malaysia (SC) playing a central role in crafting guidelines and regulations. The introduction of the Malaysian Code of Corporate Governance (MCCG) has acted as a transformative force in reshaping the governance landscape. Since its inception in 2000, the MCCG has undergone multiple revisions, urging companies to embrace its robust best practices framework.

The MCCG delves into various aspects of corporate governance, such as board composition, independence, roles, responsibilities, and the establishment of board committees. It underscores ethical behaviour, information disclosure, and effective stakeholder communication. To enforce compliance, Bursa Malaysia, the stock exchange, integrates MCCG principles into its listing requirements. Publicly traded companies must disclose their MCCG compliance levels in annual reports, and any deviations warrant explanations. In conjunction with the MCCG, Malaysia introduced additional laws and standards that bolster corporate governance, like the 2016 Companies Act, which addresses directors' duties, shareholder rights, and disclosure prerequisites.

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Regulatory bodies such as the Supreme Court and the Financial Reporting Foundation (FRF) administer the corporate governance framework, ensuring adherence to regulations, conducting audits, and championing comprehension of sound governance practices. Throughout Malaysia's corporate governance journey, a steady progression towards sturdier governance norms has unfolded. The MCCG's evolution and other regulatory endeavours collectively contribute to a robust governance framework that underpins investor confidence, safeguards shareholder rights, and nurtures sustainable growth in Malaysian corporations.

Ownership structure emerges as a pivotal factor, as it delineates power distribution, control dynamics, and decision-making authority within a company. Distinct ownership structures unfurl diverse governance practices, subsequently exerting a profound influence on corporate reputation. For instance, family-owned enterprises may prioritize long-term relationships and stakeholder trust, while institutional-owned firms could accentuate shareholder value, which increase reputation.

To fully grasp the impact of various forms of business ownership in Malaysia on corporate reputation, a meticulous examination of their intricate interplay is imperative. This research holds the promise of shedding light on Malaysia's corporate governance landscape, offering valuable insights to policymakers, and empowering companies to fathom the implications of their ownership structures on reputation and long-term viability.

2.1.1 Family Ownership

Family ownership of companies is one of the most common types of corporate ownership on a global scale. Corporate governance, the emergence of agency problem type 2, and the results for company reputation have all been researched in relation to

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family ownership. This literature review aims to synthesize existing research on these topics to comprehensively understand the relationship between family ownership, agency problem type II and corporate reputation.

Studies have consistently highlighted the unique characteristics of family ownership in corporate governance. Family ownership often leads to concentrated ownership (Ishak & Napier, 2006; Mohamed Sadique et al., 2010), impacting decision-making processes, board composition, and executive compensation. Anderson and Reeb (2003) discovered that family presence on boards of directors tends to be higher in family- controlled enterprises, which in turn can affect strategic choices and firm performance. This kind of pattern ownership faces unique challenges in mitigating this agency problem due to the overlap between ownership and management. Consistent with the agency problem, type II, also known as the principal-principal problem, arises when conflicts occur between different groups of controlling shareholders. Moreover, family owners may exhibit a long-term orientation and a commitment to preserving the firm's reputation due to their emotional attachment, resulting in different governance practices compared to non-family ownership firms. Family ownership is an ongoing and evolving field of study, and new studies continue to investigate its complexities and implications in various contexts and industries.

Tang et al. (2013) found that insiders manipulate accounting decisions to benefit companies with high-family ownership. It is due to a lack of supervision from the independent director that might have some influence on insider trading. In India, as per the findings of Sarkar & Sarkar (2000), the predominant ownership structure in many developing markets involves a single-family owning the majority of firms. In scenarios where the founder or family members retain a significant portion of ownership and actively oversee the firm's operations, they wield tightly controlled and specific

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information (Chauhan et al., 2016). In the context of Malaysia, research conducted by Tee (2018) indicates that Malaysian family-owned enterprises are characterized by a greater prevalence of Type II agency problems. This proposition posits that family shareholders in control possess motivations to appropriate wealth from minority shareholders, as emphasized in the works of Ghosh and Tang (2015), which decrease the reputation.

However, some scholars believe family ownership has the ability to maintain areputation. For example, to reduce the potential risk of being accused of insider trading,they limit their share trading to institutional investors. Insider trading involves using non-public information about a company to gain an advantage in buying or selling its stock.Since institutional investors typically operate at a professional level and have access topublic information, the chances of engaging in insider trading are considered lower (Gaylord & Armitage, 1993).

According to research by La Porta et al. (1999) and Villalonga and Amit (2006), family ownership may help mitigate type II agency concerns. Families have an incentive to maximize the firm's long-term value and protect their reputation. The same opinion is shared by Ghabdian et al. (2012) when they stated that the company's controlling owner could guide decision-making because the owner has a right to grant incentives to do so.

This literature review demonstrates that family ownership, corporate governance, agency problem type II, and business reputation are all interconnected. Family ownership affects governance structures and practices, mitigates agency problems type II, and influences corporate reputation. Future research could further explore how family ownership impacts corporate governance and reputation and

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examine the conditions under which family ownership becomes a source of competitive advantage or potential liability.

2.1.2 Institutional Ownership

Institutional ownership is crucial in corporate governance, shaping decision-making processes, monitoring practices, and influencing firm behaviour. It has been demonstrated that institutional ownership has a significant impact on corporate governance structures. Institutional investors often possess significant voting power and can actively participate in corporate affairs. Research by Hermalin and Weisbach (1998) and Bebchuk et al. (2002) suggests that institutional ownership exerts disciplinary effects on management, promoting greater shareholder alignment, improved board independence, and enhanced transparency. Additionally, institutional investors may engage in shareholder activism to influence corporate policies and practices, thus enhancing corporate reputation.

Researchers Hermalin and Weisbach (1998) have emphasized the disciplinary effects of institutional ownership on management and its ability to promote greater shareholder alignment, improved board independence, and enhanced transparency. Extensive investigations into the intricate interplay between institutional ownership and corporate governance have unveiled the pivotal role held by institutional investors in shaping the conduct of corporate managers, primarily owing to their considerable voting influence. Through comprehensive analyses of this relationship, it becomes evident that institutional investors wield substantial power in moulding the behaviour of corporate managers. This influence stems from their significant ownership stakes and corresponding voting authority, both of which underscore their capacity to effectively impact decision-making processes and governance practices within corporations. As such, the multifaceted nature of institutional ownership emerges as a key factor in the

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dynamics of corporate governance, highlighting the critical role that institutional investors play in steering managerial actions and ultimately influencing a company's trajectory and reputation.

Bebchuk et al. (2002) further explored the disciplinary effects of institutional ownership. They discovered that institutional investors enhanced corporate governance by reducing agency costs and aligning management with shareholder priorities. They observed that institutional investors engage in monitoring activities and promote shareholder activism to influence corporate policies and practices by exerting disciplinary pressure on management, improving shareholder alignment, enhancing board independence, and fostering transparency. Institutional investors' active participation and influence contribute to the overall effectiveness of corporate governance mechanisms. It is supported by Black (1991) and the research of Kahan and Rock (2007), which found that institutional ownership acts as an external monitor and advocates for the interests of minority shareholders. Therefore, institutional ownership can have a positive effect by minimizing agency conflicts and balancing shareholder and management priorities.

Institutional ownership has implications for corporate reputation as well. Institutional investors favour companies renowned for their high ethical standards, solid management practises, and long-term commitment to shareholder wealth creation. Studies by Lee et al. (2015) found institutional ownership enhances the reputation of a company, as these investors are expected to engage in active monitoring, thereby enhancing stakeholder trust and confidence.

Due to their fiduciary responsibilities, institutional investors have a significant incentive to select shares of companies with competent governance systems (Chung &

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Zhang, 2011). However, some studies in China found institutional ownership offers less in monitoring company management because there are not many institutional investors. Considering the possibility of double losses, institutional investors avoid businesses with dual-class shares (Li et al., 2008) and companies with a more held ownership structure (Ferreira & Matos, 2008).

According to Wahab et al. (2007), corporate insiders and managers have a more difficult time trading company stock due to the perception that institutional investors possess a great deal of market power, influence, and intelligence. Other investors have a considerable advantage over institutional investors when it comes to monitoring corporations. In accordance with research by Jiang and Anandarajan (2009), institutional ownership can influence the effectiveness of shareholder rights in limiting opportunistic management behaviour.

In contrast, David and Kochhar (1996) contend that shareholders will engage in short-term, speculative trading to obtain a trading advantage based on inside information in firms where institutional investors function only as passive monitors and do not participate in management affairs. Individual shareholders tend to engage in buying and insights into the company's future performance or prospects. This behaviour tends to happen in companies where institutional investors are not making or management. Doing passive monitoring and no involvement in management will encourage satisfied individual need behaviours (Elyasiani & Jia, 2010). Institutional investors may be unable to prevent insider trading due to their potential complicity with firm administrators in the exploitation of disinterested minority shareholders (Elyasiani & Jia, 2010).

Thus, institutional ownership undoubtedly brings many benefits to corporate governance and reputation. However, it is essential to recognise the potential downsides and conflicts of interest, especially in the context of agency theory, where conflicts of interest also arise when institutional investors have objectives that do not align with those of minority shareholders. For instance, they might push for dividend payments or stock buybacks to enhance their short-term returns, which can sometimes come at the expense of reinvesting in the business for long-term growth and sustainability (Shleifer & Vishny, 1997). Moreover, while activist institutional investors can drive positive changes, their aggressive strategies can be disruptive, leading to frequent demands for changes in management, strategy, or operations. This instability can damage the company's reputation, making it appear unreliable or poorly managed to external stakeholders (Gillan & Starks, 2000).

There is also a risk that institutional investors might collude with management to pursue their interests, neglecting the rights and interests of minority shareholders. This collusion can lead to governance practices that are not truly in the best interest of all shareholders, eroding trust and damaging the company's reputation (Bebchuk et al., 2009). According to agency theory, conflicts of interest between majority and minority shareholders can significantly impact corporate governance and reputation. Institutional investors, as major shareholders, play a critical role in this dynamic. While they can help mitigate agency problems by exercising their voting rights and advocating for governance reforms that align management's interests with those of shareholders, they can also create new agency problems by focusing excessively on metrics that enhance their interests, such as short-term share price appreciation (Jensen & Meckling, 1976). This focus can lead to a neglect of other important aspects of corporate governance, such as environmental, social, and governance (ESG) considerations, ultimately harming the company's reputation (Eccles et al., 2014).

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In conclusion, institutional ownership brings both advantages and disadvantages to corporate governance and reputation. While it can enhance governance practices and investor confidence, it also introduces potential conflicts of interest and pressures that can negatively impact the company's long-term reputation. Understanding and balancing these dynamics is crucial for maintaining a positive corporate reputation in the eyes of all stakeholders.

2.1.3 Foreign Ownership

Authorities in Malaysia have emphasized the significance of foreign ownership within ownership mechanisms as part of the reform of Malaysian governance (Alnasser, 2012). This is because foreign ownership can give an advantage to the country. After joining the World Trade Organisation (WTO) in its totality on December 11, 2001, China, for instance, began systematically removing the barriers that had previously prevented foreign companies from conducting business within the country. One of the primary objectives is to considerably raise the worldwide operation level of firms, the efficacy and effectiveness of development, and the number of creative and globally competitive multinational corporations. Increasing international interactions to accomplish internationalization is imperative, and foreign capital ownership is one way (Zou et al. (2018).

According to Yudaeva et al. (2003), the modernization of manufacturing facilities in emerging markets is attributable to technological advancements and increased competition and is facilitated by foreign direct investments. Thus, the economy becomes more competitive if foreign investors inject new capital, increase technological prowess, and enhance the training of native employees. Foreign ownership of firms has a direct positive impact on their productivity. This means that when firms are owned by foreign investors or entities, their overall efficiency and

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output tend to improve. This positive effect on productivity stems from the ability of foreign owners to introduce advanced practices and connections, leading to higher output and better-quality products or services (Sousa et al., 2021).

Extensive research has been conducted on the relationship between foreign ownership and a company's reputation. Foreign investments by multinational corporations are frequently accompanied by innovative governance practices, a commitment to social responsibility, and a global perspective. Studies by Cuervo-Cazurra and Genc (2008) suggest that foreign ownership positively influences corporate reputation, signals adherence to international standards, contributes to stakeholder trust, and enhances the perception of a firm's quality and reliability.

Foreign ownership can access valuable resources, capabilities, and networks contributing to a firm's reputation. Partnering with a multinational organisation can enhance a company's competitive advantage and reputation due to the latter's access to superior networks, market knowledge, and technological expertise. Research by Dhanaraj et al. (2004) and Luo and Tung (2007) suggest that foreign ownership enables knowledge spillovers, fosters innovation, and promotes the development of reputation-enhancing capabilities.

Foreign ownership often aligns a firm's practices with global standards and best practices. Multinational corporations are subject to international regulations, sustainability standards, and ethical guidelines, which can positively influence a firm's reputation. Bjorkman et al. (2008) found that foreign ownership makes it simpler to implement best practises in corporate governance, social responsibility, and corporate culture, all of which contribute to a company's public image.

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Moreover, foreign ownership can shape shareholder's perceptions and positively impact a firm's reputation. Foreign investors are often associated with quality, professionalism, and financial stability, enhancing the perception of a firm's products, services, and overall reliability. According to studies by Gaur et al. (2013), foreign ownership can enhance a company's image in the eyes of its target market, resulting in an influx of more discerning clients and simpler forays into new markets.

Lastly, foreign ownership brings access to resources, capabilities, and networks, aligns a firm with global standards, and positively shapes stakeholder perceptions. Understanding the dynamics and implications of foreign ownership on corporate reputation is crucial for policymakers, managers, and stakeholders seeking to leverage the benefits of foreign ownership and build a strong reputation in the global marketplace.

However, when it comes to foreign ownership, the application of agency theory becomes more pronounced. Foreign owners, particularly those with a significant stake in a corporation, introduce additional layers of complexity due to differences in culture, legal frameworks, and strategic objectives. Their interests may not always align with those of domestic shareholders or the company's broader stakeholders. Foreign ownership can signal agency theory dynamics in several ways such as divergent objectives, information asymmetry and control and governance; which impact the reputation.

Firstly, foreign owners may have different goals compared to domestic shareholders or management. For example, they may prioritize short-term profit maximization over long-term sustainability or have unique strategic objectives based on their home market conditions. Divergent goals may lead to inconsistent decision-

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making, where actions taken by the company seem contradictory or unclear. This inconsistency can confuse shareholders and undermine their trust in the company's leadership, affecting its reputation. If the company's goals are perceived to be at odds with the interests of its shareholders, it can damage reputation. Shareholders may view the company as prioritizing short-term financial gains over long-term sustainability or social responsibility, leading to reputational risks. Investors typically value companies that have clear, coherent strategies focused on long-term value creation. However, if there are conflicting goals among stakeholders, it may signal instability or uncertainty about the company's future direction. This perception can erode investor confidence and harm the company's reputation as a reliable investment opportunity.

Next, foreign owners may face challenges in obtaining accurate and timely information about the corporation's operations and governance practices. This information asymmetry can exacerbate agency conflicts, as it may lead to mistrust or suspicions regarding managerial decisions. In the investor's view, challenges in obtaining accurate and timely information about a corporation's operations, performance, and governance practices can significantly impact reputation. Investors rely on transparent and reliable information to make informed decisions about allocating their capital. If there are obstacles to accessing accurate and timely data about a company's operations and performance, investors may perceive the corporation as lacking transparency.

This lack of transparency can erode trust in the company and raise concerns about the reliability of its financial reporting and disclosures. Then, investors assess the risks associated with investing in a particular company based on available information. If there are difficulties in obtaining comprehensive and up-to-date information about the corporation's governance practices, investors may struggle to accurately assess the risks

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related to issues such as management integrity, board effectiveness, and compliance with regulatory requirements. This uncertainty can lead investors to perceive the company as riskier, potentially impacting its reputation among investors. Moreover, how a company is perceived in the market influences investor sentiment and can impact its reputation. If there are concerns about the accuracy and reliability of the information provided by the company, it can lead to negative perceptions among investors and analysts. This negative perception can spread through word-of-mouth, media coverage, and analyst reports, further damaging the company's reputation and potentially affecting its ability to attract investment and maintain shareholder support.

Next, foreign owners may struggle to exert control or influence over corporate governance practices, especially if they lack representation on the board or face legal restrictions in the host country. This lack of control can heighten agency conflicts between foreign and domestic stakeholders. In the eyes of investors, corporate governance practices are critical indicators of a company's reliability, stability, and long-term performance potential. When foreign owners struggle to exert control or influence over these practices, it can significantly impact reputation from an investor's perspective. Investors often view strong corporate governance as a mitigating factor against various risks, including fraud, mismanagement, and conflicts of interest. If foreign owners are unable to ensure robust governance practices, investors may perceive higher levels of risk associated with the company. This perception can lead to lower investor confidence and potentially drive down the company's stock price.

Effective corporate governance fosters investor confidence by providing assurance that management acts in the best interests of shareholders and upholds ethical standards. However, if foreign owners face obstacles in influencing governance practices, it may raise doubts about the company's commitment to transparency,

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accountability, and shareholder rights. As a result, investors may become hesitant to invest or maintain their positions in the company. Lastly, investors typically seek investments that offer the potential for sustainable long-term value creation. Weak governance practices associated with foreign ownership may raise doubts about the company's ability to maintain competitiveness, attract talent, and adapt to changing market conditions over time. Consequently, investors may reassess the company's long-term growth prospects, impacting its valuation and attractiveness as an investment.

2.1.4 Concentration Ownership

Berle and Means (1932) conducted an examination into the evolution of large corporations in the early 20th century United States. They delved into the trajectory of shareholder ownership in corporations and the concurrent rise of managerial control in the contemporary business landscape. The separation of ownership and administration gave rise to potential competing interests between shareholders and managers. The increasing concentration of economic power in the hands of professional management highlighted the decreasing influence of shareholders over company decisions. Berle and Means (1932) identified this separation as a principal-agent problem, a foundational concept that paved the way for subsequent developments in agency theory.

Although the term "concentration of ownership" was not employed in their work, Berle and Means' analysis of changing ownership structures and corporate governance provided the groundwork for researchers to better grasp this phenomenon's significance in modern corporations. Their research catalysed further studies on ownership structure, agency conflicts, and corporate governance, marking a crucial milestone in the evolution of corporate theory and the exploration of concentration ownership.

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In the context of corporate takeovers and corporate governance, various entities or groups play essential roles. Schleifer and Vishny (1986) argue that major shareholders possess a strong incentive to scrutinize management due to their substantial financial stakes. In instances of concentrated ownership, significant shareholders might support third-party takeovers, such as potential bidders, even if they lack direct control over management. Conversely, in companies with numerous small shareholders, the cost of individual monitoring might not outweigh the benefits. In scenarios of concentrated ownership, these involved parties often engage in takeovers by distributing substantial profits among shares acquired by the bidder. Thus, large shareholders, alongside potential bidders and other stakeholders, can take a proactive role in monitoring management within concentrated ownership structures, contributing to reducing agency costs stemming from shareholder-manager disagreements (Li, 1994).

The concentration of ownership emerges as a pivotal aspect of corporate governance that significantly impacts a company's success, as highlighted by Brunzell and Peltomaki (2015). Conversely, Madhani (2016) argues that dispersion of ownership can lead to poor control due to shareholders' limited oversight. Minor shareholders might not find monitoring worthwhile, considering the associated costs.

The significance of shareholder meetings for overseeing management becomes even more pronounced when a single substantial shareholder remains. Moreover, a centralized ownership structure, as noted by Nguyen (2011), can incentivize companies to adopt riskier strategies, potentially enhancing performance. Substantial controlling shareholders can serve as effective mechanisms for monitoring managerial actions. However, the personal benefits these shareholders gain from control could potentially diminish a firm's value, especially in countries with weak shareholder protections. In cases of high ownership concentration and limited motivation among small shareholders

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to monitor management, it's been suggested that ensuring the presence of at least one significant shareholder could bolster risk management quality (Desender & Lafuente, 2009). Grossman and Hart (1980) illustrated that when ownership is widely dispersed, no stakeholder has sufficient incentive to closely oversee management due to the insufficient benefits of a takeover compared to monitoring costs.

Malaysia possesses a unique ownership landscape, exemplified by several influential family-controlled conglomerates across various industries. Research by Abdullah and Ismail (2013) and Mustafa et al. (2019) underscores the prevalence of ownership concentration in Malaysia's corporate sector, where controlling shareholders wield significant influence over decision-making processes. Concentrated ownership in Malaysia carries implications for corporate governance practices. Research by Adnan et al. (2019) and Hashim et al. (2020) reveals that concentrated ownership can lead to entrenchment and tunnelling, with dominant shareholders prioritizing their interests over those of minorities. This dynamic could impede corporate governance processes, diminishing transparency, and undermining the influence of board independence and shareholder rights.

Furthermore, concentration ownership is particularly pronounced in Malaysia's government-linked companies (GLCs). Research by Wan et al. (2019) and Ibrahim et al. (2020) highlights the unique attributes of GLCs, where ownership concentration often aligns with political interests. This scenario in GLCs creates challenges related to corporate governance, accountability, and the separation of ownership and control. Malaysia has responded to these concentration ownership challenges through regulatory measures. According to research by Razali et al. (2018) and Yusof et al. (2021), the Securities Commission Malaysia and Bursa Malaysia play a pivotal role in fostering

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robust corporate governance practices, enhancing transparency, and safeguarding the interests of minority shareholders.

The influence of concentration ownership in Malaysia extends to shaping stakeholder perceptions and affecting corporate reputation. Studies by Zainuddin et al. (2019) and Abdul Hamid et al. (2021) suggest that concentration ownership can influence stakeholder trust, perceptions of fairness, and willingness to engage with companies. This underscores the importance of effectively managing reputation and addressing concerns related to ownership concentration to maintain positive stakeholder relationships.

Agency theory posits that the conflict stems from the fact that majority owners have more control and influence over managerial decisions compared to minority owners. In a company with majority ownership, the majority shareholders typically have significant control over managerial decisions, such as appointing the board of directors or determining executive compensation. They may prioritize their own interests, which could diverge from the interests of minority shareholders. Minority shareholders, on the other hand, have limited power to influence decisions and may feel their interests are not adequately represented. Investors value transparency and fair treatment. If majority shareholders appear to prioritize their own interests over those of minority shareholders, it can erode trust in the company's management. This lack of transparency can damage the company's reputation as investors may perceive it as less trustworthy.

Lastly, companies with a reputation for prioritizing short-term gains over long-term sustainability may struggle to attract investors who are looking for stable, long-term investments. If investors perceive that majority shareholders are only interested in

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maximizing short-term profits, it can harm the company's reputation and make it less appealing to investors seeking long-term growth opportunities.

2.2 Corporate Reputation

The concept of company reputation has evolved to incorporate multiple domains (e.g., accounting, economics, and marketing) and has evolved over time. To begin with, according to Baruah and Panda (2020), Levitt (1965) established the earliest definition of corporate reputation as a buyer's impression of a company. Then, in the 1990s, the definition changed to intangible assets, a source of strategic importance that can be an advantage to companies (Hall, 1992) and generate wealth (Fombrun & van Riel, 1997). This development shows the importance of the study of corporate reputation increases over time.

In detail,corporate reputation is an ever-changing, intangible asset shaped by how people continuously evaluate and perceive a company's actions and characteristics. This is crucial for investors, as a strong reputation can influence their decisions throughout the investment process. Baruah and Panda (2020) emphasize that reputation is dynamic and originates from competitive environments, as Spence (1974) suggested. Bernstein (1989) adds that reputation is closely linked to corporate communication, highlighting the strong connection between a company's image and its public messages, which can significantly impact investor confidence and choices.

Moreover, corporate reputation is the collective perception of a company's actions and achievements, which represents its ability to deliver valuable results to stakeholders, as stated by Fombrun et al. (2000). It is built from a combination of "facts, beliefs, images and experiences" that people gather over time. Companies can maintain a positive reputation during a crisis, even if the initial perception is negative, as

suggested by Podnar and Golob (2017), if they know how to manage reputation. For investors, a strong reputation can reassure them of the company's long-term stability and reliability, despite short-term challenges.

Next, Charreaux and Desbrières (2001) revealed that stakeholder satisfaction depends not only on the firm's ability to create sufficient value but also on the fair distribution of that value. Resources taken by one party cannot be used to benefit others (John & Senbet, 1998). Due to differences in access to information, stakeholders use various cues, such as the company's performance, size, or age, to form expectations about the company's ability to meet their needs (Brammer & Pavelin, 2006). Therefore, a company's reputation is influenced by any factor that stakeholders believe will influence future decisions about the company's resource allocation. This is important for investors, as they rely on these signals to assess the company's potential for long-term success and fair value distribution.

For example, the wider environment in which companies operate shapes stakeholders' perceptions, influencing their predictions (Wright & Rwabizambuga, 2006). Therefore, it is reasonable to speculate that the increased concern caused by corporate scandals. As a result of these concerns, there is now more emphasis on effective management practices as a crucial factor that influences the actions and decisions of a company. Additionally, key shareholders (those with significant shares and influence) are more frequently involved in the company's affairs and have a greater interest in how the company is managed and performs (Faccio & Lang, 2002). Many consider a company's ownership structure to be an important predictor of its future operations. In addition to being an instrument of corporate governance, the company's ownership structure can influence the development of its intangible assets, its reputation. Therefore, intangible

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resources are the most challenging to duplicate and replace and perhaps the most valuable, giving firms a competitive advantage and better performance (Brahim & Arab, 2011).

In the context of the Brazilian business landscape, where the link between corporate reputation and the overall value of the organisation is recognized, scholars have focused their attention towards identifying situations that emphasize the influence of intangible assets on company performance. An example is the scrutiny directed at the senior leadership of Petrobras, a leading Brazilian company. This investigation had a negative impact on the company's image, resulting in a sharp decline in its stock value of more than 40% from 2014 to 2016, as reported by Pedersen (2016). This example highlights how the perception of a company's actions and leadership can impact its financial position, demonstrating the complex interplay between reputation and economic outcomes in the context of the Brazilian business sector.

Subsequently, the company's upper management has begun enhancing the company's intangible assets and intends to continue doing so. This commitment is exemplified by a marketing campaign introduced in the first quarter of 2015 focusing on success in adversity (Petrobras, 2015). This investment is calculated to influence the public's perception of the company's future prospects. In this context, a company's reputation is primarily determined by how the general public evaluates its achievements and prospects relative to its principal competitors (Walker, 2010). By cultivating intangible assets, management has recognized the significance of reputation in influencing how stakeholders perceive the company and its long-term prospects.

The intricate interplay between organisational performance and corporate reputation has sparked debates, with some scholars asserting that performance drives reputation, while others argue that reputation molds performance. For instance,

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Flanagan et al.'s (2011) research into the correlation between Fortune Most Admired Companies (FMAC) ratings and financial performance stands out in this context. Surprisingly, the relationship between reputation and performance, first identified by Brown and Perry (1994), persists, although it has become somewhat weakened over time. In this complex situation, among the various perspectives on how corporate reputation and organisational performance interact, clarifying what corporate reputation means and developing a framework for measuring it are two crucial areas that require additional research (Walker, 2010). For this purpose, it is necessary to investigate the many facets of the concept of "corporate reputation" with the end objective of settling on a definition that can be applied practically in the context of measurement.

Not only are they recognized as factors that drive organisational performance, but they also provide an explanation for the difference between the market value and book value of publicly traded companies (Vomberg et al., 2015; Zigan, 2012). Within this approach, a company's reputation, which is among its most valuable intangible assets (Ciprian et al., 2012; Gok & Ozkaya, 2011), plays a critical role. Beyond the factors mentioned earlier, it's important to highlight that research on corporate reputation exists in the context of Brazil, and there is an absence of a clear definition for quantifying the reputation concept (Feitosa & Garcia, 2016).

Corporate reputation, like intellect, is intangible and can't be directly measured. It is a construct, requiring a clear definition before being used in research. Fombrun (1996) described corporate reputation as a subjective concept, representing the collective assessment of a company's effectiveness based on past actions and future expectations (Fombrun, 1996; Fombrun & Rindova, 2001; Walker, 2010). For investors, understanding corporate reputation is crucial, as it helps evaluate a company's long-term potential and stability, influencing investment decisions and confidence.

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Moreover, Bennett and Kottasz (2000) identified 16 different definitions of corporate reputation in scholarly articles and research, highlighting the diverse perspectives in this field. While terms like "corporate identity" and "corporate image" are sometimes used interchangeably, "corporate reputation" is distinct (Walker, 2010). Barnett et al. (2006) provided a comprehensive framework that enhances understanding of the key aspects to consider when evaluating corporate reputation. This framework has guided researchers, providing structure and direction to the analysis. For investors, this clarity is crucial as it helps them assess the true standing and reliability of a company, influencing their investment decisions.

In exploring expectations related to organisational behaviour, researchers examine how corporate reputation is assessed in the literature. To illustrate, Fombrun's extensive investigation into company reputation across 38 countries revealed 183 distinct ratings or rankings (Fombrun, 2007). The key outcomes of this analysis include that 61 lists ranked companies based on a comprehensive reputation measure, 73 lists assessed the quality of the workplace, 15 lists rated companies based on employee attributes, and 11 lists included subjective assessments of financial performance and future prospects. Fombrun's research highlights the various methodologies used to measure reputation and the different aspects through which reputation is understood and assessed. For investors, this indicates the importance of considering multiple dimensions of corporate reputation when making investment decisions, as it reflects a company's overall stability, workplace environment, employee quality, and financial outlook.

Therefore, corporate reputation is widely recognized as an intangible asset that provides numerous benefits to organisations. A positive reputation assists businesses in attracting and retaining investors (Pires & Trez, 2018). According to studies, companies

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with positive reputations have greater success recruiting investors (Pires & Trez, 2018). Moreover, a strong reputation generates trust and enhances value creation, as investors are more inclined to engage with a trusted organisation (Pires & Trez, 2018).

Multiple perspectives have emerged on corporate reputation, each shedding light on different aspects. One perspective focuses on societal expectations, emphasizing the importance of meeting individuals' expectations regarding organisational conduct (Berens & Riel, 2004). Reputation measurements, such as Fortune magazine's Fortune Most Admired Companies (FMAC), rank organisations based on their perceived conduct and alignment with societal expectations, offering insights into how organisations are perceived by external stakeholders (Berens & Riel, 2004). Another perspective revolves around corporate personality, recognizing that organisations possess distinct personalities that can influence their reputation (Davies et al., 2003). Understanding organisational personality involves assessing how image and identity contribute to the perception of corporate character and reputation (Davies et al., 2003). For investors, these perspectives are crucial as they provide a more holistic understanding of a company's reputation, helping to inform investment decisions based on societal alignment and corporate character.

Furthermore, an additional viewpoint centres on trust as a foundational element, emphasizing how investors perceive an organisation's integrity, reliability, and empathy (Berens & Riel, 2004). Trust is pivotal in shaping reputation, with stakeholders' trust substantially influencing an organisation's overall standing (Berens & Riel, 2004). Lastly, the performance-based perspective ties reputation to an organisation's ability to deliver results, which is particularly significant in business-to-business contexts. Assessing corporate reputation in this context involves examining elements like

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technology, service quality, and value, reflecting the organisation's perceived ability to meet performance expectations (Helm, 2005).

In this context, Barnett et al.'s (2006) definition is noteworthy, emphasizing the evaluative nature of corporate reputation, considering past behaviour and future prospects as key aspects that inform stakeholders' perceptions. Understanding corporate reputation involves recognizing the unique expectations that stakeholders hold and assessing how organisations meet these expectations (Barnett et al., 2006). This nuanced view underscores that reputation is dynamic and subject to evolution based on the interplay between organisational actions and stakeholder expectations.

Furthermore, managing corporate reputation is vital to protect the company's image and avoid detrimental consequences. Instances such as the fraud and scandals surrounding 1Malaysia Development Berhad (1MDB) have demonstrated the ease with which corporate reputation can be damaged, leading to a loss of credibility and investor confidence (Md Ali, 2015). Companies must proactively manage their reputation to avoid such negative outcomes and maintain stakeholder trust.

Moreover, beyond its inherent significance, corporate reputation offers numerous external advantages. It fosters favorable sentiments, increased loyalty, and support from stakeholders, as noted by Roberts and Dowling (2002). Additionally, a strong reputation leads to enhanced long-term profitability and returns for a company, as evidenced by Roberts and Dowling (1997). Fombrun and Van Riel (1997) describe corporate reputation as a collection of distinctive attributes or indicators that differentiate one company from others and are difficult to replicate. This multifaceted viewpoint highlights how a positive reputation extends beyond immediate benefits, playing a crucial role in shaping stakeholder perceptions, building trust, and ensuring

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sustained financial success. For investors, understanding these benefits underscores the importance of corporate reputation in making informed investment decisions that consider long-term stability and growth potential.

Similarly, a comprehensive understanding and thorough examination of ownership structure are crucial in both corporate governance and reputation management. This is especially important in contexts like Malaysia, where ownership is often concentrated among a few major shareholders, leading to potential conflicts of interest between dominant and minority shareholders (Bennedsen & Wolfenzon, 2000). These conflicts highlight the need for robust and effective corporate governance mechanisms to address issues of resource appropriation and protect shareholder interests (Bennedsen & Wolfenzon, 2000). The intricate relationship between ownership structure, governance, and reputation underscores the dynamic interplay between corporate structures and the perceptions that shape a company's standing in the business world. For investors, understanding this relationship is vital as it impacts both the stability and the perceived integrity of their investments.

Thus, a company's solid reputation is an invaluable asset. Different perspectives, including societal expectations, corporate personality, and trust, provide insights into understanding and evaluating reputation. Managing corporate reputation and implementing effective corporate governance mechanisms are essential for organisations to build and maintain trust, gain a competitive advantage, and safeguard their image and interests. For investors, these factors are critical in assessing a company's long-term potential and stability, making reputation management a key consideration in investment decisions.

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Additionally, corporate reputation is a critical asset for any company. A positive corporate reputation indicates trustworthiness, reliability, and long-term growth potential. This perception can attract more investment interest and capital inflows. Fombrun and Shanley (1990) highlight that investor perceptions of a company's reputation significantly influence their expectations about its future performance, impacting stock prices and investment decisions. Factors such as past performance, product or service quality, leadership strength, and corporate social responsibility initiatives shape these perceptions. Therefore, companies must manage their reputation effectively to ensure investor confidence and support.

Furthermore, investors are particularly sensitive to a company's reputation because it serves as a heuristic for assessing potential risks and returns. Roberts and Dowling (2002) argue that a strong corporate reputation can create a reservoir of goodwill, which helps a company during times of crisis or financial uncertainty. This "reservoir" acts as a buffer, maintaining investor confidence and stabilizing stock prices when performance temporarily falls short of expectations. Therefore, managing corporate reputation is crucial for companies to secure ongoing investor support and mitigate the impact of adverse situations.

Moreover, the link between corporate reputation and investor behaviour is also emphasized in the context of corporate governance. Investors are more likely to invest in companies with transparent and effective governance structures, which are indicators of good management and long-term sustainability. According to a study by Beatty and Ritter (1986), companies well-regarded for their governance practices tend to have lower costs of equity because investors perceive them as less risky. Therefore, a strong corporate reputation, bolstered by robust governance, not only attracts investors but also reduces the cost of capital, enhancing overall financial stability.

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Therefore, maintaining a positive corporate reputation is crucial not only for attracting investment but also for sustaining it over time. Companies that invest in building and maintaining their reputation can enjoy a competitive advantage in the capital markets, attracting a wider base of investors and securing more favorable financing terms. A strong reputation signals reliability and long-term viability, which are key factors for investor confidence and ongoing financial support.

2.3 Control Variables

2.3.1 Firm Age

According to Pastor and Veronesi (2003), investors gather more information about a firm over time. Consequently, companies with longer operational histories not only provide investors with more market information but also tend to have a stronger reputation, resulting in lower information asymmetry compared to younger firms (Barry & Brown, 1985). Krishnaswami et al. (1999) emphasize that investors face greater information asymmetry with younger firms due to their limited financial track record, which can also impact their reputation negatively. This aligns with Barry and Brown's (1985) suggestion that information asymmetry is more significant in younger companies. Therefore, investors may rely more on insiders for an informational edge in younger firms, as these companies disclose less information publicly and may not yet have established a solid reputation (Chauhan et al., 2016)

It is crucial to control for a firm's age, as older companies frequently demonstrate greater international engagement (Coad, 2017), a factor that can enhance their corporate reputation. By incorporating firm age as a control variable in the study, the specific effects of ownership structure on corporate reputation can be better isolated. This isolation becomes particularly significant because older firms, with their established operational histories, tend to have accumulated more market information

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and built a stronger reputation over time. Not accounting for this age-related reputation can potentially confound the relationship between ownership structure and corporate reputation. Additionally, younger firms, which often face higher information asymmetry due to their limited financial track record, may rely more on insiders for information, affecting investor perceptions and reputation dynamics (Barry & Brown, 1985; Krishnaswami et al., 1999; Chauhan et al., 2016).

Furthermore, examining how ownership structure influences corporate reputation across different age groups can provide valuable insights into how reputation management strategies evolve throughout a firm's lifecycle. This method differentiates whether specific ownership structures effectively enhance corporate reputation in both young and established firms. Additionally, considering the variations in international involvement and resources between younger and older companies can reveal how these factors, along with ownership structure, shape corporate reputation in Malaysia's business landscape. By meticulously controlling for firm age in this research, the complex factors influencing corporate reputation can be untangled. This methodological approach leads to more nuanced and accurate conclusions regarding the relationship between ownership structure and corporate reputation in Malaysia.

Firm age can significantly impact corporate reputation from an investor's perspective, as it often signals stability, reliability, and a track record of performance. Older firms are generally perceived to have developed a certain level of expertise and capabilities that contribute to a stronger and more positive reputation. This perception is reinforced by the concept of the "liability of newness," where younger firms are seen as more likely to fail due to their inexperience, lack of resources, and undeveloped corporate structures. In contrast, older firms are perceived as having overcome these initial hurdles. As Stinchcombe (1965) noted, older organisations have had more time to

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establish formal procedures and accumulate a history of successful business practices, contributing to a more favorable reputation among investors.

Moreover, older firms are more likely to have established stronger relationships with stakeholders, including customers, suppliers, and regulators, which can further enhance their reputation. Such relationships often translate into improved reliability and predictability in operations and outcomes, qualities that investors find attractive.

Finally, older firms may have more experience navigating economic cycles and industry disruptions, which can reassure investors of the firm's resilience and adaptability. As Barney (1991) argues, the resources and capabilities that firms develop over time can be sources of sustained competitive advantage, thereby enhancing corporate reputation.

2.3.2 Board Size

The role of the board of directors is paramount in corporate governance (Bauweraerts et al., 2022), necessitating meticulous control due to its significant impact on corporate reputation. The presence of a higher number of directors on the board can yield multifaceted benefits, such as improved managerial guidance, mitigated agency conflicts and expanded engagement with diverse stakeholders (Cormier et al., 2010; Ntim & Soobaroyen, 2013; de Villiers et al., 2011; Chang et al., 2017). Furthermore, a larger board not only assures diversity and alignment with social norms and values, thus enhancing legitimacy (Suchman, 1995; Ntim & Soobaroyen, 2013; Katmon et al., 2019) but also augments the presence of experienced administrators proficient in addressing critical issues pertaining to sustainable reputation practices.

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The size of the board of directors stands as a pivotal domain within the realm of corporate governance (Al-Najjar, 2017). A larger board tends to command vital resources, facilitate an influx of diverse experience, knowledge, and skills, and alleviate external uncertainties (Dalton et al., 1999). Empirical investigations lend credence to this perspective, revealing a positive correlation between board size and corporate reputation (Coles et al., 2008; Dalton & Dalton, 2005). Nevertheless, De Andres et al. (2005) counter this notion, asserting that small boards outperform their larger counterparts due to enhanced coordination, flexibility, and communication among members.

Conversely, a larger board of directors can reduce the efficiency of supervision, control, and decision-making (Lipton & Lorsch, 1992). Jensen (1993) suggests that smaller boards have better cohesion, oversight, and productivity. Studies show a negative link between board size and corporate reputation in Malaysia (Haniffa et al.,2006). In an ever-changing business landscape, a company's success depends significantly on top management's skill in making wise decisions to maintain the firm's competitive edge (Carpenter & Westphal, 2001).

In summary, the size of a company's board of directors significantly influences corporate governance. Finding the right balance between the benefits of a larger board's diverse expertise and the challenges it poses for coordination and decision-making is crucial for enhancing corporate performance and reputation in a constantly evolving business landscape.

2.3.3 Firm Size

The relationship between firm size and corporate reputation has garnered attention in prior research (Bravo et al., 2015). Larger companies inherently possess greater

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visibility and recognition within society, leading to potential implications for their market perception. The effort to uphold a strong corporate reputation and bolster investor trust serves as a driving force, compelling reputable enterprises to excel (Harymawan & Nurillah, 2017). Consequently, larger firms are inclined to implement robust corporate governance practices to safeguard and nurture their established reputation.

Firm size significantly impacts corporate reputation, which in turn affects investor perceptions and behaviour. Larger firms often enjoy a more robust reputation due to their extensive resources, market influence, and visibility. They typically have more established brand recognition, fostering trust and reliability among stakeholders, including investors. Additionally, larger firms are usually better equipped to implement comprehensive corporate social responsibility (CSR) initiatives, enhancing their reputation for ethical and sustainable practices. Economies of scale allow these firms to invest in high-quality products, customer service, and marketing efforts, further bolstering their reputation.

However, large firms may also face more scrutiny from the public and regulatory bodies, necessitating strong governance and transparency to maintain a positive reputation. On the other hand, smaller firms might benefit from agility and a closer connection to their customer base, but they often lack the resources and visibility to establish a strong reputation on a larger scale. Consequently, investors might view smaller firms as higher-risk investments due to their limited market presence and potential for volatility.

Thus, while firm size can provide significant advantages in building and maintaining a corporate reputation, it also comes with challenges that must be effectively managed to attract and retain investor confidence (Roberts & Dowling, 2002).

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2.4 Summary

Chapter 2 explores prior research on corporate reputation and the various factors influencing it, aiming to provide a framework for understanding how corporate governance mechanisms—family ownership, institutional ownership, foreign ownership, and concentration ownership—are linked to corporate reputation.

The literature review highlights a significant correlation between corporate governance mechanisms and corporate reputation. Corporate governance aims to mitigate agency problems within organisations (Mueller, 2006). Previous studies consistently indicate a positive relationship between corporate governance and corporate reputation (Ulhøi, 2007; Gompers et al., 2003). This is primarily because corporate governance enhances corporate reputation, nurturing investor confidence and trust. Investors see corporate reputation as crucial for reducing uncertainty and protecting their rights (McShane et al., 2011). Additionally, companies with strong corporate reputations are often associated with practices that protect the rights of minority shareholders, reducing the potential for expropriation (McShane et al., 2011).

While the relationship between ownership structure and corporate reputation has received limited scholarly attention, most existing studies are from outside Malaysia. There is a noticeable lack of research on this relationship within Malaysia. Most studies use performance metrics to measure corporate reputation. However, corporate reputation is comprehensive and intertwined with stakeholders' perceptions, making it incongruous to rely solely on performance metrics. Corporate reputation involves emotions, thoughts, and perceptions, requiring a holistic assessment approach. A Spanish study used ratings to gauge corporate reputation, reflecting stakeholders' genuine opinions. This approach offers a nuanced way to define and measure corporate reputation.

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Acknowledging the contextual differences between Spain and Malaysia is essential. While Spain has a diverse landscape, Malaysia's ownership structure is centralized. Therefore, replicating the Spanish study in Malaysia is crucial to understand the unique nuances of Malaysia's ownership structure and its impact on corporate reputation.

In conclusion, Chapter 2 reviews prior research, elucidating the relationship between corporate governance mechanisms and corporate reputation. The distinct intersection of variables such as ownership structure and corporate reputation within Malaysia's unique context is a crucial focal point for further exploration.

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CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter begins by introducing the fundamental concept of agency theory and its relevance to this study. Section 3.2 outlines the hypotheses, which form the foundation of the research inquiries explored. These hypotheses propose potential relationships between variables based on theoretical frameworks. Section 3.3 presents these hypotheses within a comprehensive conceptual framework, illustrating the interconnections among variables and hypotheses.

In Section 3.4, the chapter explains the rationale for choosing a quantitative research approach over a qualitative one. Quantitative research involves collecting and analyzing numerical data, while qualitative research focuses on understanding motivations and perceptions through non-numerical data like interviews or observations. This section clarifies how quantitative methods align with the research questions and hypotheses. Section 3.5 discusses the selected data source and the specific timeframe covered, contextualizing the study's temporal and spatial boundaries and clarifying the origin of the data.

Section 3.6 examines the sample size used in the study, providing a rationale for its selection and discussing its implications for the study's statistical power and generalizability. In Section 3.7, the focus shifts to the measurement of variables, detailing how independent, dependent, and control variables are operationalized and measured. Emphasis is placed on using reliable and valid measurement instruments to ensure accurate representation of the constructs.

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Section 3.8 reviews the three analytical techniques used in the study: descriptive analysis, bivariate analysis, and logistic regression. Descriptive analysis involves summarizing and presenting key features of the data, such as means and frequencies. Bivariate analysis examines the relationship between two variables, including techniques like correlation analysis. Logistic regression, used when the dependent variable is binary, models the probability of binary outcomes based on predictor variables and is widely used in various disciplines.

The structure of this chapter provides a coherent and organized exposition of the study's theoretical foundations, methodological framework, and context. This organisation clarifies the research objectives and demonstrates the study's integration within the broader body of knowledge.

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3.1 Agency Theory

The origins of agency theory can be traced back to the mid-20th century, beginning with Ronald Coase's work "The Nature of the Firm," published in 1937. This paper introduced key ideas that would later form the basis of agency theory. Coase examined why companies exist and how they function within market dynamics, arguing that companies arise to handle the costs of coordinating economic activities in the marketplace. According to Coase, companies come into being when managing certain economic activities internally is more efficient than relying solely on market transactions. He highlighted the importance of authority within firms, where decision-making power is given to specific members to reduce transaction costs. Coase's work laid the foundation for further developments within agency theory. In the 1970s and 1980s, agency theory became more defined, mainly due to contributions from economists like Michael C. Jensen and William H. Meckling. In 1976, Jensen and Meckling introduced their paper "Theory of the Firm: Managerial Behaviour, Agency

Costs, and Ownership Structure," which focused on the conflicts of interest between a company's owners (principals) and its managers (agents) due to different goals and information imbalances (Jensen & Meckling, 1976).

Agency Problem Type I focuses on the conflicts between shareholders and management, especially in companies with widely spread ownership. The main issue here is the information gap and conflicting interests between the principal (shareholder) and the agent (manager). The concern is whether the agent will act in the best interest of the principal or pursue personal gains. Agency Problem Type II, on the other hand, highlights the conflicts that arise between controlling shareholders and minority shareholders, particularly in firms with concentrated ownership. Controlling shareholders may take actions that benefit themselves at the expense of minority shareholders, such as transferring company resources for personal gain (Bebchuk & Hamdani, 2008).

In firms with family ownership, the controlling family typically has a strong influence over the company's strategic direction and decision-making processes. This can lead to a long-term orientation and strong commitment to the company's success. However, it can also result in nepotism, favoritism, and resistance to change, which can harm corporate governance and transparency. Investors may perceive family-owned firms as less transparent and prone to prioritizing family interests over those of minority shareholders, potentially damaging the corporate reputation (Anderson & Reeb, 2003).

Institutional investors, such as pension funds, mutual funds, and insurance companies, often hold significant shares in publicly traded companies. These investors typically advocate for strong governance practices and accountability, which can

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positively impact corporate reputation. However, institutional investors may also exert pressure for short-term financial performance, potentially at the expense of long-term reputation management. The presence of institutional investors can thus be a double-edged sword in terms of corporate reputation (Shleifer & Vishny, 1997).

Foreign investors bring a global perspective and often introduce higher standards of governance and transparency, positively influencing the corporate reputation. Firms with significant foreign ownership are perceived as being more compliant with international best practices and more transparent, which can attract other investors. However, foreign ownership might also lead to concerns about loyalty and commitment to the local market, as foreign investors might prioritize their interests over local stakeholder needs. The impact of foreign ownership on corporate reputation thus depends on how well the interests of foreign investors align with those of the company and its local stakeholders (Douma et al., 2006). A concentrated ownership structure, where a small group of shareholders holds a significant portion of the company's shares, can lead to both positive and negative impacts on corporate reputation. Concentrated ownership can provide effective monitoring and a strong alignment of interests between owners and the company, enhancing strategic decision-making. However, it also poses significant risks of conflicts of interest and potential expropriation of minority shareholders. Investors might view companies with concentrated ownership as risky if the controlling shareholders do not adhere to fair governance practices, thus potentially harming the corporate reputation (La Porta et al., 1999).

From an investor's viewpoint, different ownership structures present unique challenges and opportunities. Investors may be wary of nepotism and a lack of transparency in family-owned firms, potentially demanding higher returns to compensate for the perceived risks. While institutional investors can ensure better

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governance, their focus on short-term gains may conflict with long-term reputation management, affecting investor confidence. The alignment between foreign investors' interests and local stakeholder needs can affect investor perceptions of loyalty and commitment, impacting the firm's reputation. The risk of unfair practices and conflicts of interest in companies with concentrated ownership can deter investor confidence, although effective monitoring by concentrated owners can sometimes reassure investors. Studies have shown mixed results regarding the impact of concentrated ownership on corporate reputation. Some research suggests that firms with concentrated ownership have good governance when controlling shareholders are committed to long-term value creation. For instance, Maury and Pajuste (2005) found that firms with concentrated ownership structures tend to have good governance practices when controlling shareholders are committed to long-term value creation. However, the risk of conflicts of interest remains a significant concern and can negatively affect corporate reputation if not properly managed (Maury & Pajuste, 2005).

In conclusion, the impact of Agency Theory Type II on corporate reputation depends largely on the behaviour and intentions of controlling shareholders. While concentrated ownership can lead to a strong reputation if aligned with the firm's long-term goals, it also poses significant risks of mismanagement and conflicts of interest that can harm corporate reputation and reduce investor confidence. Investors are likely to have more confidence in firms where ownership structures are transparent, governance practices are strong, and there is a clear alignment of interests between controlling and minority shareholders.

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3.2 Hyypotheses Development

3.2.1 Family Ownership and Corporate Reputation

Within the previous literature on agency theory, two distinct assumptions come to the fore regarding the role of family owners as custodians over shareholders and the firm. The first is the alignment assumption, which posits a harmony between the interests of controlling family members and minority shareholders, resulting in congruent objectives. This assumption is based on the idea that family ownership holds the potential to mitigate agency conflicts. Prior research suggests that family-owned enterprises exhibit a reduced proclivity for engaging in detrimental practices due to their vested concerns for their reputation and the enduring value of their enterprises (Alhababsah, 2016). This perspective finds reinforcement in empirical evidence, with a study revealing that firms endowed with substantial family ownership tend to exhibit superior corporate reputation in comparison to their non-family-owned counterparts. Moreover, the study highlights the moderating influence of family ownership, which serves to counteract the adverse impact of political affiliations on the reputation of family firms.

In contrast, the entrenchment assumption, as discussed within agency theory, offers a different perspective. Unlike the alignment assumption, this idea suggests that family owners often use their power for personal gain, potentially ignoring the needs of minority shareholders. This can lead to conflicts of interest and higher costs for the company (Shleifer & Vishny, 1997). Family members in senior positions in companies with significant family ownership may be more prone to using their influence for personal goals (Azoury & Bouri, 2015). When family ownership is high, managerial decisions might prioritize family interests over other stakeholders, increasing these costs (Niskanen et al., 2010).

Family ownership, which consolidates multiple companies under one entity, often centralizes control, increasing the risk of minority investor profit loss due to potential expropriation. Research by Guizani & Abdalkrim (2021) supports this, showing a clear link: family ownership is negatively associated with hiring reputable auditors like the Big 4. This reluctance suggests family owners may resist external scrutiny, preferring to maintain control in ways that may not always adhere to best practices.

In light of these perspectives, the current study adopts the entrenchment assumption as the foundational premise for hypothesis development. It asserts that an inherent conflict of interest endures between family ownership and the interests of minority shareholders, ultimately eroding corporate reputation. Thus, the formulated hypothesis stands as follows:

H1: There is a negative relationship between family ownership and corporate reputation.

3.2.2 Institutional Ownership and Corporate Reputation

Institutional investors are crucial to corporate governance, significantly influencing corporate reputation, as detailed by Marchini et al. (2018). However, while their control over top management can enhance the quality of corporate governance (Mitra, 2002), it can also lead to decisions that prioritize the interests of majority shareholders over those of minority shareholders, potentially damaging the company's reputation. This relationship between institutional ownership and governance, although aimed at enhancing transparency, can result in actions that undermine investor trust if perceived as self-serving or ethically questionable.

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Institutional investors often monitor and significantly influence management decisions aimed at increasing wealth. This ownership group frequently demands strong corporate governance and high-quality auditing to protect their investments and build trust with investors (Alhababsah, 2016). However, this strong influence can sometimes result in management decisions that favor institutional investors at the expense of minority shareholders. For instance, controlling shareholders may push for aggressive cost-cutting measures or short-term profit maximization strategies that undermine long-term stability and ethical practices, eroding corporate reputation (Shleifer & Vishny, 1997).

Studies by Kane and Velury (2004) and Kheirollah et al. (2014) reveal that while institutional ownership can improve external audit quality, the emphasis on financial metrics and compliance can overshadow broader corporate responsibilities. This narrow focus can harm corporate reputation if investors perceive the company as lacking commitment to social and environmental responsibilities. Moreover, Guizani and Abdalkrim (2021) emphasize that institutional ownership boosts audit quality, but this does not always translate to a positive corporate reputation if the company's actions are seen as prioritizing profits over ethics. Such perceptions can be particularly damaging when minority shareholders feel their interests are being overlooked or actively harmed by the decisions of majority shareholders.

Salem et al. (2019) found that high institutional ownership in Tunisian firms is linked to superior risk disclosure. However, excessive risk disclosure driven by institutional pressure can signal potential instability or risk-taking behaviour, alarming investors and eroding corporate reputation. The intricate dynamics between institutional ownership and corporate governance practices can thus have mixed effects on corporate reputation, often tilting towards negative outcomes when short-term financial goals

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dominate, and minority shareholders' interests are compromised. Given these insights, the study can hypothesize the following based on agency theory:

H2: There is a negative relationship between institutional ownership and corporate reputation.

This hypothesis is grounded in the premise that institutional investors, while striving for strong corporate governance, often exert pressure on management to deliver short-term financial performance. This pressure can lead to decisions that prioritize immediate gains over long-term ethical and sustainable practices, eroding corporate reputation. The focus on compliance and audit quality, while improving transparency, may not suffice to maintain a positive reputation if investors perceive the company as lacking a broader commitment to social responsibility and ethical conduct. Consequently, the influence of institutional ownership, driven by short-term profit maximization, can undermine the company's reputation among investors, leading to a negative corporate perception. This dynamic is particularly concerning for minority shareholders, who may feel marginalized and vulnerable to decisions that favor majority shareholders' interests over equitable treatment and long-term sustainability.

3.2.3 Foreign Ownership and Corporate Reputation

The principles of corporate reputation are closely linked to foreign ownership, as Demsetz and Lehn (1985) noted. They found that significant foreign ownership improves the oversight of company activities, thereby reducing agency costs. This effect is enhanced by the tendency of foreign investors to hold their investments for long periods and often as single-block shareholders (Douma et al., 2002). These factors provide foreign investors with both the means and the strong motivation to closely monitor the companies they invest in, which in turn enhances the corporate reputation

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by ensuring better governance and accountability. However, this close monitoring can also lead to conflicts of interest between foreign investors and minority shareholders, potentially eroding corporate reputation.

Shubita's 2019 study confirms that foreign ownership typically leads to superior corporate governance compared to other ownership structures. Foreign owners often bring advanced operational skills that enhance the value of the firms they invest in. However, this focus on strict compliance and advanced skills can sometimes result in decisions that prioritize the interests of foreign investors over those of minority shareholders. Investors may perceive these actions as prioritizing the protection of foreign investments over equitable treatment of all shareholders, potentially harming corporate reputation (Mirsha, 2013).

Ongore et al. (2011) observed that the strong governance under foreign ownership boosts corporate reputation. However, the emphasis on stringent regulatory compliance and disclosure practices may create an environment where minority shareholders feel their interests are secondary. This perception can erode trust among minority shareholders and damage corporate reputation. Ali et al. (2021) also highlight that while the financial management expertise of foreign owners ensures efficient use of financial resources, it may also lead to aggressive financial strategies that benefit foreign investors disproportionately, further contributing to a negative corporate reputation among minority shareholders. Given these insights, the study hypothesize the following based on agency theory:

H3: There is a negative relationship between foreign ownership and corporate reputation.

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This hypothesis is grounded in the premise that foreign investors, while striving for strong corporate governance and efficiency, often exert significant control over management decisions to safeguard their investments. This control can lead to decisions that prioritize the interests of foreign investors over those of minority shareholders, creating conflicts of interest and perceptions of inequity. The focus on compliance and advanced operational skills, while beneficial in some aspects, may not suffice to maintain a positive reputation if minority shareholders perceive the company as lacking a commitment to equitable treatment and broader stakeholder engagement. Consequently, the influence of foreign ownership, driven by the need to protect investments, can undermine the company's reputation among minority shareholders and other stakeholders, leading to a negative corporate perception.

3.2.4 Concentration Ownership and Corporate Reputation

Concentration ownership, defined as the cumulative percentage of shares held by the top five shareholders, plays a significant role in shaping corporate governance and, consequently, corporate reputation from an investor's perspective. High ownership concentration can enhance control over management, potentially ensuring that shareholder interests are well-protected (Shleifer & Vishny, 1986). However, this concentration can also create significant challenges and is often perceived negatively by investors. When a small group of shareholders holds a dominant position, it can lead to decisions that favor their interests over those of minority shareholders, leading to perceived conflicts of interest and reduced trust in the company’s management (Claessens et al., 2000).

Investors highly value transparency and accountability in corporate governance. High ownership concentration can undermine these values, as majority shareholders might not feel the same pressure to maintain high standards of transparency and

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inclusive governance. This perception can deteriorate a company's reputation, as investors are concerned about the potential for governance practices that may not adequately represent all shareholders' interests. Studies have shown that companies with high ownership concentration tend to have less comprehensive and transparent disclosures, which negatively affects how investors perceive their commitment to good governance and ethical standards (García et al., 2010).

A key reason for the low corporate reputation in firms with high ownership concentration is the conflict of interest between majority and minority shareholders. Majority shareholders, due to their substantial control, may make decisions that prioritize their own interests, such as granting themselves higher dividends, approving related-party transactions, or making strategic decisions that benefit their position at the expense of minority shareholders (Claessens et al., 2000). This creates a perception of unfairness and potential exploitation among minority shareholders, who feel their interests and rights are being disregarded. Such governance practices erode trust and confidence in the company's management and board of directors, further damaging the company's reputation.

Furthermore, investors often rely on rankings to assess corporate reputation. Rankings such as Fortune's Most Admired Companies or the Reputation Quotient (RQ) are based on a company's perceived integrity, social responsibility, and overall governance practices. Studies using these rankings have found that companies with dispersed ownership structures often score higher due to their commitment to transparency and balanced governance. For example, García et al. (2010) utilized such rankings to measure corporate reputation and found a significant correlation between dispersed ownership and higher reputation scores, reinforcing the idea that high ownership concentration can be detrimental to perceived corporate integrity and ethical

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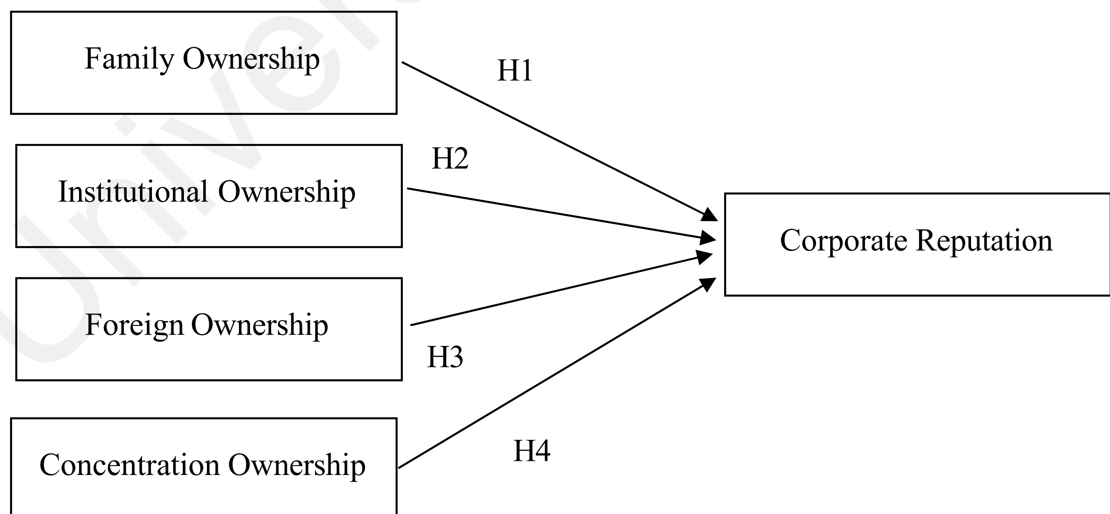
standards. From an investor's perspective, high concentration ownership can significantly harm corporate reputation due to perceived reduced transparency and potential conflicts of interest. This leads to the hypothesis:

H4: There is a negative relationship between concentration ownership and corporate reputation.

Maintaining a balanced governance structure that promotes transparency and accountability is crucial for preserving and enhancing corporate reputation in the eyes of investors. Therefore, companies with high ownership concentration must be particularly vigilant in their governance practices to mitigate negative perceptions and enhance their reputation.

3.3 Conceptual Framework

Figure 3.1: Framework of Study



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3.4 Quantitative research design

The study utilizes quantitative methods to identify clear patterns and trends within the data, providing a robust framework that enhances the credibility of the findings. By employing rigorous, standardized protocols, the research minimizes personal bias and emphasizes objectivity, thus bolstering the reliability of the conclusions drawn. This approach not only strengthens the study's outcomes but also enhances the corporate reputation by demonstrating a commitment to accuracy and ethical standards in research practices.

In this study, secondary data sourced from the S&P Capital IQ database is rigorously analyzed using quantitative methods to ensure unbiased and precise outcomes. This approach highlights the critical importance of data integrity and analytical rigor, reinforcing the company's commitment to maintaining a robust corporate reputation.

Quantitative methods are particularly suitable for this type of research because they allow for the analysis of large datasets and the identification of statistically significant relationships between variables. The use of statistical techniques ensures that the findings are not based on anecdotal evidence or subjective interpretations, but rather on objective, quantifiable data.

In conclusion, using quantitative methods enhances the study's credibility, objectivity, and its potential to contribute significantly to existing knowledge, bolstering the corporate reputation for rigorous analysis. The methodical approach taken in this research underscores the importance of maintaining high standards of data integrity and ethical practices in corporate governance studies.

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3.5 Research Design

3.5.1 Source of data

This study constructs a comprehensive data mosaic by examining various ownership structures—family, institutional, foreign, and concentrated ownership—alongside firm age, board size, and firm size. Data are extracted from the annual reports of companies, accessed through online searches and the Bursa Malaysia website, as well as the S&P Capital IQ database. This approach provides a reliable foundation for assessing their financial performance, operational details, and governance structures. Utilizing these sources enhances the credibility and depth of the research, offering valuable insights into how these factors influence a company's corporate reputation.

Bursa Malaysia serves as the vigilant overseer of Malaysia's capital market, ensuring a fair and orderly environment for securities and derivatives trading. Its critical role in maintaining market integrity and transparency is essential. Exploring annual reports available on Bursa Malaysia's website offers comprehensive insights into financial performance, operational strategies, and governance models, all under the watchful eye of regulatory compliance. The S&P Capital IQ database further enriches the data set, offering extensive financial and ownership information. This combination of sources not only enhances the depth of analysis but also provides a reliable foundation for the study, reinforcing the corporation's reputation for thoroughness and accountability.

A central focus of this analysis is corporate reputation—a fundamental pillar for sustained corporate success and a key driver of stakeholder trust. The Minority Shareholder Watch Group (MSWG) rankings play a crucial role in this context. As an independent entity, MSWG vigilantly protects minority shareholder interests in Malaysia. It evaluates companies based on their corporate governance, transparency,

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and adherence to shareholder-friendly practices, thereby influencing their reputation in the corporate sector.

This study uniquely incorporates the MSWG ranking to objectively evaluate corporate reputation. By leveraging an external, unbiased assessment, it offers a clear view of market perceptions. This method eliminates potential biases and integrates different reputational evaluations into a cohesive narrative, enhancing the reliability of corporate reputation analysis.

In conclusion, this study utilizes a direct and focused approach by integrating data from annual reports accessed online and through the Bursa Malaysia website, the S&P Capital IQ database, and the MSWG ranking's reputation evaluation. This integration enhances the analytical depth and combines internal financial data with external reputation metrics, providing a detailed view of the relationship between ownership structure and corporate reputation in Malaysia's capital market.

3.5.2 Data period

The choice of data from 2017 to 2019 for examining the influence of the ownership structure on corporate reputation in Malaysia was strategic and intentional. Focusing on this timeframe allows for a pertinent analysis of recent trends affecting corporate reputation within the Malaysian context, ensuring that the findings are both relevant and timely for stakeholders.

This period marks significant developments in corporate ownership structures and their impact on corporate governance. Analyzing these specific years avoids the redundancy of extending past common timelines, thereby enriching the study with fresh perspectives and novel insights. Moreover, the exclusion of the Covid-19 period, which

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began in 2020, is critical. This decision isolates the impact of ownership structure on corporate reputation from the global disruptions caused by the pandemic, offering a clearer picture of its influence during stable economic conditions (International Monetary Fund, 2020; Mohd Noor et al., 2022).

The three-year span provides a robust dataset that enhances the reliability and statistical validity of the study. This comprehensive approach allows for a detailed examination of the interplay between ownership structures and corporate reputation dynamics, providing valuable insights into corporate governance practices in Malaysia. Additionally, this period was chosen as it aligns with the timeframe when the master's programme was started. It represents the most recent years available at the time of initiating the research, making it a practical and logical choice. A three-year span is sufficient to provide a robust dataset, enhancing the reliability and statistical validity of the study. This duration is appropriate for the scope of a master's thesis, which is typically more limited in time and resources compared to a PhD dissertation.

Previous studies have also effectively utilized a three-year period to analyze corporate governance and its impacts. For instance, a study examining the financial performance of maritime firms used a three-year sample to assess the effectiveness of corporate governance mechanisms (Mohd Noor et al., 2022). Another study employed a three-year timeframe to evaluate the governance dimensions affecting the performance of companies, utilizing a Delphi method to rank these dimensions, thus demonstrating the adequacy of a three-year period for such analyses (Boulton et al., 2011). Furthermore, research comparing environmental, social, and governance (ESG) ratings across sectors and regions also relied on similar time spans to draw meaningful conclusions (Breitenstein et al., 2021).

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In conclusion, the period from 2017 to 2019 was meticulously chosen to ensure that the analysis of ownership structure's impact on corporate reputation is both accurate and meaningful, reflecting its strategic influence in shaping corporate integrity and credibility in a pre-pandemic context. This duration is well-suited to the scope and depth of a master's level study.

3.6 Sampling Size

Table 3.1: Sampling Size

No.	Search Keywords	Number of Companies
1	Malaysia	116086
2	KLSE Bursa Malaysia (Primary Listing)	1006
3	Public Company	970
4	All industries except the finance industry	932
5	Total Asset FY 2019	923
6	Total Asset FY 2018	888
7	Total Asset FY 2017	861

The study began with an initial pool of 970 companies listed on the KLSE Bursa Malaysia, focusing on non-financial entities to ensure comparability and relevance in the Malaysian economic context. Excluding financial institutions, which operate under different regulations, is a common practice to maintain homogeneity in corporate governance studies (Boulton et al., 2011; Breitenstein et al., 2021). By focusing only on non-financial companies, the study isolates a specific industry, enhancing the relevance and comparability of the results.

After further filtering based on data availability for total assets in the fiscal years 2017 to 2019, the study included 861 firms. This rigorous filtering ensures that only companies with complete and reliable data were considered, enhancing the validity of the analysis. Since the data is extracted automatically from the S&P Capital IQ

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Database, it is crucial to ensure that all necessary company information is available to avoid missing data and streamline the data cleaning process. Using total assets as a filtering criterion ensures that the S&P Capital IQ Database contains all required information for the study, serving as a reliable benchmark for completeness, which again can save time for data cleaning later.

Several studies have utilized similar approaches to maintain the integrity of the analysis. Chan et al. (2014) utilized a filtering mechanism based on market capitalization to ensure the inclusion of larger firms with comprehensive data. This approach aligns closely with this method of filtering based on total assets to ensure data availability across multiple years. The methodology ensured that the dataset included firms with more robust and consistent data, thus streamlining the data cleaning process and enhancing the reliability of their analysis.

The sample selection for this study follows strict criteria to ensure the integrity of the corporate reputation analysis. Companies with incomplete data were excluded to maintain an unbiased and valid analysis, reinforcing the reliability of the findings.Only companies with a continuous presence on the Main Market from 2017 to 2019 were included to avoid disruptions from market entry or exit. Companies were then ranked by revenue in descending order to create comparably resourced groups, promoting fair and accurate comparisons. Studies have shown that controlling for company size helps in isolating the effects of variables being studied. In previous research, the methodology of ranking samples based on financial metrics such as revenue to ensure fairness and reduce bias has been well-supported. For instance, Chan et al. (2014) employed market capitalization as a filtering mechanism to include larger firms with comprehensive data, thereby promoting fairness and reducing bias in their analysis. This approach is analogous to this method of ranking by revenue, which ensures that the sample

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comprises companies with similar financial capabilities, facilitating meaningful comparisons.

Moreover, Boulton et al. (2011) utilized a Delphi method to rank governance dimensions affecting company performance, again emphasizing the need for controlled comparisons by focusing on similar groups of companies. These studies collectively support the validity of ranking samples based on revenue, reinforcing this approach as a methodologically sound practice to ensure fairness and reduce bias in examining corporate reputation.

The analysis includes 861 firms, from which a random sample of 173 companies was selected. This sample size was chosen based on predetermined confidence levels and margins of error, considering resource constraints. Analyzing 173 companies was feasible within the set timeframe, achieving a 95% confidence level with a margin of error of ±2.68%. This confirms the reliability of the findings in reflecting corporate reputation.

Achieving a 95% confidence level highlights the company's commitment to reliable and robust business practices. This high level of statistical assurance shows that the company values accuracy and transparency in its operations, enhancing its reputation for dependability. The narrow margin of error of ±2.68% further emphasizes the precision of the company's data-driven strategies, indicating a meticulous approach to decision-making and strategic planning. These statistical measures convey a strong message of competence and integrity, key components of a positive corporate reputation.

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In addition to the sample size considerations, the logistic regression analysis in this study adheres to the widely accepted rule of thumb, which recommends a minimum of 10 events per predictor variable (EPV) (Peduzzi et al., 1996). Given that the study examines seven predictor variables—family ownership, institutional ownership, foreign ownership, concentration ownership, firm age, board size, and firm size—the minimum number of required events is calculated to be 70 (7 predictors * 10 EPV). This study's sample contains 123 positive events (recognized corporate reputation), which meets and exceeds the minimum EPV requirement. Exceeding the minimum EPV enhances the robustness and reliability of the logistic regression model, improving the precision of estimates, reducing bias, and increasing the overall stability and power of the model (Bujang et al., 2018; Vittinghoff & McCulloch, 2007). The distribution of these events and further details will be presented later in Table 4.1.

In conclusion, the chosen sample size of 173, along with adherence to the rule of thumb for logistic regression and exceeding the minimum EPV requirement, ensures a statistically sound and reliable analysis. These methodological choices allow for a fair and unbiased examination of corporate reputation influenced by ownership structures, aligning with established research methodologies and supporting the robustness of the study's findings.

3.7 Measurement of Variables

This section provides a detailed description of how each variable in the study is measured, focusing on one dependent variable—corporate reputation—and four independent variables: family ownership, institutional ownership, foreign ownership, and ownership concentration. To control for other influences, variables such as firm age, number of board directors, and firm size are included. Table 4, located after this section, succinctly summarizes the measurement details for each variable, offering clear

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and transparent insights into the research design and enhancing the integrity of the study's findings related to corporate reputation.

3.7.1 Independent Variable

3.7.1.1 Family Ownership Measurement

Family ownership, referring to a business structure where family members collectively hold significant equity, directly influences corporate reputation through the unique interplay of familial relationships and business operations. This ownership model can enhance reputation as it often signals long-term commitment, trustworthiness, and stability to stakeholders, due to the familial bonds and personal investment in the business's success. However, it can also pose risks to reputation if internal family conflicts or succession issues become public, affecting perceptions of management stability and reliability. Thus, while family ownership can be a distinct asset, it requires careful management to maintain and leverage this advantage in fostering a positive corporate reputation.

Past research has utilized multiple metrics to assess family ownership, as summarized in Table 3.2. This table provides a clear overview of the different methods applied by researchers, facilitating an understanding of the varied methodological choices in this field. The comprehensive presentation of these measurement techniques allows for an analysis of their respective advantages and limitations, which is crucial for building and maintaining corporate reputation through methodological rigor and transparency.

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Table 3.2: Previous Study on Family Ownership Measurement

Measurement	References
The ratio of family members on the board to total directors	Esa et al. (2018)
The percentage of total family managerial ownership	Jaggi et al. (2009), Chen & Hsu (2009), Mustapha & Che Ahmad (2011), Mohammad & Wasiuzzaman (2020)
The percentage of family ownership	Subramaniam (2018), Kumala & Siregar (2021), Hashmi & Iqbal (2022), Hashmi & Brahmana (2023)

The inconsistent measurement methods emphasize the lack of a standard protocol for evaluating family ownership in academic circles. Researchers tailor their techniques to suit the unique requirements of their studies, reflecting a broader, ongoing endeavor to refine how family ownership is quantified. This variability in approach also highlights the dynamic nature of scholarly efforts to develop robust methodologies that can effectively capture the impact of family ownership on corporate reputation in various business environments.

Therefore, the table underscores the imperative for meticulous selection and clarity in choosing measurement techniques, crucial for safeguarding and enhancing corporate reputation. Making informed methodological choices profoundly influences the results and insights of family ownership studies. Evaluating the appropriateness and precision of each method strengthens the integrity and credibility of research, while the ongoing sharing and documentation of varied measurement strategies drive the progression of understanding in this field.

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In this study, family ownership is defined as the combined shareholding percentage held by family members among the top 30 largest shareholders. This definition aligns with methodologies employed in the research of Subramaniam (2018), Kumala and Siregar (2021), and Hashmi and Iqbal (2022). Data on family ownership is sourced from the shareholders' information in the annual reports, detailing equity held by key figures such as the chairman and directors, alongside other notable shareholders. Shareholders bearing the same surname or identified with familial or managerial connections are classified as family (Faccio et al., 2006). This scrutiny of shareholder structure is critical for assessing the impact of family ownership on the corporate reputation of the firm.

3.7.1.2 Institutional Ownership Measurement

Institutional ownership, referring to the share proportion held by the top 30 institutional investors as reported in annual disclosures, significantly impacts corporate governance and reputation. In Malaysia, key players such as the Employees Provident Fund (EPF), Lembaga Tabung Haji, Permodalan Nasional Berhad, Armed Forces Fund (LTAT), and Social Security Organisation (SOCSO) play pivotal roles. These institutions not only influence financial stability but also enhance corporate credibility and ethical standards, fostering a positive public and investor perception.

3.7.1.3 Foreign Ownership Measurement

Foreign ownership is measured by the proportion of shares held by international stakeholders, as evidenced by studies such as Gurbuz and Aybars (2010) and Kabir et al. (2020). This approach is consistent with Greenaway et al. (2020), who categorize foreign ownership as the equity percentage owned by foreign investors. The study calculates foreign ownership by analyzing the share percentage controlled by international investors, drawing on methodologies from Said et al. (2009) and

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Orbaningsih & Sawitri (2021). This measure is crucial as it directly influences corporate reputation through transparency and global investment perspectives.

To determine the presence of foreign shareholders within an annual report, it's crucial to analyze certain identifiers. Firstly, the nationality details provided help pinpoint the origins of substantial shareholders. Annual reports may specifically highlight the nationality or country of origin of key shareholders, revealing whether they are foreign or domestic. Additionally, the registered addresses of shareholders serve as another vital clue; those located outside Malaysia suggest foreign ownership. The use of the suffix "Ltd" in shareholder names often signifies foreign entities, as it is relatively rare among Malaysian companies, which commonly use "Sdn Bhd" or "Bhd" to indicate private or public limited companies. Identifying these aspects enhances transparency and can bolster corporate reputation by demonstrating a clear and thorough understanding of shareholder composition.

Foreign institutional investors often have names that suggest their international origins, different from local naming norms. To ascertain their non-local status, one can cross-reference the names of major shareholders with data available on various stock exchanges. These platforms typically disclose information about substantial shareholders, distinguishing between foreign and domestic entities. This verification process is crucial for maintaining corporate reputation by ensuring transparency about the foreign involvement in the company.

Additionally, corporate proxy statements and regulatory filings can provide detailed insights into the nationality or residency of shareholders. These documents are crucial for verifying whether shareholders are foreign or domestic, directly impacting a company's reputation in global markets. By utilizing these indicators and conducting

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meticulous research, the study comprehensively determines whether a shareholder listed in the annual report of a Malaysian company is a foreign investor or a local stakeholder.

3.7.1.4 Concentration Ownership Measurement

In corporate contexts, concentrated share ownership implies a significant control by a limited number of shareholders, potentially compromising corporate reputation due to perceived risks of minority shareholder exploitation. Conversely, diversified ownership, where control is distributed among many equal shareholders, is seen as promoting equitable governance, enhancing the company's reputation for fairness and stability. The risk associated with concentrated ownership is the potential for majority shareholders to prioritize their interests, possibly to the detriment of minority stakeholders, a practice that could tarnish the company's public image and investor trust.

In examining the relationship between concentration ownership and corporate reputation, this study utilizes a consistent method for defining concentration ownership as the cumulative percentage of shares held by the top five shareholders. This approach aligns with the methodologies of Javid and Iqbal (2008), who use the top five owners as a metric for equity concentration to assess its effects on corporate governance and performance, as well as Khalfan and Wendt (2020), who characterize concentration ownership by the proportion of total stock owned by the five largest shareholders. Additionally, Li et al. (2015) apply a similar criterion, focusing on the shareholding percentages of the three and five largest shareholders relative to total shares. By adopting this standard metric, this study aims to provide a robust analysis of how concentration ownership might influence corporate reputation, thereby contributing to an understanding of governance dynamics and performance outcomes.

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Aggregating the ownership percentages of the top five major shareholders means summing up the ownership percentages held by these leading shareholders, whether they are individuals or entities. This calculation highlights the level of control or influence these prominent stakeholders have over the company. A high ownership concentration suggests significant sway over the company's decisions and operations by a small group of shareholders. Conversely, a low concentration indicates a diversified ownership structure with widespread ownership among many shareholders.

3.7.2 Dependent Variable

3.7.2.1 Corporate Reputation Measurement

From the perspective of investors, corporate reputation is a multifaceted concept that encompasses various indicators reflecting a company's overall health, ethical practices, and market performance. One key aspect closely related to corporate reputation is corporate governance. While there are many ways to gauge reputation, rankings are often considered a suitable and effective indicator for several reasons, particularly when they incorporate elements of corporate governance.

Firstly, rankings from reputable organisations or publications lend credibility and trust, as they are based on comprehensive and rigorous evaluation criteria, including aspects of corporate governance. Investors often rely on these rankings because they provide third-party validation of a company's corporate governance, reducing the need for extensive individual research. High rankings typically reflect strong corporate governance practices, such as transparent financial reporting, ethical business conduct, and a well-structured board of directors.

Additionally, rankings evaluate companies on multiple dimensions such as financial performance, corporate governance, social responsibility, and innovation,

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offering a holistic view of a company's reputation. This standardized assessment ensures that all companies are measured on a level playing field, making it easier for investors to compare different firms. Good corporate governance is often a critical component of these rankings, as it underpins a company's long-term sustainability and risk management.

Furthermore, rankings simplify the decision-making process by distilling complex information into an easily understandable format, allowing investors to quickly identify top-performing companies and potential investment opportunities. High rankings, particularly those highlighting excellent corporate governance, signal strong market perception and confidence in a company, which can attract more investors and positively impact stock prices. Overall, the credibility, comprehensive evaluation, and simplicity of rankings, combined with their emphasis on corporate governance, make them a valuable indicator of corporate reputation from an investor's perspective.

Thus, the assessment of corporate reputation has been approached through ranking measurement, supported from prior research (García et al., 2010; Fernandez et al., 2012; García-Meca & Palacio, 2018; Odriozola & Baraibar-Diez, 2017). This approach parallels Fortune's widely recognized 'Most Admired American Companies' index, frequently referenced in academic literature as a gauge of corporate reputation (Fombrun & Shanley, 1990; Roberts & Dowling, 2002; Vergin & Qoronfleh, 1998).

According to Pires and Trez (2018), the Fortune Most Admired Companies (FMAC) scale and the Reputation Quotient (RQ) are among the most prominent national and international reputation assessments. In Brazil, the ratings provided by Exame and Carta Capital magazines have gained significant recognition. The choice of a reputation evaluation methodology should account for the rating context, changes in

ratings over time, comparative analysis of competitors' ratings in the same industry, publication coverage and readership, and the contrasts among different methodologies (Fombrun, 2007).

The study by Pires and Trez (2018) advanced the understanding of reputation measurement constructs, deliberating on the adopted definition and attributes of key reputation ratings such as FMAC, RQ, and the Corporate Personality Scale. This informed the selection of critical elements for the construct measurement: collective judgments by representative organisational stakeholders encompassing executives, employees, suppliers, customers, and the financial market (market analysts); incorporation of diverse organisational dimensions/perspectives (financial, social, and environmental) in assessments; longitudinal evaluations of corporate reputation; utilization of theoretical foundations in constructing assessment scales; and recognition that stakeholders may hold varied perceptions of organisational reputation.

For this study, corporate reputation data was sourced from the MSWG ranking. This ranking assigns scores to the 100 most reputable companies in Malaysia and has been utilized in previous research (Fernández & Luna, 2007). It closely resembles Fortune's AMAC index, a prevalent measure in academic journals (e.g., Black et al., 2000; Brown, 1997; Cordeiro & Sambharya, 1997; Fombrun & Shanley, 1990; Hammond & Slocum, 1996; Roberts & Dowling, 1997; Sobol & Farrelly, 1988; Srivastava et al., 1997; Vergin & Qoronfleh, 1998).

This ranking is founded on survey scores in five main dimensions: shareholders' rights, equitable shareholder treatment, stakeholder roles, disclosure and transparency, and board responsibilities. The accuracy of these ratings is verified through analysis of company reports and a merit questionnaire designed by MSWG analysts. Subsequently,

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the definitive ranking is compiled and released. The scorecards are appended in the appendices. The establishment of the Minority Shareholder Watchdog Group (MSWG) in 2000 by the top five public institutions aimed to embed good governance practices in publicly listed firms to safeguard the interests of minority shareholders (Wahab et al., 2008). Moreover, the inception of MSWG has the potential to enhance the monitoring role of institutional investors, particularly concerning firms' corporate governance structures. Hence, this ranking is pivotal in gauging corporate reputation.

Corporate reputation, as the dependent variable, is represented as a binary variable where the presence (1) or absence (0) of corporate reputation within a company is denoted (Cao et al., 2015). A '1' signifies a company listed in the MSWG ranking with a corporate reputation, while '0' indicates otherwise. The dependent variable is controlled for characteristics such as firm age, number of board directors, firm size (Hasnan & Hussain, 2015), and the same financial year, serving as a proxy.

The MSWG ranking exercise is conducted annually. This annual assessment provides a consistent and up-to-date evaluation of companies' corporate governance practices and their reputational standing. By conducting the ranking annually, MSWG ensures that the evaluations reflect the most current governance practices of the companies. The annual frequency ensures that the corporate reputation measure used in the study is timely and relevant. It reflects recent changes in corporate governance, thereby providing an accurate representation of a company's current reputation. Using an annual ranking helps maintain consistency in the measurement of corporate reputation over time, which is essential for longitudinal studies examining trends and changes in corporate reputation. Corporate reputation is inherently dynamic, influenced by ongoing changes in a company’s governance and stakeholder relationships. An

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annual ranking captures these dynamics, allowing the study to account for fluctuations and trends in corporate reputation.

Moreover, the frequency of the ranking facilitates comparative analysis across different years, enabling researchers to analyze how changes in governance practices, market conditions, and regulatory environments impact corporate reputation over time. The categorization of corporate reputation as a binary dependent variable (presence or absence) benefits from the annual ranking. Since the ranking is updated yearly, it ensures that the categorization reflects the most recent and relevant data, enhancing the accuracy of the study's findings. Annual updates help validate the reliability of the MSWG rankings as they provide regular verification of the criteria and ensure that companies are continually monitored for compliance and performance. Therefore, the annual frequency of the MSWG ranking exercise is pivotal for the accuracy and relevance of categorizing corporate reputation as the dependent variable, ensuring the study reflects the most up-to-date evaluations of corporate governance and reputational standing.

3.7.3 Control Variable

3.7.3.1 Firm Age Measurement

Firm age, calculated as the total number of years since the firm's establishment (Kieschnick & Moussawi, 2018; Kankam-Kwarteng et al., 2019; Hashmi & Iqbal, 2022; Dong et al., 2022; Pascucci et al., 2022), is crucial for understanding corporate reputation. The inception date marks the start of the company's life cycle, reflecting its longevity and experience in the market, which significantly influences its reputation.

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3.7.3.2 Board Size Measurement

In previous studies, a board is considered large if it has more than three directors. Jensen (1993) suggested that a board should ideally have at least seven or eight members for effective functioning, as smaller boards tend to reach consensus more easily. However, Mishra et al. (2001) found that larger boards are less efficient than smaller ones. Board size is introduced as a control variable to enhance the clarity of relationships among the tested variables. Consequently, in this study, board size is defined as the total count of directors serving on the board.

The size of the board can significantly impact corporate reputation. A larger board might bring diverse perspectives and expertise, which could enhance decision-making and improve the company's image. However, inefficiencies in larger boards could lead to poor governance, adversely affecting corporate reputation. Conversely, smaller boards may reach decisions more quickly and operate more efficiently, but they might lack the breadth of knowledge and perspectives found in larger boards, potentially limiting their ability to address complex issues that affect reputation.

3.7.3.3 Firm Size Measurement

Firm size represents the extent and caliber of resources available to a company (Dhanaraj & Beamish, 2003), reflecting aspects like management quality, technological emphasis, and investment, all of which directly impact corporate reputation. In this study, firm size will be gauged using the natural logarithm of total assets, following the approach adopted by Hashmi and Iqbal (2022) and Pascucci et al. (2022).

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3.7.4 Summary of Measurement

Table 3.3: Measurement

Variables	Measurement	Sources
Corporate reputation	Dummy variable: 1 = if listed in MSWG's ranking, 0 otherwise	MSWG's report
Family ownership	Total percentage of family ownership	Annual report
Institutional ownership	Total percentage of institutional ownership	Annual report
Foreign ownership	Total percentage of foreign ownership	Annual report
Concentration ownership	Total percentage of the five largest shareholders	Annual report
Firm age	Total years of establishment	Annual report
Board size	Number of board directors	Annual report
Firm size	Natural log of total asset	Annual report

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3.8 Data Analysis

Data analysis in this study is conducted using Stata as the chosen software due to its comprehensive range of statistical capabilities, encompassing descriptive analysis, bivariate analysis, and logit regression, as highlighted by Mitchell and Chen (2005).

The preference for Stata over alternative software like SPSS is primarily driven by its robust toolkit, particularly tailored for panel data analysis. Panel data analysis is a specialised technique applied when examining data collected longitudinally from the

same entities, such as companies or individuals, accounting for potential interdependencies and correlations within the dataset. Stata is better equipped for this specific analytical requirement, aligning well with the project's focus on panel data analysis.

While SAS is renowned for its advanced functionalities and programmability, the choice of Stata over SAS stems from considerations of simplicity and user-friendliness. Stata offers a more accessible learning curve and operational ease compared to SAS, which can be intricate, especially for those with limited programming experience or expertise. By leveraging Stata's capabilities, the essential statistical analyses critical for this research, particularly in the context of panel data, can be effectively executed, ensuring the achievement of the research objectives.

The data analysis carried out using Stata will provide a reliable foundation for examining the factors influencing corporate reputation. The software's sophisticated panel data analysis features will help identify trends and correlations over time, offering insights into how various attributes impact the perceived reputation of corporations. By employing Stata, this study aims to deliver precise and actionable findings that contribute to the broader understanding of corporate reputation dynamics.

3.8.1 Descriptive Analysis Variables

This study uses descriptive statistical analysis to derive insights from the collected data on corporate ownership structure and reputation. Descriptive analysis effectively depicts and summarizes the data's characteristics. Key statistical metrics, including mean, minimum, maximum, standard deviation, kurtosis, and skewness, are computed to understand the distribution and variability of the variables. This helps identify potential outliers that could significantly influence research outcomes.

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Detecting outliers upholds result integrity and enhances credibility. Additionally, the descriptive analysis provides a foundation for advanced statistical methods, facilitating a deeper exploration of the relationship between ownership structure and corporate reputation.

3.8.2 Bivariate Analysis

Bivariate analysis is a fundamental statistical method used to explore relationships between two variables. It involves examining data to determine the presence and strength of a relationship between these variables. For instance, in the context of corporate reputation, bivariate analysis can be used to assess the correlation between ownership structure and corporate reputation variables. This analysis provides insights into how changes in ownership structure may impact corporate reputation. A common method within bivariate analysis is calculating correlation coefficients, which quantify the degree to which two variables are related.

Correlation coefficients are crucial in this study as they quantitatively indicate the degree of association between the variables under investigation. A correlation coefficient of zero suggests no correlation, indicating no discernible relationship between ownership structure and corporate reputation. Conversely, a correlation coefficient of 1, whether positive or negative, signifies a perfect correlation, indicating that the variables are in perfect synchronization.

By employing bivariate analysis, the presence and significance of the correlation between ownership structure and corporate reputation in Malaysian companies can be established. If present, the strength of this correlation will be identified, highlighting the extent to which ownership structure impacts corporate reputation. Additionally, bivariate analysis helps explore the diversity between variables, revealing potential

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variations in the relationship between different ownership structures and their respective impacts on corporate reputation. This analysis is instrumental in uncovering valuable insights into the relationship between ownership structure and corporate reputation, contributing to a comprehensive understanding of the research topic in the Malaysian context.

3.8.3 Logit Regression

Logistic regression is the appropriate method for analyzing a dichotomous or binary dependent variable. This predictive analysis allows for describing data and explaining the relationship between a binary dependent variable, such as "positive" or "negative" corporate reputation, and one or more independent variables, which may be nominal, ordinal, interval, or ratio-level in nature.

By employing logistic regression, the relationship between the binary outcome (corporate reputation) and the independent variable (ownership structure) can be evaluated. This approach helps comprehend how different ownership structures influence the likelihood of a company having a positive or negative reputation. The logistic regression analysis provides valuable insights into the relationship between various ownership structures and corporate reputation.

The results of logistic regression aid in understanding which ownership structures are more likely to be correlated with positive or negative reputations. This nurtures a deeper comprehension of the research topic and its applicability to Malaysian businesses.

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3.8.4 Specification Test

Before conducting regression analysis on panel data, it is crucial to address various econometric issues that can undermine the validity and reliability of the results, particularly in the context of corporate reputation. These issues include multicollinearity, homoscedasticity, and normality, common challenges in econometric analysis.

Multicollinearity arises when two or more independent variables in the regression model are highly correlated. High multicollinearity can lead to inflated standard errors, making it difficult to discern the individual effects of the correlated variables. To tackle this issue, researchers often calculate variance inflation factors (VIF) and consider dropping one of the correlated variables or using dimension reduction techniques like principal component analysis (PCA).

Homoscedasticity refers to the assumption that the variance of the error terms in the regression model is constant across all levels of the independent variables. Violation of homoscedasticity can lead to inefficient and biased coefficient estimates. The Breusch-Pagan test is commonly used to assess homoscedasticity. If heteroscedasticity is detected, employing robust standard errors can help address the issue.

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3.8.5 Model Fit Assessment

Model fit assessment is crucial in statistical analysis and predictive modeling to ensure the reliability and validity of the results. It determines whether a model accurately represents the underlying data and relationships, providing confidence in its predictions and inferences. Good model fit is essential for predictive accuracy, enabling the model to make reliable forecasts for new, unseen data, which is critical in various applications such as forecasting and decision-making. Additionally, model fit

assessment allows for the comparison of different models, helping researchers choose the best one for their data. It also helps identify issues like missing variables, incorrect functional forms, or violations of assumptions, guiding improvements in the model. In practical applications, assessing model fit can inform resource allocation, determining whether further data collection or model refinement is necessary. Furthermore, ensuring a good fit helps confirm that the model generalizes well to other data sets, enhancing its applicability in real-world scenarios. Ultimately, a well-fitting model provides better insights into the relationships between variables, aiding in understanding the phenomena being studied and guiding further research or policy decisions.

3.8.5.1 Pseudo R-squared

Pseudo R-squared is a statistic used to measure the goodness of fit for models estimated by methods other than ordinary least squares regression, such as logistic regression and probit regression. Unlike the traditional R-squared in linear regression, which represents the proportion of variance explained by the model, pseudo R-squared values do not have a straightforward interpretation as a percentage of variance explained. While pseudo R-squared values provide a way to assess model fit, they should be interpreted with caution and in the context of other diagnostic measures, as their values tend to be lower than traditional R-squared values in linear regression and do not represent the same concept of explained variance.

3.8.5.2 Wald Statistic

The Wald statistic is a measure used in statistical hypothesis testing to evaluate whether the estimated parameters in a model are significantly different from zero. It is commonly applied in regression analysis and generalized linear models. Essentially, the Wald statistic compares the estimated coefficient to its standard error to test if the coefficient significantly deviates from zero. This is done by calculating the ratio of the

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squared difference between the estimated coefficient and the hypothesized value (often zero) to the variance of the estimated coefficient. The resulting value follows a chi-square distribution under the null hypothesis. If the Wald statistic exceeds a critical value from the chi-square distribution, the null hypothesis is rejected, indicating that the coefficient is statistically significant.

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CHAPTER 4: RESULTS AND DISCUSSION

4.0 Introduction

In this chapter, the analysis begins with a report on the frequency distribution of the dependent variable, corporate reputation. This report identifies the prevalence of positive or negative corporate reputations within the studied companies, and ascertains the presence of any skewness in the distribution, indicating if certain reputation categories are more dominant or rare among the firms.

In Section 4.2, descriptive statistics are presented for all variables, providing insights into the central characteristics and variability. This includes measures such as the mean, median, standard deviation, and range, which shed light on the distribution patterns of dependent, independent, and control variables.

Section 4.3 explores the relationships among the variables through correlation analysis. This involves assessing the degree and direction of the linear associations between corporate reputation and the independent variables: family ownership, institutional ownership, foreign ownership, and concentration ownership, as well as the control variables: firm size, board size, and firm age. The correlation coefficients derived from this analysis provide valuable information about the strength and direction of these associations.

In Section 4.4, logistic regression analysis is presented. Logistic regression is particularly useful when dealing with a binary outcome variable, such as corporate reputation, which can be perceived as good or bad. The dependent variable in this research is a binary variable representing corporate reputation (e.g., good reputation = 1, bad reputation = 0).

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Section 4.5 conducts specification tests, including assessments of multicollinearity, homoscedasticity, and normality, to ensure the validity and reliability of the chosen logistic regression model. This step is essential to verify that the relationships between the independent variables, control variables, and corporate reputation are accurately represented and free from significant biases. Sections 4.6 and 4.7 present the results of the panel data analysis and panel logistic regression analysis, respectively, while Section 4.8 discusses the findings.

4.1 Simple Frequency Distribution of Dependent Variables

When assessing a logit model, beginning with a direct tabulation of the dependent variable (corporate reputation) provides crucial insights into the prevalence of firms possessing or lacking a corporate reputation. This process is executed in Stata using the tabulate command, aiming to generate a frequency distribution to evaluate whether more companies are recognized in MSWG.

Table 4.1: Simple Frequency Distribution of Corporate Reputation

Corporate Reputation	Frequency	Per cent	Cumulative
0	396	76.30	76.30
1	123	23.70	100.00
Total	519	100.00	100.00

Table 4.1 presents data from 519 observations (173 companies over 3 years). The findings reveal that 396 observations were assigned a "0" for the corporate reputation variable, indicating a lack of prominence in MSWG’s rankings, while 123 observations received a "1," signifying a recognized corporate reputation. This indicates fewer companies are noted for their reputable standing in MSWG’s evaluations.

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4.2 Descriptive Analysis

This section outlines the descriptive statistics for the variables used to investigate the central research question concerning corporate reputation. The dependent variable, corporate reputation (cr), is evaluated through a binary metric where a value of 1 indicates inclusion in the MSWG listing, signaling positive reputation, and 0 otherwise. The independent variables include family ownership (fo), institutional ownership (io), foreign ownership (fro), and ownership concentration (co). Control variables are the age of the firm (age), board size (bod), and firm size (ln_ta). Due to significant skewness, the variables representing family ownership, institutional ownership, foreign ownership, firm age and firm size are converted into natural logarithms. Transforming these variables can help to normalize the distributions, making it more suitable for statistical analysis. Table 4.2 shows descriptive analysis after transformation.

Table 4.2: Descriptive Analysis

	Min	Max	Mean	Skewness	Kurtosis
Corporate reputation (cr)	0.00	1.00	-	-	-
Log family ownership (ln_fo)	0.00	4.26	1.11	0.93	2.09
Log institutional ownership (ln_io)	0.00	4.42	1.67	-0.01	1.87
Log foreign ownership (ln_fro)	0.00	5.00	1.68	0.42	2.90
Concentration ownership (co)	12.64	87.72	55.17	-0.17	2.02
Log firm age (ln_age)	1.94	5.26	3.72	-0.33	4.25
Board size (bod)	4.00	16.00	8.50	0.28	2.60
Log firm size (ln_ta)	6.72	12.09	8.44	0.98	3.03

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The table presents the descriptive statistics for the variables after applying log transformations where necessary. Specifically, log family ownership (ln_fo), log institutional ownership (ln_io), log foreign ownership (ln_fro), log firm age (ln_age), and log firm size (ln_ta) were log-transformed to address issues of skewness and kurtosis.

The variable corporate reputation (cr) is binary, so measures of central tendency such as mean and dispersion measures like standard deviation are not applicable. Additionally, skewness and kurtosis are not meaningful for a binary variable.

The variable log family ownership (ln_fo) ranges from 0 to 4.26, with a mean of 1.11. The skewness is 0.93, indicating a moderately right-skewed distribution, and the kurtosis is 2.09, which is close to the normal value. This suggests that while the data is somewhat skewed to the right, it is not excessively so, and the distribution is relatively normal with slight deviations.

For log institutional ownership (ln_io), the minimum value is 0 and the maximum is 4.42, with a mean of 1.67. The skewness is -0.01, indicating a nearly symmetrical distribution, and the kurtosis is 1.87, suggesting a slightly flatter distribution with lighter tails compared to a normal distribution. This implies that the institutional ownership data is well-balanced with no significant skewness or outliers.

The variable log foreign ownership (ln_fro) has values ranging from 0 to 5.00, with a mean of 1.68. It has a slight right skew (skewness of 0.42) and a kurtosis of 2.90, which is close to the normal value. This indicates that the foreign ownership data is fairly normally distributed with minor skewness and deviations.

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Concentration ownership (co) ranges from 12.64 to 87.72, with a mean of 55.17. The skewness is -0.17, suggesting a nearly symmetrical distribution, and the kurtosis is 2.02, indicating a distribution close to normal. This suggests that concentration ownership is evenly distributed across the sample without significant skewness or extreme values.

The log firm age (ln_age) variable, with values ranging from 1.94 to 5.26 and a mean of 3.72, has a skewness of -0.33, indicating a slight left skew. The kurtosis is 4.25, which is higher than the normal value, suggesting a distribution that is more peaked with heavier tails. This means that while the log-transformed age data is relatively symmetrical, there are still some outliers or extreme values affecting the distribution.

The board size (bod) variable ranges from 4 to 16, with a mean of 8.50. The skewness is 0.28, indicating a mildly right-skewed distribution, and the kurtosis is 2.60, which is close to the normal value. This implies that the board size data is relatively normal with minor skewness and deviations.

Finally, log firm size (ln_ta) has a range from 6.72 to 12.09, with a mean of 8.44. The skewness is 0.98, indicating a moderately right-skewed distribution, and the kurtosis is 3.03, which is close to the normal value. This suggests that the log-transformed firm size data has a fairly normal distribution with some right skewness, reflecting that most firms have moderate total assets, with a few firms having significantly higher values. Overall, the log transformations have effectively reduced skewness in most variables, making their distributions more symmetrical and closer to normal, which is beneficial for regression analysis.

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Detecting significant skewness and kurtosis is crucial as it ensures that the assumptions of statistical models, such as normality, are met. This is important for the validity and reliability of the results. Significant skewness indicates asymmetry in the data distribution, while significant kurtosis indicates heavy or light tails relative to a normal distribution. Identifying these issues allows for appropriate data transformations, such as log transformations, to normalize the data and ensure robust statistical analysis.

In summary, while most variables exhibit insignificant skewness and kurtosis, indicating they are normally distributed and suitable for statistical analysis, log institutional ownership shows significant kurtosis, and log firm size shows moderate skewness. These findings should be considered in subsequent analyses to ensure robust and reliable results.

4.3 Correlation Analysis

The study utilized correlation analysis to determine the strength and significance of relationships between variables and identify potential multicollinearity among independent variables (Pallant, 2010). Before undertaking regression analysis, it was crucial to validate a key assumption, which is to confirm the absence of significant collinearity among independent variables. Collinearity, often a correlation exceeding 90% between explanatory variables, implies redundancy in data. This redundancy can skew results if not addressed, thus a preliminary correlation analysis was conducted to safeguard the integrity of the regression model and, by extension, the reliability of findings pertinent to corporate reputation.

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Table 4.3: Pearson Correlation Matrix for All Variables

	cr	fo	io	fro	co	age	bod	ta
cr	1.000							
ln_fo	0.005	1.000						
ln_io	0.269**	-0.135**	1.000					
ln_fro	0.007	0.007	-0.022	1.000				
co	0.133*	-0.322**	0.210**	-0.105*	1.000			
ln_age	0.065	0.034	0.017	-0.007	0.108**	1.000		
bod	0.108	0.010	0.363**	0.013	0.056	0.063	1.000	
ln_ta	0.132**	0.146**	0.402**	0.086*	0.124**	0.041	0.430**	1.000

Note: cr= corporate reputation, ln_fo= Log family ownership, ln_io= Log institutional ownership, ln_fro= Log foreign ownership, co= concentration ownership, ln_age= Log age, bod= board size, ln_ta= Log firm size
*Correlation is significant at the 0.05 **Correlation is significant at the 0.01 level

The data in Table 4.3 show Pearson Correlation coefficients, indicating no strong positive correlations exist, as all coefficients are below 0.5, suggesting a lack of significant multicollinearity. The correlation analysis displays values with two levels of statistical significance, $p < 0.01$ and $p < 0.05$. Notably, log institutional ownership (ln_io), concentrated ownership (co), board size (bod), and log firm size (ln_ta) correlate positively and significantly with corporate reputation (cr). The analysis of the Pearson correlation matrix reveals several significant relationships with corporate reputation (cr). Notably, log institutional ownership (ln_io) exhibits a moderate positive correlation with corporate reputation (r = 0.2687, $p<0.0001$), indicating that higher levels of institutional ownership are associated with better corporate reputation, and this relationship is statistically significant. Additionally, concentration ownership (co) has a weak positive correlation with corporate reputation (r = 0.1331, p = 0.0024), suggesting that firms with more concentrated ownership tend to have a slightly better reputation.

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Board size (bod) also shows a weak positive correlation with corporate reputation (r = 0.1081, p = 0.0137 implying that larger boards may contribute to an improved corporate reputation. Similarly, log firm size (ln_ta) is weakly positively correlated with corporate reputation (r = 0.1312 , p = 0.0027), indicating that larger firms, in terms of size, are likely to have a better reputation. These findings suggest that log institutional ownership, concentration of ownership, board size, and log firm size are all significantly associated with corporate reputation, albeit with varying strengths of correlation.

Corporate reputation (cr) has a moderate positive correlation with log institutional ownership (ln_io) (r = 0.2687, p < 0.0001), indicating that higher institutional ownership is associated with better corporate reputation, and this relationship is statistically significant. There is also a weak positive correlation between corporate reputation and concentration ownership (co) (r = 0.1331, p = 0.0024), as well as with log board size (ln_bod) (r = 0.1081, p = 0.0137), and log firm size (ln_ta) (r = 0.1312, p = 0.0027, all of which are statistically significant.

On the other hand, corporate reputation has a very weak and not statistically significant correlation with log family ownership (ln_fo) (r = 0.0050, p = 0.9104) and log foreign ownership (ln_fro) (r = 0.0065, p = 0.8820). Similarly, the correlation with log age (ln_age) is very weak and not statistically significant (r = 0.0653, p = 0.1374).

Other notable relationships include a weak negative correlation between log family ownership (ln_fo) and log institutional ownership (ln_io) (r = −0.1345, p = 0.0021), which is statistically significant. Additionally, there is a moderate positive correlation between log institutional ownership (ln_io) and log firm size (ln_ta) (r =

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0.4018, $p < 0.0001$), indicating that larger firms tend to have higher institutional ownership, which is also statistically significant. Overall, these findings suggest that while some ownership structures and firm characteristics are significantly associated with corporate reputation, others do not show significant relationships.

4.4 Logistic Regression

This study employed logistic regression instead of multiple regression to further examine the influences impacting corporate reputation, as corporate reputation was quantified using dichotomous values (Pallant, 2010). This study employed logistic regression instead of multiple regression to further examine the influences impacting corporate reputation, as corporate reputation was quantified using dichotomous values (Pallant, 2010).

Logistic regression, also known as logit modeling, is utilized to explain variations in a binary dependent variable, such as corporate reputation, based on one or more predictor variables. In this model, dichotomous variables categorize observations into two exclusive groups, typically encoded as "1" or "0." Here, "1" signifies a positive corporate reputation (target outcome), and "0" indicates a lack of positive reputation (non-target outcome).

As a member of the Generalized Linear Models (GLMs) family, logistic regression links a linear combination of predictor variables and their coefficients—commonly referred to as the linear predictor—to the dependent variable through a nonlinear link function. This function transforms the linear predictor into the probability that corporate reputation is classified as either positive or not, based on the predictor variables. The parameters in GLMs, including those in logistic regression, are usually estimated using Maximum Likelihood Estimation.

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In this analysis, the dependent variable, corporate reputation, is dichotomous and thus aptly analyzed using logistic regression. The modeling is conducted in Stata using the logit command, where 'cr' denotes the dichotomous variable for corporate reputation, followed by the inclusion of relevant independent and control variables.

Logistic regression, or logit modeling, is employed to predict the binary dependent variable of corporate reputation, based on one or more independent variables. In this model, dichotomous variables sort observations into two distinct groups, typically labeled as “1” or “0.” Here, “1” denotes a positive corporate reputation (target outcome), while “0” represents a negative or absent reputation (non-target outcome).

As part of the Generalized Linear Models (GLMs) family, logistic regression connects a linear combination of independent variables and their coefficients—often called the linear predictor—to the dependent variable via a nonlinear link function. This link function converts the linear predictor into the likelihood of corporate reputation being positive or negative, according to the independent variables. The coefficients in GLMs, including those in logistic regression, are generally determined using Maximum Likelihood Estimation.

In this context, the dependent variable, corporate reputation, is binary and is effectively analyzed through logistic regression. The analysis is performed in Stata using the 'logit' command, where 'cr' represents the binary variable for corporate reputation, incorporating relevant predictor and control variables.

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Table 4.4: Logistic Regression

	Coefficient	Odd ratio	Standard Error	p-value
ln_fo	0.005	1.005	0.007	0.497
ln_io	0.037	1.038	0.009	0.000
ln_fro	0.004	1.005	0.007	0.511
co	0.019	1.019	0.007	0.004
ln_age	-0.004	0.996	0.004	0.302
bod	0.146	1.157	0.056	0.009
ln_ta	0.208	1.231	0.126	0.099

Based on Table 4.4, several key observations can be made regarding the predictors of corporate reputation. Log institutional ownership (ln_io) shows a significant positive effect on corporate reputation, with a coefficient of 0.037 and a p-value of 0.000. The odds ratio of 1.038 suggests that for each unit increase in log institutional ownership (ln_io), the odds of having a positive corporate reputation increase by approximately 3.8%. Similarly, concentration ownership (co) positively influences corporate reputation, with a coefficient of 0.019 and a p-value of 0.004. The odds ratio of 1.019 indicates that higher concentration of ownership slightly increases the likelihood of a positive corporate reputation.

Board size (bod) has a significant positive impact on corporate reputation, as indicated by a coefficient of 0.146 and a p-value of 0.009. The odds ratio of 1.157 implies that an increase in board size by one member increases the odds of a positive corporate reputation by 15.7%. Although not statistically significant at the 5% level (p-value = 0.099), the coefficient for log firm size (ln_ta) is positive (0.208), with an odds ratio of 1.231, suggesting that larger firms are more likely to have a positive corporate reputation.

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On the other hand, log family ownership (ln_fo) and log foreign ownership (ln_fro) have very small coefficients (0.005 and 0.004 respectively) and are not statistically significant (p-values of 0.497 and 0.511, respectively). This indicates that family and foreign ownership do not have a significant direct impact on corporate reputation in this study. The coefficient for log firm age (ln_age) is slightly negative (-0.004) and not statistically significant (p-value = 0.302), suggesting that the age of the firm does not significantly affect corporate reputation.

In summary, the logistic regression analysis reveals that institutional ownership, concentration ownership, and board size are significant predictors of corporate reputation. Conversely, family ownership, foreign ownership, firm age, and firm size do not show a significant direct impact on corporate reputation based on the data analyzed.

4.5 Specification Test

Several econometric challenges associated with panel data needed to be addressed to enhance the integrity of the regression analysis, crucial for assessing corporate reputation. Key prerequisites such as the absence of multicollinearity, homoscedasticity, and normal distribution of data (Schreiber-Gregory et al., 2018) must be confirmed. The following section will verify and detail these statistical assumptions, underscoring their importance in reliably measuring corporate reputation through analysis.

4.5.1 Testing for Multicollinearity

Multicollinearity occurs when two or more explanatory variables in a regression model are highly correlated, potentially distorting the reliability of the model's findings, which is crucial in evaluating factors that influence corporate reputation. To ensure the integrity of the analysis, a Variance Inflation Factors (VIF) test was conducted.

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According to the literature, a VIF value below 10 indicates an absence of multicollinearity (Cerbioni & Parbonetti, 2007; Eng & Mak, 2003;). In the study, as shown in Table 4.5, the VIF values range from 1.02 to 1.44. This confirms that the model is free from multicollinearity issues, thus bolstering the validity of conclusions regarding the determinants of corporate reputation.

Table 4.5: Variance Inflation (VIF) Test

Independent & Control Variables	VIF
Log Family Ownership (ln_fo)	1.44
Log Institutional Ownership (ln_io)	1.34
Log Foreign Ownership (ln_fro)	1.30
Concentration Ownership (co)	1.21
Log Firm Age (ln_age)	1.20
Board Size (bod)	1.03
Log Firm Size (ln_ta)	1.02

4.5.2 Testing for Homoscedasticity: Breusch-Pagan Test

The Breusch-Pagan Test for heteroskedasticity was conducted to evaluate whether the residuals of the regression model exhibit constant variance, a key assumption in regression analysis. The null hypothesis of the test is that the variance of the residuals is constant (homoskedasticity), while the alternative hypothesis is that the variance is not constant (heteroskedasticity). Based on table 4.6, the test produced a chi-square statistic of 11.79 with 7 degrees of freedom, and a corresponding p-value of 0.108. Since the p-value is greater than the common significance level of 0.05, this study fails to reject the null hypothesis. This result indicates that there is no significant evidence of heteroskedasticity in the residuals. Consequently, the assumption of homoskedasticity holds, suggesting that the variability in the residuals is consistent across all levels of the independent variables. This finding supports the reliability of the

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regression model's estimates and confirms that one of the key assumptions underlying the analysis is satisfied.

Table 4.6 : Breusch and Pagan Test

	Independent & Control Variable
Chi2	11.79
Prob > chi2	0.108

Note: >0.005 homoscedastic, <0.005 heteroscedasticity

4.6 Panel Data Analysis Fixed and Random Effects

Following the assessment of multicollinearity, homoscedasticity, and normality as outlined earlier, this study will employ panel data analysis. The ensuing sub-section details two pivotal evaluations: (1) the Hausman test, which discerns the appropriate model—fixed effect or random effect—for analyzing corporate reputation, and (2) the Breusch-Pagan Lagrange Multiplier test, used to ascertain the optimal model to interpret the data across random effect and pooled regression.

4.6.1 Testing of Fixed Effects and Random Effects

Panel data, or longitudinal data, involves observations of the same entities over multiple periods. This type of data is crucial in understanding the dynamics of corporate reputation over time. Baltagi (2008) outlines two primary analytical methods: fixed effects and random effects. Fixed effects (Least Square Dummy Variable, LSDV) assume consistent trends and variance across entities, making it suitable for analyzing how internal changes affect a corporation's reputation. In contrast, random effects consider variations across entities as part of the error term, useful for assessing reputation impacts from external, random factors. The choice between these models can be determined using the Hausman test, which discerns whether fixed or random effects are more appropriate based on the presence of endogenous individual effects in the model. Based on table 4.8, the Hausman test was conducted to determine the

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appropriate model for analyzing the impact of various predictors on corporate reputation. The test compares the coefficients estimated by the fixed effects and random effects models. The results of the Hausman test yielded a chi-square statistic of 4.48 with a p-value of 0.612. Since the p-value is greater than 0.05, this study fails to reject the null hypothesis that the differences in coefficients between the fixed effects and random effects models are not systematic. This suggests that the random effects model is appropriate for this analysis, as it is efficient and consistent under the null hypothesis. Therefore, the random effects model can be used to provide reliable estimates of the impact of the predictor variables on corporate reputation.

Table 4.7: Hausman test

	Dependent, Independent, and Control Variable
Chi2	4.48
Prob > chi2	0.612
Conclusion	Random-effects model

Note: >0.05 random effect, <0.05 fixed effect

4. 7 Model Fit Assessment

4.7.1 Pseudo R-squared

Pseudo R-squared is a measure used to evaluate the model fit and significance for the random effects logit model. In evaluating the fit of the models used to analyze corporate reputation, this study compared the pooled logit model and the random effects logit model. The table below presents key goodness-of-fit statistics for both models, including the log-likelihood, Akaike Information Criterion (AIC), and Bayesian Information Criterion (BIC). Lower values of AIC and BIC indicate a better fitting model. This comparison helps to determine whether accounting for the panel structure significantly improves the model fit

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Table 4.8 Logit Model Goodness-of-Fit Statistics Comparison for Pooled and Random Effects Logit Models

Statistic	Pooled Logit	Random Effects Logit
Number of Observations (N)	519	519
Log-likelihood (ll(model))	-276.3483	-178.862
Degrees of Freedom (df)	8	9
Akaike Information Criterion (AIC)	568.6966	375.723
Bayesian Information Criterion (BIC)	602.7118	413.990

Based on Table 4.11, the log-likelihood value for the random effects logit model (-178.862) is higher (less negative) than that for the pooled logit model (-276.348). This indicates that the random effects model provides a better fit to the data. Moreover, the AIC for the random effects model (375.723) is significantly lower than that for the pooled logit model (568.697). This suggests that the random effects model balances model fit and complexity better than the pooled logit model. Similarly, the BIC for the random effects model (413.990) is much lower than that for the pooled logit model (602.71), reinforcing the conclusion that the random effects model is preferable.

The comparison of goodness-of-fit statistics clearly indicates that the random effects logit model provides a better fit for the data compared to the pooled logit model. The lower AIC and BIC values for the random effects model demonstrate that accounting for unobserved heterogeneity improves the model's explanatory power and efficiency. Therefore, the random effects logit model is chosen as the main model for analyzing corporate reputation in this study.

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4.7.2 Wald Statistic

The Wald test is a statistical test used to evaluate the significance of individual coefficients or sets of coefficients in a regression model. It is particularly useful in the context of generalized linear models, including logistic regression, to determine whether predictor variables have a significant effect on the dependent variable.

Table 4.9: Wald Test for Joint Signific

Statistic	Value
Chi-squared (chi2)	6.95
Degrees of Freedom (df)	7
P-value (Prob > chi2)	0.434

Based on Table 4.12, the chi-squared value was 6.95 with 7 degrees of freedom, resulting in a p-value of 0.4340. Since the p-value is greater than the common significance level of 0.05, this study fails to reject the null hypothesis that all the coefficients are simultaneously equal to zero. This indicates that the predictor variables do not have a statistically significant joint effect on corporate reputation in this model.

4.7.3 Comparative Analysis and Model Recommendation

Based on the comparative analysis of model fit statistics, the random effects logit model is recommended over the pooled logit model for analyzing corporate reputation. The random effects logit model demonstrated superior fit with a higher log-likelihood (-178.862), and significantly lower Akaike Information Criterion (AIC = 375.723) and Bayesian Information Criterion (BIC = 413.990) values compared to the pooled logit model. Additionally, the Hausman test previously conducted supports the use of the random effects model, indicating its appropriateness in accounting for

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unobserved heterogeneity across firms. Although the Wald test results suggest that the predictor variables do not have a statistically significant joint effect on corporate reputation, the random effects model remains the best choice due to its better overall fit and consideration of the panel data structure.

4.8 Panel Logistic Regression Analysis: Random-Effect Model

Table 4.10: Panel Logistic Regression Analysis: Random-Effect Model

Variables	Coefficient	Standard Error	p-value
ln_fo	0.018	0.018	0.338
ln_io	1.021	0.017	0.227
ln_fro	-0.025	0.021	0.251
co	0.001	0.001	0.355
ln_age	0.000	0.001	0.902
bod	-0.011	0.010	0.269
ln_ta	1.022	0.028	0.444

The results from the panel logistic regression analysis using a random-effects model indicate that none of the predictor variables are statistically significant at the 5% significance level in predicting corporate reputation. Specifically, the coefficient for log family ownership (ln_fo) is 0.018 with a standard error of 0.019 and a p-value of 0.338, indicating no significant effect. Similarly, log institutional ownership (ln_io) has a coefficient of 0.021 with a standard error of 0.017 and a p-value of 0.227, also showing no significant impact.

Log foreign ownership (ln_fro) has a coefficient of -0.025 with a standard error of 0.021 and a p-value of 0.251, which is not significant. Concentration ownership (co) has a coefficient of 0.001 with a standard error of 0.001 and a p-value of 0.355, again indicating no significant effect. Log firm age (ln_age) is similarly non-significant with a coefficient of 0.000, a standard error of 0.001, and a p-value of 0.902.

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Board size (bod) has a coefficient of -0.011 with a standard error of 0.010 and a p-value of 0.291, showing no significant impact. Log firm size (ta) has a coefficient of 0.022 with a standard error of 0.028 and a p-value of 0.444, which is also not significant.

In summary, the analysis suggests that none of the included variables—family ownership, institutional ownership, foreign ownership, concentration ownership, firm age, board size, and firm size—have a statistically significant impact on corporate reputation within this dataset. The acceptance or rejection of the hypotheses is determined based on the findings presented in Table 4.10, which are summarized as follows:

Table 4.11: Summary

No	Hypothesis	Result
H1	There is a negative relationship between family ownership and corporate reputation.	Not significant
H2	There is a negative relationship between institutional ownership and corporate reputation.	Not significant
H3	There is a negative relationship between foreign ownership and corporate reputation.	Not significant
H4	There is a negative relationship between concentration ownership and corporate reputation.	Not significant

4.8.1 Independent Variables and Dependent Variables

4.8.1.1 The Relationship between Family Ownership and Corporate Reputation

The random-effects model (REM) analysis revealed an insignificant positive association between family ownership and corporate reputation (Coefficient: 0.018, p = 0.338). The p-value, exceeding the threshold for significance, provides insufficient evidence to assert a correlation between family ownership and corporate reputation.

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Consequently, variations in family ownership percentages do not appear to influence corporate reputation, supporting the retention of the null hypothesis.

This finding aligns with previous research by Delgado-García et al. (2010) and Ducassy & Montandrau (2015), which also reported no significant impact of family ownership on corporate reputation. This lack of significance might stem from the prevalent high family ownership levels in Malaysian firms, potentially obscuring any positive effects perceivable at lower ownership levels.

Table 4.12: Summary of H1 Results

Hypothesis	Expected relationship	REM
H1	Negatively associated	Not Supported

4.8.1.2 The Relationship between Institutional Ownership and Corporate Reputation

Hypothesis 2 (H2) posits a negative correlation between institutional ownership and corporate reputation. The application of a random-effect model (REM) yields an insignificant positive coefficient (1.021, $p = 0.227$), providing insufficient evidence to reject the null hypothesis across the population. Consequently, variations in institutional ownership percentages do not appear to have a statistically significant impact on corporate reputation, supporting the retention of the null hypothesis.

This finding does not align with some previous studies by Fombrun and Shanley (1990), Brammer and Pavelin (2006), and Brammer et al. (2004), which documented the beneficial impacts of institutional ownership on corporate reputation. However, it highlights the possibility that other factors or contexts may moderate this relationship, and further research could explore these dynamics.

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Table 4.13: Summary of H2 Results

Hypothesis	Expected relationship	REM
H2	Negatively associated	Not Supported

4.8.1.3 The Relationship between Foreign Ownership and Corporate Reputation

Hypothesis 3 (H3) posits a negative relationship between foreign ownership and corporate reputation. However, analysis using a random-effect model (REM) yields an insignificant negative coefficient (-0.025, p = 0.251), suggesting insufficient evidence to reject the null hypothesis across the entire population. Thus, this study conclude a lack of demonstrable correlation. This conclusion aligns with findings from Al-Haddad & Whittington (2019) and Al-Nsour & Osama (2020), indicating that external factors may obscure any genuine influence of foreign ownership on corporate reputation. Moreover, the impact of foreign ownership on reputation could be minimal or nonlinear, potentially necessitating a larger dataset or alternative analytical approaches for significant detection.

Table 4.14: Summary of H3 Results

Hypothesis	Expected relationship	REM
H3	Negatively associated	Not Supported

4.8.1.4 The Relationship between Concentration Ownership and Corporate Reputation

Hypothesis 4 (H4) proposes a negative association between ownership concentration and corporate reputation. However, the results from the random-effect model (REM) indicate a positive but not statistically significant outcome (Coefficient: 0.001, p = 0.355). This outcome suggests that the available data does not support the rejection of the null hypothesis. This aligns with previous research by Delgado-García et al. (2010), which also identified no link between ownership concentration and corporate

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reputation. Corporate reputation is shaped by various internal and external elements. While ownership concentration is one such element, other aspects like ethical business practices, product or service quality, customer relations, and public relations strategies might exert a stronger influence on corporate reputation.

Table 4.15: Summary of H4 Results

Hypothesis	Expected relationship	REM
H4	Negatively associated	Not Supported

4.8.2 Control Variables and Dependent Variables

4.8.2.1 Firm Age

The findings indicate no significant correlation between the age of a firm and its corporate reputation (coefficient: 0.000, p-value = 0.902). This suggests that the age of a company does not play a significant role in influencing its corporate reputation within the studied period. It is possible that older companies have reputations that were solidified prior to the period studied, and therefore, changes in corporate reputation during the examined timeframe may not be closely tied to the age of the firm.

4.8.2.2 Board Size

The findings indicate no significant negative correlation between board size and corporate reputation (Coefficient: -0.011, p-value = 0.269). The influence of board size on reputation may hinge on the expertise, experience, and engagement of board members. Simply increasing board size does not guarantee an enhanced reputation unless the quality of the members is ensured.

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4.8.2.3 Firm Size

The findings indicate no significant positive association between firm size and corporate reputation (Coefficient: 1.022, p-value = 0.444). Corporate reputation is shaped by various elements, such as product quality, customer service, ethical conduct, and social responsibility. Consequently, firm size may not be the primary influencer of reputation, resulting in an insignificant impact.

Table 4.16: Summary of Control Variables Results

Hypothesis	Result	REM
FIRM AGE	Positively insignificant associated	p = 0.902
BOARD SIZE	Positively insignificant associated	p = 0.269
FIRM SIZE	Positively insignificant associated	p = 0.444

4.9 Summary of the Chapter

This chapter directly addresses the impact of various ownership structures and corporate characteristics—including family, institutional, foreign, and concentrated ownership, along with firm age, board of directors, and total assets—on corporate reputation. The analysis reveals that none of the variables shown significant affects on corporate reputation.

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CHAPTER 5: CONCLUSION

5.0 Introduction

This study examines the impact of ownership structure on the corporate reputation of Malaysian companies listed from 2017 to 2019. It explores the relationship between specific types of ownership—family, institutional, foreign, and concentrated—and corporate reputation. Additional factors such as firm age, board size, and firm size were controlled in the analysis. The results indicate that none of the ownership types considered significantly influence corporate reputation. This chapter concludes the study. Section 5.2 will analyze the findings, followed by a succinct discussion of the conclusions and limitations in Sections 5.3 and 5.4, respectively. Additionally, the study outlines potential directions for future research.

5.1 Research Findings

Descriptive analysis assesses core trends in the dataset, such as mean, maximum, and minimum values. Bivariate analysis is then applied to evaluate variable collinearity. Comparative insights are drawn using both panel data methods and OLS analysis. The results are efficiently summarized in Table 5.1, highlighting the impact of ownership types on corporate reputation. Contrary to other studies, our findings indicate that family, foreign, and concentrated ownership types do not significantly influence corporate reputation, thus not supporting hypotheses H1, H3, and H4. However, hypothesis H2 is confirmed, showing a positive relationship between institutional ownership and corporate reputation.

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Table 5.1: Research Findings

Hypotheses	Results
H1: Firms categorized under family ownership are highly likely to have a negative corporate reputation.	Reject
H2: Firms categorized under institutional ownership are highly likely to have a negative corporate reputation.	Reject
H3: Firms categorized under foreign ownership are highly likely to have a negative corporate reputation.	Reject
H4: Firms categorized under concentration ownership are highly likely to have a negative corporate reputation.	Reject

5.2 Conclusion

This study investigated the effect of corporate ownership structure on business reputation, incorporating insights from investor-agency theory to understand the conflict of interest between minority and majority shareholders. By analyzing company reputation based on MSWG's ranking, it was revealed that there is no significant relationship between corporate ownership structure and company reputation. Despite shareholders' perceptions that certain ownership traits could forecast potential unethical behaviours by the firm, the results of the study were statistically insignificant. This suggests that the anticipated conflicts of interest inherent in the ownership structure, particularly the power dynamics between minority and majority shareholders, do not have a measurable impact on the overall business reputation. The findings highlight that while agency conflicts and corporate reputation are theoretically intertwined, the expected influence of ownership structure on reputation was not supported by the data in this study.

5.2.1 Family Ownership and Corporate Reputation

The research found no definite relationship between family ownership and corporate reputation, which can be attributed to the diverse management practices

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within family ownership. This finding aligns with previous studies by García et al. (2010) and Ducassy and Montandrau (2015), which also reported no significant impact of family ownership on corporate reputation. However, this result does not align with other studies that found family ownership can influence corporate reputation. For example, study by Othman and Ameer (2009) found that family ownership in Malaysia is generally less transparent in their market risk disclosures which can negatively impact the firm's reputation among investors who value comprehensive risk information.

There might be several assumptions that can be made why family ownership does not influence corporate reputation. In family ownership firms, majority shareholders (the family) often prioritize their interests, which can lead to conflicts with minority shareholders. However, the absence of a significant relationship between family ownership and corporate reputation may suggest that these conflicts do not always manifest in ways that uniformly impact reputation. In some family ownership, effective governance practices and transparency may mitigate these conflicts, ensuring that the interests of minority shareholders are adequately protected. These firms can maintain or even enhance their reputation through strong governance and equitable treatment of all shareholders.

On the other hand, in family ownership firms where governance practices are weak and transparency is lacking, the conflicts of interest between majority and minority shareholders may lead to reputational damage. Investors might view these firms with skepticism due to perceived unfairness and potential exploitation of minority shareholders' interests. However, these negative effects may be counterbalanced by other factors, such as the long-term stability and commitment of family ownership, which some investors might value positively.

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The mixed impact of these dynamics can result in an overall finding of no significant relationship between family ownership and corporate reputation. This indicates that while conflicts of interest issues can negatively affect reputation in some family ownership firms, other ownership firms manage these issues effectively, maintaining a positive or neutral reputation. Therefore, the overall impact of family ownership on corporate reputation is not uniformly negative or positive, leading to the observed non-significant relationship in the study.

5.2.2 Institutional Ownership and Corporate Reputation

The research found no significant relationship between institutional ownership and corporate reputation. While institutional ownership is often associated with stringent corporate governance and a commitment to sustainability, this study did not find evidence that it significantly enhances corporate reputation. This finding suggests that the influence and scrutiny exerted by institutional investors may not be sufficient to impact corporate reputation significantly.

Although this ownership shows no significant relationship with corporate reputation, which does not support previous study that shows significant relationship, this might be due to several factors. Institutional investors, despite their significant shareholdings, may still be in the minority compared to family ownership or other major shareholders in many Malaysian companies. This minority status can limit their influence over company decisions and governance practices. In such scenarios, the majority shareholders (often the family) maintain control and may prioritize their interests over those of institutional investors and other minority shareholders. This dynamic can lead to conflicts of interest, where the priorities of the majority do not align with those of the minority shareholders, including institutional investors.

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When the majority shareholders prioritize their interests, they may engage in practices that are not in the best interests of institutional shareholders or the company's overall governance. Institutional shareholders typically advocate for transparency, robust governance, and comprehensive risk disclosures to protect their investments and maintain a positive corporate reputation. However, if the majority shareholders do not align with these priorities, the efforts of institutional investors to enhance governance and reputation may be undermined.

This conflict of interest limits the effectiveness of institutional investors in driving positive changes within the company. Despite their efforts, the entrenched interests and control of majority shareholders can stymie improvements in governance practices and transparency that are crucial for enhancing corporate reputation. As a result, the presence of institutional investors does not significantly impact the corporate reputation, leading to the observed non-significant relationship.

In summary, the lack of significant relationship between institutional ownership and corporate reputation can be justified by the limited influence of institutional investors due to their minority status, and the conflicting interests between majority and minority shareholders. The control exerted by majority shareholders can prevent institutional investors from effectively implementing changes that would enhance the company's reputation.

5.2.3 Foreign Ownership and Corporate Reputation

Foreign ownership showed no significant relationship with corporate reputation. Factors such as cultural differences, limited local engagement, and a focus on financial returns rather than reputation might weaken this link. The lack of significance might also result from industry variability and the nuances of the Malaysian market, which

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foreign investors might not fully grasp. This conclusion aligns with studies by Al-Haddad & Whittington (2019) indicating that external factors may obscure any genuine influence of foreign ownership on corporate reputation.

The MSWG (Minority Shareholders Watch Group) rankings reflect a company's reputation based on various corporate governance practices. The absence of a clear relationship between foreign ownership and corporate reputation can be further explained by several factors. Firstly, not all foreign investors are the same. Their impact on corporate reputation can vary significantly based on their origin, investment philosophy, and degree of involvement in corporate governance. This heterogeneity can dilute any observable trend between foreign ownership and corporate reputation. Next, Corporate reputation as measured by MSWG rankings may be more influenced by local governance practices, regulatory compliance, and stakeholder relationships. Foreign owners may not always be able to enforce or prioritize these local practices effectively, leading to varied impacts on reputation. Lastly, in firms with significant foreign ownership, the potential conflict between the interests of foreign majority shareholders and local minority shareholders can be pronounced. This conflict can result in decisions that favor majority shareholders but may not align with practices that enhance the company's reputation, as judged by local standards.

In practice, a company with substantial foreign ownership might focus on different strategic priorities compared to one with predominantly local ownership. For instance, a foreign-owned company might emphasize international expansion or cost-cutting measures that improve financial performance but could neglect aspects of corporate social responsibility or local community engagement that are critical for corporate reputation in the eyes of local stakeholders and the MSWG.

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Moreover, agency theory type II suggests that if minority shareholders (who might be local investors) perceive that their interests are not being adequately protected, they may become dissatisfied. This dissatisfaction can manifest in various ways, including negative perceptions and feedback, which can, in turn, affect the company's reputation.

In conclusion, the absence of a definite relationship between foreign ownership and corporate reputation, as indicated by MSWG rankings, can be attributed to the complex interplay of diverse investor objectives, monitoring challenges, and potential conflicts of interest between majority foreign shareholders and minority local shareholders. These factors can lead to inconsistent impacts on corporate governance practices and, consequently, on the corporate reputation as perceived by local standards and reflected in MSWG rankings.

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5.2.4 Concentration Ownership and Corporate Reputation

The study also notes that the prevalent high ownership concentration in Malaysian companies suggests that increased concentration by a major shareholder might not influence reputation. This highlights the ambiguous influence of ownership concentration on reputation; both high and low concentration levels can focus on reputation, but their effects vary, with no clear statistical relationship found. This aligns with previous research by García et al. (2010), which also identified no link between ownership concentration and corporate reputation.

The research also points out that methodological limitations in measuring corporate reputation and foreign ownership might have affected the outcomes. A thorough understanding of this relationship would need more detailed research into industry-specific dynamics and investor behaviours.

Agency theory type II highlights the potential conflicts that arise between the different types of shareholders within a company. In the context of ownership concentrated, where a significant portion of the company's shares are held by a small group of majority shareholders, several issues can arise. Firstly, majority shareholders may prioritize their own interests over those of minority shareholders. They have significant control over corporate decisions and can influence policies and strategies that benefit them, potentially at the expense of minority shareholders. Next, when ownership is concentrated, majority shareholders may have less incentive to monitor the actions of the management rigorously. They might be more inclined to engage in activities that enhance their personal gains rather than focusing on improving the overall corporate reputation. Lastly, the majority shareholders might engage in self-dealing or other practices that expropriate value from minority shareholders, which can harm the company's reputation in the eyes of investors and the public.

The potential negative effects of ownership concentration, such as conflicts of interest might be balanced out by other factors like strong financial performance or strategic market positioning, leading to no clear relationship with corporate reputation as measured by MSWG. Companies with concentrated ownership might engage in active reputation management strategies that mitigate potential negative impacts on their reputation. This could involve targeted efforts to enhance their public image, corporate social responsibility initiatives, or other measures that positively influence their MSWG ranking. The impact of ownership concentration on corporate reputation could vary significantly across different industries, sectors, and cultural contexts. The Malaysian corporate environment might exhibit unique characteristics that influence this relationship differently compared to other regions.

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The lack of a significant relationship between ownership concentration and corporate reputation in this study can be explained by the complex interplay of investor-agency conflicts and the specific criteria used by MSWG to evaluate corporate reputation. While concentrated ownership can lead to conflicts of interest and governance issues, these factors might be offset by other elements that maintain or even enhance a company's reputation, resulting in an overall neutral impact as observed in your research.

5.2.5 Firm Age and Corporate Reputation

The research finding that firm age has no relationship with corporate reputation can be justified through the lens of agency theory type II, which addresses conflicts of interest between minority and majority shareholders. The assumption that older firms would naturally have better reputations due to their established presence and track record is flawed. Younger firms can adopt modern, transparent, and effective management practices quickly, positively impacting their reputation, while older firms might struggle with legacy practices. Additionally, younger firms may be more adaptable and innovative, gaining a reputation for being forward-thinking, whereas older firms might be perceived as less dynamic.

Majority shareholders often make decisions that benefit themselves at the expense of minority shareholders, potentially harming the firm’s long-term corporate reputation. Effective corporate governance are crucial for a good reputation. However, if majority shareholders resist high governance standards to retain control, it negatively impacts on the firm’s reputation regardless of its age. The MSWG (Minority Shareholder Watchdog Group) rankings, which reflect corporate governance and shareholder rights, are influenced more by the quality of practices and policies than the firm's age. An older firm with poor governance may rank lower than a younger firm

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with strong governance practices. Investors, particularly minority shareholders, favor firms with transparent and fair governance practices. If older firms are seen as resistant to modern governance standards due to entrenched interests of majority shareholders, their corporate reputation might suffer. Thus, the lack of a relationship between firm age and corporate reputation can be attributed to governance practices, transparency, and conflicts of interest between minority and majority shareholders, highlighting that corporate reputation is more about governance quality than firm age.

In conclusion, this study elaborates on the complex dynamics between ownership structure and corporate reputation in Malaysia, emphasizing the limited impact of ownership forms. It also highlights the potential role of other factors in shaping business reputation, providing insights for shareholders on ownership and reputation management strategies in the corporate sector. The findings underscore the importance of understanding the multifaceted nature of corporate reputation and the various internal and external factors that influence it.

5.2.6 Board Size and Corporate Reputation

The research finding that there is no relationship between board size and corporate reputation can be justified by considering the investor-agency theory and the specific context of corporate governance in Malaysia. Agency theory suggests that conflicts of interest often arise between majority shareholders, who typically have significant control over the company, and minority shareholders, who have limited power. In this context, the board of directors is supposed to act as a mediating body to protect the interests of all shareholders. However, the effectiveness of the board in performing this role can be influenced by various factors beyond just its size. A larger board might bring in diverse expertise and perspectives, potentially benefiting decision-making processes, but it can also lead to coordination challenges and slower decision-

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making. In contrast, a smaller board might be more agile and cohesive but may lack the necessary breadth of expertise. In Malaysia, where family ownership and concentrated ownership structures are prevalent, majority shareholders might have significant influence overboard decisions, which can undermine the effectiveness of the board in protecting minority shareholders' interests, regardless of its size. The potential for conflicts of interest might remain high, thereby impacting corporate governance negatively.

Corporate reputation, as recognized by MSWG rankings, is influenced by a multitude of factors, including transparency, accountability, financial performance, and stakeholder engagement. While the size of the board is a structural aspect of governance, the quality of governance is more closely tied to how well the board operates, its independence, and its alignment with shareholder interests. A well-functioning board, regardless of its size, that effectively manages conflicts of interest and ensures transparent practices is likely to enhance corporate reputation. In companies with significant ownerships, for example family ownership, the alignment of interests between the board and majority shareholders might overshadow the interests of minority shareholders. This dynamic can affect the company's reputation if minority shareholders feel their interests are not adequately protected, irrespective of the board's size.

Empirical studies on the relationship between board size and corporate reputation have shown mixed results. Some studies suggest that there is no significant relationship, supporting the idea that other factors such as board independence, expertise, and the overall quality of governance are more critical determinants of corporate reputation. The lack of a relationship between board size and corporate reputation in this research can be justified by emphasizing that the effectiveness of a

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board in safeguarding corporate reputation is not merely a function of its size but rather its ability to manage conflicts of interest and ensure high-quality governance. Given the context of Malaysian companies, where family ownership and concentrated shareholding are common, the dynamics of board effectiveness and minority shareholder protection play a crucial role in determining corporate reputation, as reflected in MSWG rankings.

5.2.7 Firm Size and Corporate Reputation

The research found no relationship between firm size and corporate reputation, which can be justified by considering the complexities introduced by agency theory which suggests there is conflict of interest between minority and majority shareholders. According to the theory, conflicts arise when the interests of shareholders (majority and minority) diverge, with larger firms experiencing more pronounced agency problems due to the separation between ownership and control. The majority shareholders in these firms may prioritize personal gain over actions that enhance corporate reputation, leading to potential agency conflicts that obscure the impact of firm size on reputation.

In smaller firms, although ownership and control might be more aligned, limited resources can hinder significant investment in activities that build corporate reputation. Corporate reputation, as reflected in MSWG rankings, often depends on transparency, governance practices, and stakeholder engagement, areas susceptible to agency conflicts. Majority shareholders in large firms may influence decisions benefiting their interests at the expense of long-term reputation, while minority shareholders lack the power to effect meaningful governance changes. This dynamic can result in poor governance practices in large firms, undermining reputation efforts.

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Furthermore, firm size alone does not dictate corporate behaviour or shareholders perceptions, with factors like leadership quality, corporate culture, strategic priorities, and market conditions also playing significant roles. Thus, the lack of a relationship between firm size and corporate reputation can be attributed to the nuanced and multifaceted nature of reputation, influenced by more than just the size of the firm.

5.3 Limitations

Despite the critical importance of the research discussed in examining the nexus between ownership structure and corporate reputation in Malaysia, it is essential to acknowledge both its strengths and limitations. These insights will provide context to the results and guide subsequent inquiries in this field.

Firstly, the research commendably explores the intricate link by analyzing specific ownership types—such as family, institutional, foreign, and concentrated ownership—as key influencers of corporate reputation. However, this targeted approach introduces a limitation: it might not capture all variables impacting reputation within the Malaysian milieu. Corporate reputation is shaped by multiple factors, including financial performance, corporate social responsibility (CSR) initiatives, and customer satisfaction, among others. By solely concentrating on ownership structure, the study potentially overlooks other critical elements.

For instance, financial performance is a recognized determinant of a company's reputation. Companies that consistently demonstrate profitability are generally viewed as reliable and trustworthy, enhancing their reputation among stakeholders. Neglecting this vital aspect could restrict the study's ability to fully understand the dynamics of reputation building. Similarly, CSR, increasingly pivotal in today's corporate world,

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significantly influences public perception. Companies known for their commitment to social responsibility, such as environmental conservation and community engagement, often see their reputations bolstered.

Omitting CSR-related elements from the analysis may yield an incomplete understanding of the dynamics involved. Furthermore, customer satisfaction, essential in numerous sectors, directly impacts the perception of a company among clients and consumers. A company's reputation can be enhanced by positive customer experiences and tarnished by negative ones. Ignoring customer satisfaction could result in missing a vital component of reputation management.

Hence, future studies should adopt a more comprehensive approach, integrating a wider array of factors that affect corporate reputation in Malaysia. This might include exploring how ownership structure, financial performance, CSR initiatives, and customer satisfaction collectively shape reputation outcomes. Such an inclusive method would offer a more precise and nuanced understanding of the challenges and strategies for managing and improving corporate reputation in Malaysia.

Additionally, the generalizability of the study's results and implications is indeed significant. The study's focus, confined to data from a specific group of 173 companies listed on Bursa Malaysia from 2017 to 2019, imposes limitations on the breadth of its relevance and necessitates caution in extending its conclusions to a wider context.

Primarily, the concentration on publicly traded companies suggests a potential sampling bias. These entities, by virtue of their listing on the stock exchange, are generally larger and more established, possessing access to public capital markets. This

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may result in differing ownership structures and reputation management tactics compared to unlisted entities, particularly small and medium-sized enterprises (SMEs) that constitute a significant portion of Malaysia's economic fabric. These privately-held companies often operate under different circumstances, facing distinct challenges and opportunities. Thus, while the findings provide insightful observations on the nexus between ownership structure and reputation among listed companies, they may not translate seamlessly to the diverse universe of unlisted firms.

The brief duration of this study may not fully capture the enduring impacts of corporate ownership structure on reputation. Corporate reputation is typically a durable asset, built and sustained over extensive periods—often spanning decades. Short-term variations and events might not provide a true representation of how ownership patterns influence a company's long-term reputation. Moreover, shifts in ownership structures due to mergers, acquisitions, or changes in shareholding percentages might not be thoroughly observed within this study's limited timeframe.

To overcome these shortcomings and bolster future research, it is advisable to extend the observation periods, include privately-held companies, and undertake industry-specific investigations. Longitudinal studies that track ownership and reputation over prolonged durations can illuminate how these dynamics evolve. Additionally, regional studies can reveal how different settings within Malaysia affect the interplay between ownership structure and corporate reputation. This approach would offer a more comprehensive and nuanced understanding of this complex relationship within the Malaysian business landscape.

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A significant limitation of this study is its failure to determine causality between ownership structure and corporate reputation, underscoring the need for further inquiry. While the research identifies correlations between these elements, it cannot definitively establish whether changes in ownership directly impact corporate reputation, or vice versa. This challenge highlights the broader difficulty in isolating cause-and-effect in the interwoven realms of ownership and reputation. A more profound exploration of this issue requires acknowledgment of the broader context in which these findings are situated, and an understanding that establishing causality in social and business research is inherently complex, necessitating cautious interpretation of results.

First, the study recognizes direct influences from third variables that could complicate the observed associations between ownership structure and corporate reputation. These variables, external or unexamined, may independently shape both ownership dynamics and corporate reputation. This situation creates a complex web of interdependencies where the relationships cannot be simplified to direct cause-and-effect. For example, economic fluctuations, market conditions, industry-specific factors, and media coverage can simultaneously influence both ownership decisions and corporate reputation outcomes.

Economic fluctuations, such as shifts in economic growth, inflation rates, and interest rates, can directly impact a company's financial performance and reputation. During economic downturns, companies might struggle to sustain profitability, potentially prompting changes in ownership structure as investors reassess their positions. These economic shifts can also directly affect public perceptions of a company's stability and reliability, thereby influencing its reputation.

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Furthermore, market conditions encompass variables like supply and demand dynamics, competitive forces, and consumer behaviour, all of which directly impact a company's operational and strategic decisions. Market trends can direct ownership decisions, such as attracting institutional investors or altering equity structures. At the same time, these conditions can directly shape consumer expectations and attitudes, which are integral to a company's reputation.

Additionally, industry-specific factors are essential in understanding the direct link between ownership and reputation. Each industry presents unique challenges and opportunities defined by specific regulations, technological advancements, and consumer preferences. These factors can dictate ownership strategies and reputation management practices. For instance, in heavily regulated industries like healthcare or finance, ownership structures might be shaped by compliance demands, directly affecting stakeholder perceptions and thus corporate reputation

Next, media narratives can directly impact corporate reputation and influence ownership decisions. For example, when a company receives positive media coverage, it may attract new investors, including institutional investors, who see the company as a viable investment opportunity. Conversely, negative media coverage involving corporate misconduct or financial disputes can lead to a decrease in shareholder confidence, prompting them to sell their shares and dissuading potential investors from engaging with the company. Thus, the media's portrayal can significantly affect a company's ownership structure through its impact on corporate reputation.

Consider this scenario: Company X, a publicly traded technology firm, launches a groundbreaking product that transforms an industry and receives extensive positive media coverage. This attracts numerous institutional investors keen to capitalize on the

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company's innovative strides, significantly increasing institutional ownership. This example illustrates how favorable media-generated perceptions can directly influence ownership decisions by drawing in institutional investors due to enhanced corporate reputation.

In another case, automobile manufacturer Company Y faces several media reports alleging safety defects in its vehicles. This negative publicity erodes customer and investor trust, leads to a drop in stock prices, and may prompt institutional investors to divest. Here, the negative media coverage adversely affects both ownership decisions (institutional investors divesting) and corporate reputation (eroded trust and a tarnished reputation).

To put it succinctly, media exposure significantly influences corporate reputation. Favorable media reports about a company's achievements, ethical conduct, or community engagement can boost its reputation by projecting an image of a reliable and ethical organisation. Conversely, adverse media exposure can tarnish a company's reputation by spotlighting issues like product recalls, environmental offenses, and ethical breaches. Customers, investors, and regulators often rely on media narratives to shape their perceptions of a company.

This highlights how complex interplays between economic shifts, market dynamics, sector-specific factors, and media exposure complicate the attribution of reputation changes to ownership structure alone. These external factors forge a volatile operational landscape for companies, necessitating a comprehensive understanding of how ownership decisions relate to reputation impacts. Future studies should explore these complex external elements and their potential roles in mediating or moderating the relationship between ownership structure and corporate reputation. Such a broad view

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will enhance our understanding of the intricacies of reputation management in today's dynamic corporate world.

Furthermore, the complex and dynamic relationship between ownership structure and corporate reputation introduces a layer of complexity, underscoring the multidimensional nature of these interactions. A critical element of this complexity is the reciprocal nature of the relationship, where changes in ownership structure can affect corporate reputation, and vice versa.

On the one hand, the ownership structure can directly influence a company's corporate reputation. Imagine a scenario where a firm's robust financial performance and ethical practices attract numerous institutional investors. Drawn by these positive attributes, these investors often provide not only capital but also expertise and governance oversight. This influx of resources and knowledge can enhance the company's operations, governance, and strategic choices, ultimately boosting its reputation as a responsible and well-managed entity.

Alterations in corporate reputation, conversely, directly impact ownership decisions. Investors typically exhibit higher trust and credibility towards businesses with strong reputations. This heightened trust can attract a diverse array of investors, including institutional ones, who prefer investing in companies with positive public perceptions. Thus, a sterling reputation directly influences ownership structure by drawing institutional investors eager to align with companies known for their ethical and reliable conduct.

Conversely, a shift in the ownership structure, such as a significant acquisition by a socially responsible institutional investor, may lead to strategic or governance

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changes. For instance, the new investor might push for enhanced sustainability efforts or increased transparency, improving the company's ethical standing and reputation among stakeholders.

This dynamic underscores the complex interplay between corporate governance and reputation management in modern business. It demonstrates that ownership structure and reputation are interconnected, influencing each other within the broader context of a company's operations. Companies aiming to optimise their ownership structures and manage their reputations effectively must recognize this complexity. It underscores the importance of a holistic approach to corporate governance that considers how ownership decisions and reputation management are interdependent and collectively impact a company's identity and market success.

5.4 Suggestion for Future Research

Future research may delve directly into the study's findings by using diverse metrics to explore differences or similarities in outcomes. Although quantitative data is routinely employed to gauge corporate reputation, future researchers should consider adding qualitative data to capture the subtleties tied to ownership structure and its impact on reputation. For example, interviewing investors could yield insights into their views and evaluations of the company's reputation in relation to its ownership structure. These interviews might reveal deeper layers of information, providing a more complete understanding of how ownership structure affects reputation.

Incorporating qualitative data through interviews can enrich and authenticate research findings, enabling a deeper investigation into the complex effects of ownership structure on reputation. By documenting investors' perceptions, beliefs, and experiences, researchers can uncover the mechanisms by which ownership structure influences

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reputation. Interviews could expose investors' expectations, concerns, and preferences about ownership structure or shareholder activism. The insights from these interviews can offer a detailed view, illuminating the complex interplay between ownership structure and reputation.

Considering the significant gap in the current literature on the direct exploration of the relationship between ownership structure and corporate reputation, it is crucial for future research to adopt a comprehensive approach to this issue. The absence of thorough research in this area highlights a knowledge gap, underscoring the need to investigate this relationship from multiple dimensions and viewpoints. An extensive analysis of how business performance and ownership structure interact to influence reputation presents a valuable path for future research.

In the direct relationship between ownership structure and corporate reputation, business performance acts as a crucial mediator. This mediating role is significant as it allows for an examination of the intricate dynamics within this relationship. Scholars can delve into how the effectiveness of various ownership structures in enhancing corporate reputation is contingent upon the company's performance across different sectors such as financial health, operational efficacy, and innovation prowess.

By studying the mediating role of business performance, researchers can pinpoint the specific conditions under which ownership structure has a more pronounced or diminished impact on corporate reputation. For instance, family-owned businesses, known for their long-term focus and dedication to sustainability, may be particularly adept at building trust and credibility when their business performance is strong. Conversely, in contexts where business performance is lacking, other forms of ownership, like publicly traded companies, might better manage their reputation by

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adhering more strictly to regulatory requirements and maintaining higher levels of transparency.

Furthermore, this exploration helps clarify the contextual influences at play. The interplay between ownership structure, business performance, and corporate reputation can vary greatly depending on the industry, market conditions, and economic environment. For example, during economic downturns, when corporate governance and leadership come under closer scrutiny from investors and stakeholders, the impact of ownership structure on reputation might become more pronounced.

Given the current gap in the literature, it is essential to explore the interplay between ownership structure and corporate reputation from multiple angles. Introducing business performance as a moderator offers a valuable pathway for unraveling the intricate network of factors that shape reputation-building across diverse ownership models. By undertaking this analysis, researchers can deliver a deeper and more refined understanding of how these elements converge, providing critical insights that can aid companies in actively cultivating and enhancing their corporate reputation.

Moreover, future research initiatives must recognize the notable role of unlisted companies within the broader business ecosystems of many countries. These entities, often operating quietly beyond the scrutiny of public markets, play a significant role in the global economy. To further elucidate the complex interrelation between ownership structure and corporate reputation, it is imperative for scholarly investigations to encompass unlisted firms. This approach enhances the accuracy and applicability of research findings.

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Due to their unique characteristics and operational intricacies, unlisted companies present a distinct dimension for exploration. These organisations are not bound by the stringent regulatory oversight and disclosure obligations that govern publicly listed companies. Their ownership configurations can vary widely, from family-held to private equity-owned, and their decision-making is typically more secluded and opaquer. Although these characteristics present challenges, they also offer researchers a prime opportunity to delve into the unexplored aspects of how ownership structure influences corporate reputation.

By conducting thorough studies on how ownership affects the reputation of unlisted firms, researchers can contribute to a more comprehensive and nuanced understanding of this complex relationship. For example, they might examine whether family-owned, unlisted companies are particularly adept at building trust and credibility within their markets due to their long-term focus and personalized touch. Conversely, they could explore whether private equity-owned firms employ distinctive reputation management strategies driven by their financial acumen and access to capital.

Additionally, this inquiry directly links to understanding how varying ownership structures in unlisted companies tackle distinct operational challenges and seize opportunities while managing corporate reputation. Specifically, it explores how these companies handle reputation crises and engage stakeholders without the level of public scrutiny that publicly traded counterparts face. Are there industry-specific impacts on how ownership structure correlates with reputation management in unlisted firms?

Incorporating unlisted companies into future research is essential for broadening our grasp of corporate reputation and increasing its relevance across different business forms. These entities constitute a significant part of the economic environment, offering

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unique insights into how ownership structure relates to corporate reputation. Delving into these lesser-studied areas enables researchers to provide valuable perspectives that are applicable not only to private firms but also to public companies and organisations of various sizes and sectors. This exploration enhances our overall comprehension of how ownership structure impacts corporate reputation across diverse organisational contexts.

In conclusion, future studies can deepen the understanding of how ownership structure affects corporate reputation by utilizing diverse metrics, integrating qualitative insights through investor interviews, investigating business performance as a moderating factor, and extending research to include unlisted companies. These methodologies will offer a more detailed and sophisticated view of the complexities linked to ownership structure and its influence on reputation outcomes. By widening the research scope and examining various perspectives and organisational settings, forthcoming research can address current knowledge gaps and furnish actionable intelligence for organisations aiming to bolster their corporate reputation effectively.

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