THE IMPACT OF OWNERSHIP STRUCTURE ON CORPORATE REPUTATION: EVIDENCE FROM MALAYSIA

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KUALA LUMPUR

2024

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DISSERTATION SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF ACCOUNTING (REPORTING AND MANAGEMENT ACCOUNTABILITY)

FACULTY OF BUSINESS AND ECONOMICS
UNIVERSITI MALAYA
KUALA LUMPUR

2024

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Name of Degree: Master of Accounting (Reporting and Management Accountability)

Title of Project Paper/Research Report/Dissertation/Thesis ("this Work"):

The Impact of Ownership Structure on Corporate Reputation: Evidence from Malaysia

Field of Study: Corporate Reputation

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THE IMPACT OF OWNERSHIP STRUCTURE ON CORPORATE REPUTATION: EVIDENCE FROM MALAYSIA

ABSTRACT

Corporate reputation study has witnessed significant growth and development in recent years. The research indicates a significant association between corporate reputation and corporate performance. Nevertheless, due to the expansive nature of corporate reputation, relying solely on corporate performance may not provide a precise assessment. Further investigation is necessary to identify variables that can accurately gauge corporate reputation. Previous studies conducted in Spain have tried to establish a connection between the structure of ownership and their overall corporate reputation. Based on earlier studies conducted in Spain, it has been determined that family ownership has a detrimental effect on corporate reputation. The statement supports the agency theory, which posits that family ownership might harm a corporate reputation due to conflicting interests between majority and minority shareholders. However, the ownership structure of Spain exhibits diversity, whereas Malaysia's is characterized by concentration. Implementing the study in Malaysia may provide challenges and may not be practically achievable. The study is further motivated to pursue research endeavours, particularly within the context of Malaysia. The primary objective of this research is to examine and gain a comprehensive understanding of the correlation between the structure of corporate ownership and the reputation of corporations operating within the Malaysian business environment. Next, to offer significant insights to businesses, investors, and policymakers in Malaysia, enabling them to make well-informed decisions. It will be achieved by investigating the influence of various ownership patterns on corporate reputation, including family, institutional, foreign, and concentration ownership. Gaining

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insight into these dynamics can contribute to the existing scholarly research on corporate governance and reputation management. The study employs a total of 519 observations spanning across firm years, explicitly focusing on 173 non-financial enterprises listed on Bursa Malaysia from 2017 to 2019. The results suggest that factors such as family ownership, foreign ownership, and concentration ownership have no significant impact on corporate reputation. On the other hand, a significant positive association exists between corporate reputation and institutional ownership. The research findings are relevant to the agency theory field and benefit shareholders' decision-making process. Future research should consider employing a broader range of measurements to ascertain the most accurate measure of business reputation, using the exact definition provided in this study. Furthermore, the findings of this study hold considerable significance for enterprises in devising efficacious strategies for managing reputation. Additionally, it can aid investors in making informed choices, guide policymakers in formulating corporate governance policies, and foster trust and relationships with stakeholders. Lastly, it enhances the scholarly understanding of corporate reputation, governance, and ownership relations.

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

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KESAN STRUKTUR PEMILIKAN TERHADAP REPUTASI KORPORAT: BUKTI DARI 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 mempunyai keupayaan untuk mengukur reputasi dengan tepat. Kajian terdahulu yang dijalankan di Spain telah cuba mewujudkan hubungan antara struktur pemilikan dalam syarikat dan reputasi korporat mereka secara keseluruhan. Kajian tersebut telah menentukan bahawa pemilikan keluarga mempunyai kesan buruk terhadap reputasi korporat. Kenyataan itu menyokong teori agensi, yang menyatakan bahawa kehadiran pemilikan keluarga mungkin merosakkan reputasi korporat kerana kepentingan yang bertentangan antara pemegang saham majoriti dan minoriti. Walaubagaimanapun, struktur pemilikan Spain mempamerkan kepelbagaian, manakala Malaysia mempunyai ciri-ciri kepekatan. 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 adalah untuk membantu perniagaan, pelabur dan pembuat dasar di Malaysia bagi membolehkan mereka membuat keputusan yang tepat.

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Hal ini akan dicapai dengan menyiasat pengaruh pelbagai corak pemilikan terhadap reputasi korporat, termasuk pemilikan keluarga, institusi, asing, dan kepekatan. Wawasan dalam dinamik ini boleh menyumbang kepada badan penyelidikan ilmiah yang sedia ada mengenai tadbir urus korporat dan pengurusan reputasi. Penyelidikan ini menggunakan sejumlah 519 pemerhatian yang merangkumi tahun-tahun firma, khususnya memberi tumpuan kepada 173 perusahaan bukan kewangan yang disenaraikan di Bursa Malaysia dari 2017 hingga 2019. Hasilnya menunjukkan bahawa faktor-faktor seperti pemilikan keluarga, pemilikan asing, dan kepekatan pemilikan tidak menjejaskan reputasi korporat. Sebaliknya, terdapat hubungan positif yang signifikan antara reputasi korporat dan pemilikan institusi. Penemuan penyelidikan adalah relevan dengan bidang teori agensi dan bermanfaat untuk proses membuat keputusan pemegang saham. Penyelidikan masa depan harus mempertimbangkan untuk menggunakan pelbagai ukuran yang lebih luas untuk memastikan pengukuran reputasi perniagaan yang paling tepat, menggunakan definisi yang tepat yang disediakan dalam kajian ini. Selain itu, penemuan kajian ini mempunyai kepentingan yang besar bagi perusahaan dalam merancang strategi yang berkesan untuk menguruskan reputasi. Selain itu, ia boleh membantu pelabur dalam membuat pilihan yang tepat, membimbing pembuat dasar dalam merumuskan dasar tadbir urus korporat, dan memupuk kepercayaan dan hubungan dengan pihak berkepentingan. Selain itu, ia meningkatkan pemahaman sarjana mengenai reputasi korporat, tadbir urus, dan hubungan pemilikan.

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

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ACKNOWLEDGEMENT

I am devoted to everyone who contributed to my master's dissertation and assisted me throughout this transformative experience. I owe my gratitude, first and foremost, to Allah for His favours and guidance. Throughout the ups and downs of this voyage, I found comfort in my faith, knowing that with His assistance, I could overcome any obstacles that arose. Throughout my academic pursuits, the teachings of the Prophet Muhammad have also served as a compass. His emphasis on pursuing knowledge, compassion, and justice has inspired me to approach my studies with honesty and a commitment to impact society positively. My deepest gratitude goes to my supervisor, Dr. Zulkhairi Bin Mohd Mustapha, whose unwavering support, knowledge, and wisdom have been indispensable. His encouragement and constructive criticism pushed me to excel and continuously develop. I appreciate his confidence in my abilities and motivation to realize my maximum potential.

Next, I am indebted to my father, Mr. Zainul Abidin bin Ahmad, for his unwavering financial support. To my mother, Mrs. Zainab Binti Mohd Jan, for her affection and backing. Her patience and advice were greatly appreciated. Next, I am grateful for my siblings' presence and support, a source of grit. My close friend Nurin Athilah Binti Masron, for her counsel and inspiration, has been essential to my academic and personal development. Lastly, I thank Dr. Khairul Nizam for inspiring me to pursue academics while maintaining a balanced lifestyle. Beyond academics, his insight and perspective have enriched my comprehension of life. His contributions to my master's journey have significantly impacted my accomplishments. As I embark on new endeavours, I carry the invaluable lessons and experiences I have gained gratitude from the depths of my spirit.

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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 road map for the research and shape the direction of the subsequent chapters. Section 1.5 focuses on the study's significance, which is emphasized to underscore its relevance and potential impact within academia or practical applications. Section 1.6 proposes the research organization, 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 organizational framework, it can understand how the study is structured and how the different sections are interconnected. Finally, section 1.7 concludes the chapter, summarizing 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, organization, 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 import of a firm's corporate reputation has become more pronounced within the business context. Hence, organizations 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 (1965) exploration, initially centring on the perception of reputation by buyers. It marked a pivotal shift in understanding how reputation affects business dynamics. Their study, which focused on how buyers perceive reputation, highlighted the significance of reputation as a key factor influencing consumer behaviour and corporate performance. The research laid the foundation for subsequent studies on corporate reputation, emphasizing its role in shaping consumer trust, brand loyalty, and purchase decisions. As a result, scholars and businesses alike began to recognize that reputation is not merely a superficial aspect of corporate identity but a critical asset that can impact a company's bottom line. 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. In essence, their study served as the catalyst for the evolution of corporate reputation research, as it underscored the need to consider reputation as a central element in business strategy and decision-making, ultimately shaping the trajectory of this field of study.

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Over time, the scope broadened to encompass stakeholders' perceptions, including shareholders. Scholars recognized 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 and bolsters business performance by augmenting the company's overall value by fostering trust and enriching business activity.

Thus, several studies endeavour to measure corporate reputation, aiding investors in informed decisions quantitatively. For instance, Sarstedt et al. (2023) surveyed customer satisfaction as an indicator of reputation. It offers a direct and quantifiable means of assessing how well a company meets customer expectations and fulfils their needs. A positive reputation is fundamentally built on consistently high levels of customer satisfaction, as demonstrated by surveys. When customers report high satisfaction levels, the company meets and often exceeds their expectations. This positive feedback fosters brand loyalty, encourages repeat business, and leads to customers spreading positive word-of-mouth, all of which contribute to a strong reputation.

Moreover, customer satisfaction surveys help identify areas for improvement, allowing companies to refine their offerings and enhance their reputation over time. Ultimately, a positive reputation hinges on the satisfaction of the very customers it seeks to serve, making surveyed customer satisfaction a vital metric in assessing an organization's standing in the eyes of its audience. Thus, investors are urged to consider this factor in their investment choices. Customer satisfaction data can provide valuable

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insights into a company's competitive position and growth potential, aiding in informed investment decisions.

Additionally, the legal environment is a key concern for investors, as it significantly magnifies the relationship between stock market returns and business reputation. Soleimani et al. (2014) assert that the degree of legal safeguards for shareholders in a nation can impact the correlation between stock market gains and business reputation. It underscores that robust legal protections for shareholders enhance the linkage between financial gains and business reputation. Thus, favourable stock market returns profoundly affect a company's reputation. In other words, a company's financial performance substantially moulds and enhances its corporate reputation in countries with robust legal frameworks safeguarding shareholders' rights.

As noted previously, a company's reputation holds a central role with profound implications for investors. The study by Maaloul et al. (2023) delves into the correlation between corporate reputation and transparency in Environmental, Social, and Governance (ESG) practices. ESG constitutes a set of criteria employed by investors and businesses to assess a company's impact on the environment, society, and its governance. Essentially, a positive corporate reputation enhances the influence of ESG performance and disclosure in reducing debt costs. The study demonstrates that constructing a portfolio of companies with high Reputation Quotient (RQ) rankings outperforms the market, particularly when considering risks. RQ serves as a metric employed to gauge a company's reputation. A higher RQ score signifies a more favourable reputation, while a lower score indicates a less favourable one. This suggests that companies with strong reputations yield superior returns compared to the market average. Consequently, this insight aids investors in their decision-making process.

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Moreover, the study highlights the significance of effective debt management, particularly under investor scrutiny, where corporate reputation is a pivotal factor. The firm's ESG performance and transparency in disclosures are related to its debt burden. Corporate reputation's influence on this relationship is also examined. A positive reputation augments the impact of ESG performance and disclosure, leading to reduced debt expenses. Companies prioritizing robust ESG practices and transparent reporting can enhance their reputation and diminish debt costs. An augmented reputation becomes a catalyst for lower debt expenses. Academics acknowledge the importance of measuring corporate reputation for well-informed investor choices, especially considering diverse interpretations that necessitate effective measurement frameworks.

A positive corporate reputation, for example, has positive repercussions on financial performance (Martínez-León et al. 2023), suggesting that a favourable internal corporate reputation enhances financial performance, in turn strengthening internal corporate reputation. The perception and evaluation of an organization's reputation among its internal stakeholders, such as employees, managers, and shareholders, constitute internal corporate reputation. A positive internal corporate reputation contributes to higher employee motivation and engagement. Employees who view their organization positively are more likely to exhibit pride in their work, feel a sense of belonging, and be motivated to contribute to the company's triumph. Motivated and engaged employees typically perform better, yielding improved financial outcomes.

A positive internal corporate reputation aids in cultivating trust and nurturing positive relationships with diverse stakeholders, such as investors, suppliers, and partners. Trustworthy and reliable organizations stand a higher chance of attracting investments, establishing favourable business partnerships, and maintaining robust supplier

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relationships, all of which can have positive financial ramifications. A positive corporate reputation also benefits day-to-day operations, including supplier negotiations and customer relationship building (Fombrun & van Riel, 2004). Furthermore, new stakeholders, particularly customers unfamiliar with a company, are more likely to engage with organizations known for their solid corporate reputation (Fombrun & van Riel, 2004). Norouzi and Teimourfamian Asl (2023) further underscore the importance of ethical and socially responsible actions in shaping a positive corporate reputation, subsequently influencing customer behaviour and relationships. Thus, striving for a positive corporate reputation is crucial, and companies must adopt measures to foster and sustain it over the long term.

Past researchers predominantly assessed corporate reputation by evaluating company performance (Brown & Perry, 1994). However, not all scholars endorsed this approach, given that corporate reputation is subjective while performance measurement is objective. With diverse interpretations of corporate reputation within academic discourse, creating a shared definition and standardized measurement strategy has proven challenging (Pires & Trez, 2018). A comprehensive grasp of the definition is pivotal to fully comprehending corporate reputation, an aspect elaborated on further in the subsequent section.

The escalating significance of corporate reputation for businesses has kindled profound interest across various fields, prompting multifaceted explorations and diverse techniques for assessment. This has engendered an ongoing discourse concerning its definition and evaluation, making it challenging to compare empirical findings due to the lack of a unified understanding of the concept and a standardized measurement approach (Axjonow et al., 2018).

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Given the absence of a universally accepted framework or empirical methodology for evaluating corporate reputation, a comprehensive, all-encompassing model is required to objectively depict corporate reputation from the perspectives of diverse stakeholders. 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. 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 prioritize the growth of stock prices as their sole primary objective at the expense of all other considerations. In the globalized 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.

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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 performance, including financial outcomes. 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.

1.1.1 Definition of Corporate Reputation

Levitt (1965) defined a company's reputation as the perception that consumers hold about the business. In simple terms, it refers to how customers form opinions about a business based on their own impressions and assessments. This definition underscores the idea that a company's reputation is fashioned by its consumers' perceptions, encompassing aspects like products, services, customer interactions, and overall brand image. When individuals hold a favourable view of a company, it enhances its reputation, and conversely. Levitt's definition underscores the importance of comprehending consumer sentiment and its impact on reputation, emphasizing the need to meet expectations and deliver positive experiences to establish and uphold a positive reputation.

Bernstein (1989) viewed reputation as an outcome of corporate communication, while Spence (1974) viewed it as a consequence of competition. In earlier definitions, the focus was confined to the market context, primarily centred on the consumer perspective, which seems to have only a limited viewpoint. This limited viewpoint posed challenges in accounting for future markets (Baruah & Panda, 2020). In the 1990s, reputation encompassed the psychological processes involved in its formation and upkeep. For

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instance, Fombrun and Shanley's definition of corporate reputation highlights how diverse stakeholders evaluate a company based on its past actions, influencing their expectations, actions, and attitudes towards the organization.

The concept of corporate reputation has undergone a fundamental transformation. It began to be recognized as a valuable asset (Grey & Balmer, 1998; Clive, 1997), embodying an organization's intrinsic values (Dowling, 1994). This shift in perspective acknowledged a company's reputation as a strategic advantage and a tangible embodiment of its core principles. Scholars have stressed the central role of a company's actions and conduct in shaping its reputation (Caruana, 1997), underscoring the influence of past behaviours on this intangible asset.

Beyond the aforementioned definitions, researchers have presented other perspectives on reputation. Brown and Perry (1994) defined reputation as a comprehensive evaluation of an organization, while Dowling (1994) characterized it as an evaluation of perceived value and estimation. Additionally, reputation has been perceived as a collection of distinct business principles. This shift emphasizes how consumers interpret various cues to form their perceptions of a company. Concurrently, corporate reputation has been acknowledged as a vital positioning tool for a company or its products. Within this context, a company's positive or negative reputation significantly affects how its target audience perceives it and distinguishes it from competitors. This recognition of corporate reputation as a strategic tool underscores its influence on market positioning and overall success.

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Herbig and Milewicz (1995) proposed using a business's reputation as a proxy for its reliability in subsequent phases. Several scholars have offered nuanced definitions of corporate reputation to better grasp its dimensions. For instance, Fombrun and Rindova (1998) define corporate reputation as a company's overall allure, suggesting that it extends beyond products and services to encompass stakeholders' broader perceptions.

Grey and Balmer (1998), in contrast, define corporate reputation as the perceived value of a company's attributes. This view indicates that a company's reputation is shaped by factors like its products, services, culture, ethics, and social responsibility. Additionally, Fombrun and Rindova (1998) characterize corporate reputation as a comprehensive evaluation of the various elements that constitute an organization. This perspective underscores that reputation is influenced by multiple factors, including performance, behaviour, communication, and stakeholder relationships.

These expanded definitions of corporate reputation underscore its multifaceted nature, emphasizing that it arises from a combination of factors, including company characteristics, behaviour, and overall appeal. Such diverse interpretations contribute to a deeper understanding of its significance and the intricate interplay of factors that shape it. Building on these foundational principles, a concise summary of the organization's statistics is provided (Schweizer & Wijnberg, 1999). As our understanding of corporate reputation has evolved, we've come to realize that it encompasses more than public perception alone. This point is accentuated by the fact that a company's reputation and stakeholders' opinions are shaped by its historical actions and conduct.

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Since the turn of the century, the concept of corporate reputation has undergone significant change. A series of major developments and transformations have shaped the understanding of this concept. The following table provides a summary of how scholars have defined corporate reputation from 2000 to 2023, reflecting shifts in the concept.

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
	Emotional evaluation	Cable & Graham
	Evaluation based on perception	Dukerich & Carter
	Intangible asset	Black et al., Miles & Covin
	Permanent global aggregate evaluation	Gioia et al.
	Set of characteristics that facilitate comprehension of the company's features	Stuart
2001	An aggregation of knowledge and emotions	Zyglidopoulos
	Unconscious perception of the company	Balmer
	Company reputation over time	Hanson & Stuart
2009	Indication of excellence and conduct	Devers et al.
2012	Conformity to socially recognized norms	Kennedy et al.
	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 that substantially contributes to the value of a company	Sarstedt et al.
	Perceptions and assessments of a company's standing and credibility among stakeholders, including investors.	Febra et al.

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The provided definition encompasses various viewpoints on the assessment and perception of a company. Many of these definitions underline the importance of stakeholder viewpoints and evaluations. For instance, Fombrun et al. (2000) emphasize considering multiple stakeholders' perspectives, while Bennett and Kottasz (2000) focus on opinions about a company. Similarly, Ferguson et al. (2000), Veh et al. (2019), and Ferguson et al. (2000) stress the significance of stakeholders' thoughts, emotions, and attitudes toward a company.

Furthermore, multiple elements highlight the intangible nature of a company's image and reputation. Black et al. (2000), Miles and Covin (2000), and Sarstedt et al. (2023) describe it as an intangible asset. Stuart (2000) and Merwe and Puth (2014) emphasize attributes or characteristics that aid in perception. In contrast, Miles and Covin (2000) and Balmer (2001) refer to it as a collection of perceptions or latent perceptions.

Scholars concur that a company's reputation is a valuable intangible asset. Firstly, a strong reputation instils stakeholder confidence in the organization's future performance, benefiting the business overall (Pires & Trez, 2018). Secondly, it enhances the company's competitive advantage by attracting new customers, investors, and top talent (Pires & Trez, 2018). Ultimately, a robust reputation encourages business transactions, augmenting the company's value (Pires & Trez, 2018).

The understanding of corporate reputation and assessment has given rise to diverse perspectives. One perspective centres on societal expectations, where individuals hold specific expectations regarding organizational conduct (Berens & Riel, 2004). Reputation metrics have evolved to mirror the intricate nature of corporate reputation. Assessments like Fortune's annual Most Admired Companies (FMAC) list now consider

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not only financial performance but also overall reputation and perceptions from peers and competitors when gauging a company's public standing.

The FMAC index evaluates financial performance, reputation, and perceptions, highlighting the pivotal role of reputation beyond finances. Similarly, the Reputation Quotient (RQ) assessment measures companies' trust, esteem, admiration, and how they're perceived in terms of products and services. This comprehensive approach underscores reputation formation by conduct, communication, and public perception. These systems, emphasizing behaviour, values, and societal alignment, demonstrate the evolving comprehension of reputation. They recognize reputation's broader scope beyond financial metrics, acknowledging its impact on stakeholders and the larger community.

The connection between reputation and stakeholders remains a recurring theme. Dukerich and Carter (2000), Zyglidopoulos (2001), and Petkova (2012) discuss the evaluation of a business based on stakeholder opinions. The evaluation is related to stakeholders' perceptions. Additionally, Gioia et al. (2000) depict a lasting global aggregate assessment, while Devers et al. (2009) assert that reputation signifies quality and behaviour.

While the provided definition exhibits similarities, there are also minor variations in terminology and emphasis. Some aspects stress opinions or evaluations (Bennett & Kottasz, 2000; Bennett & Gabriel, 2001), while others emphasize affective evaluation (Cable & Graham, 2000) or company effectiveness (Fombrun & Rindova, 2001). Kennedy et al. (2012) mention adherence to socially accepted norms, while Smaiziene and Jucevicius (2009) underline the connection between financial stability and corporate social responsibility.

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The provided definition illustrates the multifaceted nature of a company's reputation, encompassing stakeholder perspectives, opinions, affective evaluations, intangible assets, temporal aspects, attributes, and perceptions, among other elements. While there are differences in phrasing and perspective, most underscore the importance of stakeholder perceptions, the intangible quality of reputation, and the significance of long-term evaluations and social standards.

Analysing the various definitions helps future research associate the concept of corporate reputation with perception and image. Multiple stakeholder perspectives (Fombrun et al., 2000), company opinion (Bennett & Kottasz, 2000), emotional evaluation (Cable & Graham, 2000), and perceptual assessment (Dukerich & Carter, 2000) all indicate stakeholder perceptions and assessments' connection to reputation. Furthermore, the literature supports reputation as perception and image, with references to it as an intangible asset (Black et al., 2000) and a collection of views (Miles & Covin, 2000).

The enduring aggregate global assessment (Gioia et al., 2000), corporate image over time (Hanson & Stuart, 2001), and cumulative evaluation of a company's history (Gotsi & Wilson, 2001) emphasize reputation as an accrued perception and image. Research underscores the significance of stakeholder subjective perceptions and interpretations, their evaluations of company effectiveness, and the dissemination of those evaluations (Fombrun & Rindove, 2001; Bennett & Gabriel, 2001).

Devers et al. (2009) stress a company's reputation when assessing its quality and ethical behaviour. It highlights the inherent link between reputation and organizational behaviour, positioning reputation as a measure of integrity and competence. Kennedy et

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al. (2012) further emphasize reputation's multidimensional nature by depicting it as a tangible reflection of societal norms. This perspective underscores how a company's reputation not only reflects operational excellence but also signals ethical alignment with its social context. Additionally, Petkova (2012) demonstrates the integral connection between stakeholder-perceived value and organizational reputation, nurturing confidence and trust for sustaining relationships. Pfarrer et al. (2010) and Smaiziene and Jucevicius (2009) explore the intangible facet of reputation, elucidating how it shapes public recognition of an organization's quality and capabilities. Moreover, the connection between a company's reputation and its financial stability through corporate social responsibility underscores its function as a comprehensive indicator of character.

In summary, scholars emphasize the multifunctional nature of reputation. It signifies stakeholder confidence in a company's quality, ethical stance, and alignment with societal norms. This perspective enhances the understanding of how reputation influences stakeholders and their broad implications within complex socioeconomic contexts. Considering the collective stakeholder assessment (Merwe & Puth, 2014) and stakeholders as evaluators (Veh et al., 2019), a company's reputation hinges on stakeholder perceptions and evaluations. This is reinforced by recent research from Sarstedt et al. (2023) and Febra et al. (2023), who define reputation as stakeholders' perceptions and evaluations of a company's status and credibility.

Therefore, most previous studies indicate a close connection between corporate reputation, perception, and image. Stakeholder opinions, evaluations, affective assessments, perceptions, and individual perspectives collectively mould a company's reputation. This underscores the significance of stakeholder subjective viewpoints and

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the intangible nature of reputation as a valuable asset influencing relationships, performance, and long-term success.

Therefore, the comprehensive emphasis on reputation as perception and image in the reviewed studies carries important implications for future research. Scholars connect a company's reputation with its appearance and how stakeholders perceive it. Is it seen as a good or poor company? The variations in image categorization provide avenues for exploration. Some researchers use corporate performance to assess reputation, while others gauge credibility based on a board of directors' integrity. A company will likely earn a positive reputation through strong performance, but negative perceptions may result from unethical behaviour by the board. Conceptually, corporate reputation involves how stakeholders perceive an organization's past conduct and their expectations for its future behaviour. This perception is often relative to the organization's performance compared to its primary competitors (Fombrun, 1996).

An alternative perspective is corporate personality, the traits assigned to businesses (Davies et al., 2003). They employ ideas linked to image and identity to explore organizational personality. Perception relies on trust, encompassing beliefs about an organization's honesty, dependability, and compassion (Berens & Riel, 2004). Newell and Goldsmith (2001) introduced the Corporate Credibility Scale, a measure of individuals' confidence in corporations.

In essence, effectively managing corporate reputation is crucial for organizations 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.

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1.2 Problem Statement

The issue of expropriation by controlling and significant shareholders has been extensively examined by prominent scholars. Noteworthy contributors to this topic include Luo and Jackson (2012), Omer and Al-Qadasi (2020), and Hsieh et al. (2020). Expropriation refers to instances where a controlling shareholder or a shareholder with a substantial stake exploits their authority to divert company resources or funds for personal gain. This typically occurs when a shareholder has both the capacity and the inclination to exploit their position, often at the expense of other shareholders.

For instance, the study conducted by Luo and Jackson (2012) delves into the likelihood of controlling shareholders expropriating the rights of minority shareholders, a phenomenon often associated with CEO remuneration in settings characterized by imperfect corporate governance. The researchers' investigation unveils that companies experiencing higher instances of resource diversion by controlling shareholders tend to experience a decline in overall operational performance. Such companies typically exhibit higher ownership concentrations held by controlling entities, signs of state influence, uneven distribution of power among significant shareholders, and weaker attributes within their governing boards. The observed positive correlation between the practice of resource diversion by controlling shareholders and executive compensation levels suggests that these entities may benefit at the expense of minority shareholders.

Meanwhile, Omer and Al-Qadasi (2020) reveal that family-controlling shareholders in management adversely impact the independence and effectiveness of board monitoring, potentially connected to expropriation concerns. This phenomenon occurs when controlling shareholders exploit their influence to favour their interests over those of other shareholders. Additionally, Hsieh et al. (2020) focus on the effects of

expropriation and the alignment of interests among controlling shareholders on intangible resources, specifically Intellectual Capital (IC), within companies. They identify an inverted U-shaped relationship between controlling shareholders' ownership and specific IC components, such as Strategic Capital Efficiency (SCE), suggesting that these shareholders initially invest significantly in certain resources but subsequently decrease their investments. This behaviour aligns with the notion of expropriation, where controlling shareholders may initially exploit resources and then reduce investments upon achieving their desired outcomes. Given their substantial ownership stake, controlling shareholders wield significant influence over company decisions, including executive appointments, dividend policies, and resource allocation. However, in some cases, controlling shareholders may exploit their position to their advantage, often to the detriment of other shareholders.

Controlling shareholders' expropriation represents a significant manifestation of Type II agency problems. The agency problem arises when the interests of a company's various stakeholders clash (David, Kochhar & Levitas, 1998). Type II agency conflict arises when majority and minority shareholders have conflicting interests. If given the chance, controlling shareholders may prioritize their interests over those of the company and minority shareholders. For instance, Khan and Kamal (2023) conducted a study illustrating a discord between majority and minority shareholders, a situation representative of Type II agency problems where conflicts arise between controlling and minority shareholders (Rahman et al., 2023).

According to agency theory, controlling shareholders with significant stakes are more likely to expropriate the rights of minority shareholders. This is because controlling shareholders often prioritize their interests at the expense of minority shareholders' rights

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and well-being. Consequently, they may make decisions and take actions that favour their interests over those of minority shareholders (Sener et al., 2019).

In family-owned organizations, where the majority of shareholders are often part of the same family, implementing effective corporate governance becomes challenging. This is due to the tendency of family owners to prioritize their interests over those of minority shareholders, potentially leading to expropriation concerns (Pascucci et al., 2022). The dynamics of family ownership can hinder the protection of minority shareholder interests, as controlling family members may overshadow or dismiss their voices and concerns. As a result, minority shareholders in family-owned organizations may encounter difficulties safeguarding their rights and achieving equitable treatment (Hashmi & Iqbal, 2022).

Conflicts between majority and minority shareholders can manifest in various ways and have far-reaching impacts on a company's operations, including its profitability and liquidity. Hashmi and Iqbal (2022) discovered that family-controlled companies may prioritize cost savings over engaging industry-specialist auditors, potentially compromising audit quality and minority shareholder interests (Qawqzeh et al., 2021). Such cost-cutting measures might save money in the short term but could jeopardize the accuracy and integrity of audits and financial reporting. Poor audit quality increases the risk of inaccuracies in financial accounts, which can affect a company's liquidity and profitability.

Inaccurate or ambiguous financial statements resulting from compromised audit quality can erode transparency, reducing stakeholders' confidence in the company. Investors rely on accurate financial information to make informed decisions about a

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company's performance and prospects (Martin, 2019). When confidence in a company's financial reporting diminishes due to doubts about its accuracy, the company's stock value and ability to raise capital can be negatively affected. Ineffective audit procedures may also fail to identify inefficiencies, risks, or fraudulent activities that could impact profitability.

Furthermore, the interplay of family and nonfamily ownership, characterized by intermediate family ownership levels, can lead to conflicting strategic visions and approaches that impede international commitment and company performance. Conflicting visions and approaches can hinder the formulation of a unified strategy for global expansion, affecting an organization's performance on the global stage (Pascucci et al., 2022). Family owners may prioritize their short-term interests, potentially undermining the company's global competitiveness and export performance.

Interestingly, these findings appear to contradict the practices of Malaysian companies. Despite agency theory suggesting otherwise, family ownership in Malaysia is often regarded as indicative of high-level corporate governance. For instance, the Minority Shareholder Watch Group (MSWG) annually ranks the top 100 companies in Malaysia based on corporate governance practices, including those with significant family ownership. This discrepancy highlights the need for further investigation into why family ownership inspires more trust than other ownership forms.

Institutional ownership and foreign ownership, both associated with robust corporate governance, should also hold a prominent place in such rankings. Prior research has demonstrated that institutional ownership impacts real-world outcomes through corporate governance, and foreign ownership can reduce knowledge asymmetry, thus

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improving corporate governance (Aggarwal et al., 2011). Despite this, these ownership types are not as highly ranked in MSWG's list compared to family ownership.

Furthermore, some of the top 100 Malaysian-ASEAN companies have been implicated in problematic issues and fraud, contradicting the assumption that strong corporate governance prevents trouble. For instance, based on MISC Berhad officials faced corruption allegations, and the company was also linked to a global oil and gas bribery scandal (Hisyam, 2014; Sun Daily, 2018; World Maritime News, 2018). This challenges the notion that companies with solid corporate governance practices are immune to unethical conduct.

Motivated by these complexities, this research explores how corporate governance mechanisms, particularly ownership type and structure, impact a company's reputation. The study posits that ownership concentration and structure influence corporate reputation. Furthermore, there's a suggestion that MSWG needs to adopt a new approach to corporate governance measurement for more effective monitoring.

1.3 Research Questions

In the problem statement, critical issues are discussed. The definitive establishment of the relationship between corporate governance and reputation remains inconclusive. 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.

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iii. To investigate the correlation between foreign ownership and corporate reputation.
iv. To investigate the correlation between concentration ownership and corporate reputation.

1.4 Research Objectives

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 objectives based on the questions posed previously:

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?

1.5 Significance of Study

The initial phase of this corporate governance mechanism is instrumental in defining the complex relationship between ownership structure and corporate reputation. At the same time, extensive research has been dedicated to understanding how ownership structure influences firm outcomes, as evidenced by numerous studies (Hasan et al., 2023; Boshnak, 2021; Javaid et al., 2021; Karim et al., 2022; Keister & Hodson, 2009; Halili et al., 2015), 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 relatively uncharted territory.

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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 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.

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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.

1.6 Organization 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

By examining the pertinent literature and explaining the study's findings, this section lays a solid foundation for future research. The literature review functions as the study's cornerstone, laying the theoretical groundwork that guides and supports the remainder of the research. In addition, the literature review contributes to the formulation of research hypotheses. Based on the theories and insights gleaned from the existing literature, testable statements or hypotheses can be generated regarding the relationships, patterns, or phenomena intended to be investigated. The planned research methodology and data collection are based on these hypotheses. By conducting an exhaustive literature review and establishing a theoretical foundation, the study can be grounded in demonstrated knowledge and contribute to the existing body of research. This section serves as a springboard to the subsequent phases of research, such as data collection, analysis, and interpretation.

2.1 Corporate Governance

Corporate governance is the cornerstone that shapes an organization'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 business reputation.

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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.

Corporate reputation is the summation of how various organizations 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), financial performance, and relationships with stakeholders. However, corporate governance represents a systemic framework of rules, processes, and interdependencies governing interactions among employees and other company stakeholders.

First, corporate governance is defined by a set of formal and informal rules that prescribe the organization'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.

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Corporate governance entails a network of processes that regulate how decisions are made, implemented, and monitored. These procedures ensure that the organization operates openly, fairly, and in accordance with its strategic objectives and core values. They include mechanisms for accountability, risk management, and performance evaluation, all of which contribute to the overall effectiveness and sustainability of the organization.

Furthermore, 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 governance places a heavy emphasis on employee participation, recognizing that employees are vital stakeholders whose contributions and well-being are crucial to the success of the company. Their participation, privileges, and representation within the governance structure are essential elements of a sound corporate governance system.

Ethical 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 ethical principles not only protects the company's reputation but also nurtures stakeholder confidence and credibility.

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Corporate governance is a sophisticated and comprehensive framework that governs the behaviour, decisions, and relationships of a company. It ensures that the organization operates within ethical and legal parameters and fosters positive interactions with a diverse range of stakeholders. 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. The empirical results from the enterprise risk management ERM system pointed towards an independent audit committee's positive influence on a company's 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.

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.

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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 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 organization. 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.

Moreover, 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 or institutional investors 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.

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Institutional investors generally adhere to more structured corporate governance approaches centred on transparency, accountability, and financial performance. 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-Jaifi, Al-Rassas & Al-Qadasi, 2019) could favourably impact a company's reputation.

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.

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

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management. In turn, this can enhance the company's image and reputation, making it more appealing to investors and potential business partners.

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

Additionally, foreign ownership can positively affect a company's ability to attract foreign investment. When foreign investors have a significant stake in a company, it conveys a strong signal of trust and confidence in the country's or region's business environment. This vote of confidence can entice additional foreign investment and partnerships, enhancing the company's standing as a dependable and alluring investment destination.

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Concentration ownership, in which a small group controls a significant stake in a company, introduces a dynamic that has the potential to both strengthen and weaken 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.

Nonetheless, 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.

Hence, ownership structure, whether it's family ownership, institutional ownership, foreign ownership, or concentration ownership, emerges as a linchpin in corporate governance mechanisms that profoundly shape corporate reputation. Varied ownership structures usher in unique attributes that ripple through governance practices, stakeholder relations, and transparency measures. Companies equipped with a nuanced grasp of ownership dynamics can wield this knowledge to bolster their reputation and instil confidence in stakeholders, recognizing the intricate interplay among ownership structure, governance, and reputation.

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Corporate governance and reputation are seamlessly interwoven, with robust governance practices forming the bedrock for cultivating and sustaining a company's positive image. Transparent and accountable governance, such as disclosing financial information in a straightforward manner (Ozili, 2023) and adhering to ethical standards, fosters confidence and trust among stakeholders (Bimo et al., 2022). When a company garners the perception of trustworthiness and dependability, its reputation naturally flourishes. Furthermore, effective corporate governance carries an inherent focus on sustainable growth (Ahmed & Anifowose, 2023) and long-term value creation. This commitment resonates with stakeholders, portraying the company as forward-thinking and responsible.

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 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 substantially, with transparency, accountability, and 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.

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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.

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.

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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 financial performance and shareholder value.

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 family ownership. This literature review aims to synthesize existing research on these topics to comprehensively understand the relationship between family ownership, corporate governance, agency problem type 2, 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

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(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 2, 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 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 2 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).

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However, some scholars believe family ownership has the ability to maintain a reputation. 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 to public 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 2 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 2, and business reputation are all interconnected. Family ownership affects governance structures and practices, mitigates agency problems type 2, and influences corporate reputation. Future research could further explore how family ownership impacts corporate governance and reputation and 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

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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.

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 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

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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 & 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).

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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 selling of stocks in the short term for speculative purposes. In other words, they might buy and sell stocks quickly to try and make quick profits rather than holding onto stocks for the long term. This suggests that these shareholders engage in such short-term trading to gain an advantage over other investors by using non-public, "inside" information about the company that is not available to the public. This inside information could give them insights into the company's future performance or prospects.

This behaviour tends to happen in companies where institutional investors are not actively involved in the management of the company. Instead, they play a passive role by merely monitoring the company's activities without taking an active role in decision-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

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firm administrators in the exploitation of disinterested minority shareholders (Elyasiani & Jia, 2010).

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 Organization (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 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).

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Numerous studies examine the effect of foreign institutional ownership on performance. Mardnly et al. (2018) discover a positive association between foreign ownership and company performance. Foreign ownership of companies is shown to be more beneficial than domestic ownership by Wang et al. (2019). A relevant study is conducted by Takii (2004), who uses Indonesian history to show that the most successful Indonesian businesses are frequently those that are owned and operated by foreign investors. Foreign institutional participation improves business performance, as noted by Ferreira and Matos (2008) because it enables companies to obtain access to much-needed capital, cutting-edge technology, and experienced management (Dyck, 2001). Therefore, these instruments will improve management and output. According to Ahmadjian and Robbins (2005), foreign investors typically recommend divestment, which improves a company's performance. According to Nguyen (2012), the presence of foreign investors increases the capacity to take risks, as measured by performance adjustments.

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

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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.

Moreover, foreign ownership can shape stakeholder 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.

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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.

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

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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 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.

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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 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

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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.

2.2 Corporate Reputation

The concept of a company's reputation has expanded to incorporate numerous domains (e.g., accountancy, economics, and marketing) and developed over time. According to Baruah and Panda (2020), Levitt (1965) established the earliest definition of corporate reputation as a purchaser's impression of a company. In the 1990s, the definition changed to intangible assets, the resources of strategic significance that can be an advantage to a company (Hall, 1992) and generate wealth (Fombrun & van Riel, 1997). Based on this explanation of development, it is evident that the significance of corporate reputation studies increases over time.

Corporate reputation is an ever-evolving intangible resource, shaped by ongoing evaluations and subjective appraisals of a company's actions and traits, designed to shape the mental framework of decision-makers across all stages of value generation. This concept, highlighted by Baruah and Panda (2020), underscores the dynamic nature of reputation while tracing its origins to a competitive context, as proposed by Spence (1974). Furthermore, Bernstein's perspective (1989) adds another layer by associating reputation with corporate communication, reinforcing the intricate relationship between a company's image and its outward messaging.

Corporate reputation functions as a cognitive embodiment of a company's deeds and achievements, crystallizing its proficiency in furnishing valuable outcomes to its stakeholders, as underscored by Fombrun et al. (2000). Constructed through the

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combination of "facts, beliefs, images, and experiences" that individuals accumulate over time, reputation encapsulates a condensed appraisal of a company's historical performance, diverging from corporate image, which constitutes an immediate mental snapshot of an organization (Balmer, 2009; Fombrun & van Riel, 1997). This differentiation clarifies how companies can sustain a positive reputation during crises, notwithstanding potentially unfavourable initial perceptions, as posited by Podnar and Golob (2017).

Charreaux and Desbrières (2001) revealed that stakeholders' contentment hinges not only on a firm's ability to generate adequate value but also on the fair dispersion of that value, as resources appropriated by one party can't be leveraged to advantage others (John & Senbet, 1998). Due to inequalities in access to information, various stakeholders use different signs or signals, such as the company's performance, size, or age, to build expectations about the company's potential to meet their needs (Brammer & Pavelin, 2006). Consequently, a corporation's reputation will be affected by any factor perceived to influence future decisions regarding the allocation of company resources.

As an illustration, the broader setting in which a company operates shapes stakeholders' cues to form their predictions (Wright & Rwabizambuga, 2006). Therefore, it's reasonable to speculate that the increased worry caused by corporate scandals, the subsequent emphasis on effective management as a factor affecting company actions, and the more frequent involvement and significance of significant shareholders (Faccio & Lang, 2002). Many consider the ownership structure of a company to be a crucial predictor of its future operations. In addition to being an instrument of corporate governance, a company's ownership structure can influence the development of its intangible asset, its reputation. Thus, intangible resources would be the most challenging

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to duplicate and replace and probably the most valuable, giving the firm a competitive advantage and greater performance (Brahim & Arab, 2011).

Within the Brazilian business landscape context, where the connection between corporate reputation and overall organizational worth is acknowledged, scholars have directed their attention toward identifying situations that underscore the influence of intangible assets on a company's performance. A case in point is the scrutiny directed at the senior leadership of Petrobras, a prominent Brazilian corporation. This scrutiny had a detrimental effect on the company's image, resulting in a steep decline of its stock value by over 40% from 2014 to 2016, as InfoMoney (2016) reported. This instance highlights how the perception of a company's actions and leadership can impact its financial standing, demonstrating the intricate interplay between reputation and economic outcomes in the context of the Brazilian business sector.

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.

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The intricate interplay between organizational performance and corporate reputation has sparked debates, with some scholars asserting that performance drives reputation, while others argue that reputation moulds performance. 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 organizational 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 organizational 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).

While the intangible nature of intellect prevents direct observation, its measurement can be achieved by comparing problem-solving approaches among individuals (Safón, 2009; Pires & Trez, 2018). Similarly, corporate reputation, lacking a

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single directly measurable variable, is considered a construct, necessitating a clear grasp of its definition before its application in academic research. A pioneering figure in this realm, Charles Fombrun, has framed corporate reputation as a subjective concept, denoting the collective assessment of a company's effectiveness based on established patterns of past actions and future projections (Fombrun, 1996; Fombrun & Rindova, 2001; Walker, 2010). This underscores the intricacies involved in comprehending and operationalizing the essence of corporate reputation within the academic and practical arenas.

Through an exploration conducted by Bennett and Kottasz (2000), a striking 16 diverse definitions of corporate reputation emerged across scholarly articles and general research, underlining the breadth of perspectives within this domain. Although "corporate identity" and "corporate image" are sometimes used interchangeably in the literature, "corporate reputation" is distinct from these other concepts (Walker, 2010). Notably, the framework outlined by Barnett et al. (2006) holds significance due to its comprehensiveness, enriching the comprehension of the facets that demand consideration when evaluating the reputation construct. This selection positions it as the guiding principle for the ensuing discourse elaborated upon in the following sections, lending cohesion and direction to the analysis.

Within the initial thematic area, which explores expectations related to organizational behaviour, researchers delve into the comparisons and differences present in corporate reputation assessments as documented in the literature. Particularly noteworthy is Fombrun's comprehensive investigation of company reputation evaluations across 38 different countries, which unveiled an astonishing 183 distinct ratings or rankings (Fombrun, 2007). This extensive analysis yielded several notable outcomes: (1)

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61 of the lists provided company rankings based on a comprehensive reputation measure; (2) 73 lists focused on assessing the quality of the workplace; (3) 15 lists included ratings based on employee attributes; and (4) 11 lists encompassed subjective assessments of financial performance and future scenarios. Fombrun's research not only underscores the variety of methodologies employed to measure reputation but also underscores the diverse aspects through which reputation can be comprehended and assessed within different contextual perspectives.

Corporate reputation is widely recognized as an intangible asset that provides numerous benefits to organizations. A positive reputation assists businesses in attracting and retaining consumers, employees, and other stakeholders (Pires & Trez, 2018). According to studies, companies with positive reputations have greater success recruiting customers, investors, and top talent. (Pires & Trez, 2018). Moreover, a strong reputation generates trust and enhances value creation, as customers are more inclined to engage with and pay a premium for goods and services from a trusted organization (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 organizational conduct (Berens & Riel, 2004). Reputation measurements such as Fortune magazine's Fortune Most Admired Companies (FMAC) organizations based on their perceived conduct and alignment with societal expectations, offering insights into how organizations are perceived by external stakeholders (Berens & Riel, 2004). Another perspective revolves around Corporate Personality, which recognizes that organizations possess distinct personalities that can influence their reputation (Davies et al., 2003). Understanding

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organizational personality involves assessing how image and identity contribute to the perception of corporate character and reputation (Davies et al., 2003).

An additional viewpoint centres on trust as a foundational element, emphasizing how stakeholders perceive an organization's integrity, reliability, and empathy (Berens & Riel, 2004). Trust is pivotal in shaping reputation, with stakeholders' trust substantially influencing an organization's overall standing (Berens & Riel, 2004). To quantify this concept, the Corporate Credibility Scale, devised by Newell and Goldsmith (2001), offers a metric for gauging trust within organizations, contributing to an enhanced comprehension of the role trust plays in the realm of reputation management (Newell & Goldsmith, 2001). This perspective underscores the intricate interplay between trust and reputation, shedding light on the tangible impact of stakeholders' perceptions on the broader image of an organization.

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.

Beyond its inherent significance, corporate reputation yields numerous external advantages. It fosters favourable sentiments, heightened allegiance, and backing from stakeholders, as noted by Roberts and Dowling (2002). Moreover, a robust reputation translates to enhanced long-term profitability and returns for a company, as evidenced by the findings of Roberts and Dowling (1997). Elaborating on this concept, Fombrun and

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Van Riel (1997) articulate corporate reputation as a compilation of distinctive character attributes or indicators that set one company apart from others and prove challenging to replicate. This multifaceted viewpoint underscores how a positive reputation extends beyond immediate gains, playing a pivotal role in shaping stakeholder perceptions, engendering trust, and fostering sustained financial success.

A comprehensive grasp and thorough examination of ownership structure assume paramount importance within the realms of both corporate governance and reputation management. This significance is particularly pronounced in contexts such as Malaysia, where ownership tends to be concentrated among a select group of major shareholders, thereby engendering potential conflicts of interest between dominant and minority shareholders (Bennedson & Wolfenzon, 2000). The existence of these conflicts underscores the pressing need for robust and effective corporate governance mechanisms that can effectively tackle issues of resource appropriation and safeguard the interests of shareholders (Bennedson & Wolfenzon, 2000). This intricate relationship between ownership structure, governance, and reputation underscores the dynamic interplay between corporate structures and the perceptions that shape a company's standing within the intricate landscape of business.

In conclusion, 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 organizations to build and maintain trust, gain a competitive advantage, and safeguard their image and interests.

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2.3 Factors Influencing Corporate Reputation

Das et al. (2022) investigate whether workforce agility via financial and non-financial performance influences corporate reputation and whether transformational leadership of top management and talent management via workforce agility impacts IT firms' financial and non-financial performance. Conclusively, transformational leadership of the firm's top management and talent management develops workforce agility, furthering the firm's performance that begets corporate reputation.

The study by Türköz and Koç (2021) examines the effect of compliance with corporate governance principles, using coercive isomorphism, on corporate reputation while investigating the moderating role of family ownership. The study reveals that compliance with corporate governance principles positively influences corporate reputation. Additionally, the positive impact of compliance is even more vital for firms with higher levels of family ownership. Overall, the findings suggest that adherence to corporate governance principles can enhance a firm's reputation, with family ownership further amplifying this effect. Previous scholars also investigated the relationship between corporate governance and institutional ownership in Malaysia. Based on a study by Wahab et al. (2008) show institutional ownership is positively and significantly related to corporate governance.

Nonetheless, the same holds true for foreign ownership. Although it is difficult to establish a cause-and-effect relationship between foreign ownership and governance (Kansil, 2021), foreign ownership as a form of corporate governance is profoundly rooted. Prior research analysed the activism of foreign ownership in monitoring the corporate governance of the companies in which they invest. Numerous studies have supported foreign ownership as a means to strengthen corporate governance in emerging

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markets and thereby reduce agency problems (Bowman and Min, 2012; Aggarwal et al., 2011).

Regardless of the direction of causality, it is well-established that foreign ownership is one of the mechanisms of sound corporate governance (Altawalbeh, 2020). Foreign ownership is found to be more of a response to government actions and regulations, which in turn frequently guide changes in firm-level corporate governance (Gillan & Starks, 2003). Foreign ownership is a source of managerial and corporate governance structure transfers, as well as technology, job creation, and productivity spillovers (Ananchotikul, 2007). Essentially, foreign investments may contribute to the development of corporate governance structures in recipient nations.

One essential characteristic of ownership structure that stakeholders can perceive is concentration ownership in the hands of the largest shareholder. It is widely acknowledged that a concentrated ownership structure expropriates minority shareholders because they can influence decision-making to the point where their own interests are maximised (Gaur et al., 2015). For firms with higher concentration ownership, minority shareholders will lose power, as a result causing exploitation by majority shareholders.

2.4 Control Variables

2.4.1 Firm Age

According to Pastor and Veronesi (2003), investors tend to accumulate more information about a firm as time progresses. Consequently, companies with longer operational histories are likely to possess a wealth of available market information, resulting in lower information asymmetry compared to younger firms (Barry & Brown, 1985). Krishnaswami et al. (1999) further emphasize that younger firms often grapple

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with more pronounced information asymmetry due to their limited financial track record. This notion aligns with Barry and Brown (1985), which suggests that information asymmetry tends to be more pronounced in younger companies. Therefore, younger firms may exhibit an increased reliance on insiders for an informational edge, as they provide relatively less information to the public domain (Chauhan et al., 2016).

It is crucial to control a firm's age, as older companies frequently demonstrate greater international engagement (Yip et al., 2018), a factor that could influence 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 given that older firms may have already established a robust reputation over time. Not accounting for this age-related reputation can potentially confound the relationship between ownership structure and corporate reputation.

Furthermore, examining the influence of ownership structure on corporate reputation across different age groups can offer insightful perspectives on how reputation management strategies evolve over a firm's lifecycle. This approach allows for the differentiation of whether specific ownership structures effectively enhance corporate reputation for both young and established firms. Additionally, considering the potential variations in international involvement and resources between younger and older companies can illuminate the interplay of these factors with ownership structure in shaping corporate reputation within Malaysia's business landscape.

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In conclusion, by meticulously controlling for firm age within this research, the intricate factors influencing corporate reputation can be disentangled. This methodological approach leads to more nuanced and accurate conclusions regarding the intricate relationship between ownership structure and corporate reputation in the context of Malaysia.

2.4.2 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 outcomes. The presence of a higher number of directors on the board can yield multifaceted benefits, such as improved managerial guidance, mitigated agency conflicts, expanded engagement with diverse stakeholders, and heightened transparency in disclosing financial, social, and environmental information (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 performance practices.

The size of the board of directors stands as a pivotal domain within the realm of corporate governance (Al-Najjar, 2017). The resource dependence theory underscores the board's role as an intermediary bridging the gap between an enterprise and its external environment (Yeh, 2018). 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 financial performance (Coles et al., 2008;

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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, an alternative viewpoint contends that a larger board of directors can compromise the efficiency of supervision, control, and decision-making (Lipton & Lorsch, 1992). Jensen (1993) advances the idea that leaner boards exhibit superior cohesion, oversight, and productivity compared to their larger counterparts. Empirical studies also illustrate a negative association between board size and financial performance in the context of Malaysia (Haniffa & Hudaib, 2006). In the midst of an ever-evolving business landscape, the company's triumph hinges substantially on the top management's adeptness in making judicious decisions to uphold the firm's competitive edge (Carpenter & Westphal, 2001).

In summary, the composition of the board of directors, particularly its size, holds profound implications for corporate governance. The balance between the advantages of a larger board's diverse resources and the potential drawbacks of its impact on coordination and decision-making underscores the intricacies involved in optimizing corporate performance and reputation within a dynamic business environment.

2.4.3 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 visibility and recognition within society, leading to potential implications for their market perception. The endeavour to uphold a strong corporate reputation and bolster investor trust serves as a driving force, compelling reputable enterprises to excel (Harymawan &

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Nurillah, 2017). Consequently, larger firms are inclined to implement robust corporate governance practices to safeguard and nurture their established reputation.

2.5 Summary

Chapter 2 delves into a comprehensive exploration of prior research pertaining to corporate reputation and the array of variables that wield influence over it. The underlying objective is to establish a contextual framework for understanding how crucial corporate governance mechanisms—namely, family ownership, institutional ownership, foreign ownership, and concentration ownership—may be intricately linked to the broader concept of corporate reputation.

The literature review underscores a significant correlation between corporate governance mechanisms and corporate reputation. The essence of corporate governance lies in its mission to mitigate agency problems within organizations (Mueller, 2006). Earlier investigations have consistently indicated a positive relationship between corporate governance and corporate reputation (Ulhøi, 2007; Gompers et al., 2003). This is primarily due to the proactive role that corporate governance plays in bolstering corporate reputation, thereby nurturing investor confidence and trust. Investors perceive corporate reputation as a vital component in reducing uncertainty and safeguarding their rights (McShane et al., 2011). Furthermore, corporations boasting elevated corporate reputations are often associated with robust practices in safeguarding the rights of minority shareholders, effectively curbing the potential for expropriation (McShane et al., 2011).

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While the relationship between ownership structure and corporate reputation has drawn limited scholarly attention, the bulk of existing studies originate outside the Malaysian context. To the best of current knowledge, a dearth of studies exploring this relationship in Malaysia is evident. Predominantly, these studies utilize performance metrics as a yardstick to measure corporate reputation. However, the term "corporate reputation" is notably comprehensive and is inherently intertwined with stakeholders' perceptions. As such, relying solely on objective performance metrics to gauge perception seems incongruous. The very essence of corporate reputation encompasses the interplay between emotions, thoughts, and perceptions, necessitating a more holistic assessment approach. An innovative approach undertaken in a Spanish study employed ratings to gauge corporate reputation, as these ratings provide a direct reflection of stakeholders' genuine opinions of a company. This approach offers a more nuanced lens through which to define and measure corporate reputation.

However, it is pertinent to acknowledge the contextual disparities between Spain and Malaysia. While Spain boasts a diverse landscape, Malaysia's ownership structure is characterized by centralization. Hence, in the context of Malaysia's concentrated ownership landscape, replicating the same study becomes imperative. This is vital to unravel the unique nuances that stem from Malaysia's ownership structure and its potential impact on corporate reputation.

In conclusion, Chapter 2 traverses the expanse of prior research, elucidating the multifaceted relationship between corporate governance mechanisms and corporate reputation. As the discourse unfolds, the distinct intersection of variables such as ownership structure and corporate reputation within Malaysia's unique context becomes a crucial focal point for further exploration.

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CHAPTER 3: METHODOLOGY

3.0 Introduction

This chapter commences by introducing the fundamental concept of agency theory and its pertinence to the present study. Section 3.2 delves into the articulation of hypotheses, serving as the bedrock for the research inquiries explored within this study. These hypotheses propose potential relationships between variables and are grounded in theoretical frameworks. Subsequent to hypothesis development, section 3.3 encapsulates these hypotheses within a comprehensive conceptual framework. This model provides a theoretical scaffold, illuminating the intricate interconnections among variables and hypotheses.

Within section 3.4, the chapter delves into the rationale underpinning the preference for a quantitative research approach over a qualitative one. Quantitative research entails the collection and analysis of numerical data, contrasting with qualitative research, which delves into the understanding of motivations, behaviours, and perceptions through non-numerical data such as interviews or observations. This section elucidates the alignment of quantitative methods with addressing the research questions and scrutinizing the hypotheses. Section 3.5 expounds upon the selected data source and the specific timeframe encompassed by the data. This contextualizes the temporal and spatial boundaries of the study and clarifies the origin of data, be it from financial reports, surveys, databases, or other sources.

Moving on to section 3.6, the chapter meticulously examines the sample size employed in the study. The selection of this sample size is grounded in a well-founded rationale, discussed herein, and its implications are discussed vis-à-vis the study's

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statistical power and the generalizability of findings. Subsequently, in section 3.7, the focus turns to the measurement of variables. This entails an elucidation of how the pivotal variables—ranging from independent to dependent and control variables—are operationalized and gauged. Rigorous attention is paid to ensuring the deployment of reliable and valid measurement instruments, facilitating the accurate representation of the intended constructs.

Section 3.8 provides a comprehensive review of the triad of analytical techniques employed within the study: descriptive analysis, bivariate analysis, and logit regression. Descriptive analysis encompasses the succinct summarization and presentation of salient features of the data, including means and frequencies. In contrast, bivariate analysis constitutes a statistical methodology aimed at scrutinizing the relationship between two variables. This straightforward analytical approach sheds light on the correlation or association between the variables. Techniques encompassed within bivariate analysis include correlation analysis. Meanwhile, logistic regression—an essential tool in the methodological arsenal—is expounded upon. Logistic regression is deployed when the dependent variable assumes binary states, enabling the modelling of the probability of binary outcomes based on one or more predictor variables. This analytical technique finds extensive application across a multitude of disciplines, spanning medicine, social sciences, and economics.

The sequencing of this chapter orchestrates a coherent and structured exposition of the study's theoretical foundations, methodological framework, and contextual milieu. This configuration not only elucidates the research's objectives but also elucidates its integration within the broader tapestry of knowledge.

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3.1 Agency Theory

The genesis of agency theory can be traced back to the mid-20th century, with its seminal underpinnings laid by Ronald Coase's seminal work "The Nature of the Firm," published in 1937. This paper introduced fundamental concepts central to the theory and its subsequent evolution.

In "The Nature of the Firm," Coase embarked on an exploration of why firms come into existence and how they operate within market dynamics. His argument revolved around the notion that firms emerge as a response to the transaction costs linked with orchestrating and coordinating economic activities within the marketplace. Coase contended that firms materialize when certain economic pursuits are more effectively managed internally, as opposed to relying exclusively on market transactions. The concept of authority surfaced as a pivotal theme, wherein firms establish a structure that delegates decision-making authority to organizational members, minimizing transaction costs.

The groundwork established by Coase's seminal work paved the way for subsequent advancements within agency theory. During the 1970s and 1980s, agency theory began to crystallize, largely driven by the influential contributions of economists like Michael C. Jensen and William H. Meckling. In 1976, Jensen and Meckling presented their seminal paper titled "Theory of the Firm: Managerial Behaviour, Agency Costs, and Ownership Structure", introducing the principal-agent relationship as a cardinal facet of agency theory. This landmark work dissected the conflicts of interest prevailing between a firm's principals (owners) and agents (managers) due to divergent objectives and information asymmetry. This marked a turning point for agency theory, propelling it into

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extensive exploration and application across a spectrum of domains encompassing economics, finance, management, and corporate governance.

Within the extant corporate governance discourse, the focus commonly centres on the agency problem existing between shareholders and management—termed Agency Problem Type I (De Cesari, 2012; Liew et al., 2017). This phenomenon is particularly prevalent in firms with dispersed shareholding structures (Jensen & Meckling, 1976). The crux of agency problems lies in information asymmetry and conflicts of interest between the principal and the agent. Such dilemmas manifest when one party (the agent) hires another (the principal) to oversee their assets, with varying objectives; the concern revolves around whether the agent will prioritize the principal's best interests or prioritize personal gains (Jensen & Meckling, 1976; Anidjar, 2019).

This agency predicament is most pronounced in countries characterized by diffuse ownership structures. However, in concentrated ownership systems, the principal-agent conflict is notably subdued, as controlling shareholders wield authority over managerial decisions and act in alignment with the firm's best interests. Notably, in Malaysia, which exhibits a concentrated ownership landscape, a different manifestation of the agency problem—referred to as type two—takes precedence. Agency theory type two encapsulates the conflict of interest between controlling shareholders and minority shareholders (Bebchuk & Hamdani, 2008). Controlling shareholders often possess the potential to appropriate minority shareholders' rights (De Cesari, 2012). The underlying concern pertains to the likelihood of controlling shareholders leveraging their positions to detrimentally affect the corporation or minority shareholders, especially when personal interests converge with corporate transactions or external entities.

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This distinction underscores the intricate interplay of agency theory within varying ownership structures and the nuanced dilemmas it encompasses, lending credence to the comprehensive examination of agency theory's implications in diverse corporate contexts.

3.2 Hypotheses Development

3.2.1 Family Ownership and Corporate Reputation

Within the previous literature, 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 finds its basis in the premise that family ownership holds the potential to mitigate agency conflicts. A prevailing rationale in 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 financial performance 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 performance of family firms. Notably, this monitoring advantage diminishes across successive generations (Hashmi & Brahmana, 2023).

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In contrast, the entrenchment assumption presents an alternate outlook. Contrary to the alignment assumption, this premise underscores an elevated propensity for family owners to wield their authority for personal gain, potentially neglecting the interests of minority shareholders and thereby exacerbating conflicts of interest and agency costs (Shleifer & Vishny, 1997). Given their frequent occupancy of senior roles within companies boasting significant family ownership, family members may be more susceptible to the misuse of their influence or the fulfilment of their personal objectives (Azoury & Bouri, 2015). This can further be exacerbated when higher levels of family ownership are at play, wherein managerial decisions might favour family interests at the expense of other stakeholders, consequently amplifying agency costs (Niskanen et al., 2010).

Family-owned enterprises, particularly those structured as business groups that conglomerate various companies under a single umbrella, tend to centralize control, thereby elevating the potential for profit expropriation from minority investors. This structure often impedes robust monitoring mechanisms. Empirical underpinnings offered by Guizani & Abdalkrim (2021) corroborate this notion, revealing a negative and significant correlation between family ownership and the likelihood of engaging a reputable auditor such as the Big 4. This finding echoes the hesitance of family owners to embrace external oversight, indicative of a propensity to exercise their power in manners that might not align with best practices.

In light of these perspectives, the current study adopts the alignment 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

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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

The pivotal role of institutional investors within corporate governance is underscored by the scholarly contributions of Marchini et al. (2018). Their influence extends to effective control over top management, as attested by Mitra's (2002) assertion that institutional investors can substantially elevate the quality of corporate governance. This alignment between institutional ownership and corporate governance augments the transparency of information, thereby imparting a vital impetus to the efficiency of capital markets. When stock exchanges operate efficaciously, stock prices are established with integrity and equity. This equilibrium in stock valuation contributes to the optimal allocation of capital, a cornerstone of economic development.

In addition to their monitoring function, institutional investors wield a formidable influence in steering management decisions towards wealth augmentation. Consequently, this ownership archetype is predisposed to heightening the demand for robust corporate governance, with particular emphasis on audit quality, as a safeguard for wealth preservation (Alhababsah, 2016). A logical expectation follows that institutional investors necessitate meticulous oversight of the decision-making processes aligned with corporate governance mandates (Alshammari, 2014). This, in turn, correlates with the anticipatory pursuit of high-quality financial statements and premium audit services (Kane & Velury, 2004; Wan Abdullah et al., 2008).

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The exploration by Kane and Velury (2004) and Kheirollah et al. (2014) echoes this trajectory, revealing a positive correlation between institutional ownership and the enhancement of external audit quality. Further bolstering this notion, the findings of Guizani and Abdalkrim (2021) underscore a direct and substantial impact of institutional ownership on audit quality. The empirical evidence supports the assertion that institutional investors gravitate towards the selection of premier auditors such as those from the Big Four. Salem et al. (2019) inquiry in the context of Tunisia complements these insights, illuminating the link between institutional ownership and the quality of risk disclosure. The study discerns that the calibre of risk disclosure in Tunisian firms exhibits a positive association with institutional ownership, further substantiating the correlation between institutional ownership and exemplary governance practices. This symbiotic relationship between institutional ownership and good governance culminates in the accumulation of positive perceptions.

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

3.2.3 Foreign Ownership and Corporate Reputation

The tenets of corporate reputation extend their influence on the realm of foreign ownership, as articulated by Demsetz and Lehn (1985). Their insights illuminate the transformative impact of substantial foreign ownership on the monitoring of activities, effectively mitigating agency costs. This phenomenon is compounded by the characteristic longevity of foreign investors, who often manifest as single-block shareholders (Douma et al., 2002). This unique disposition equips them with the requisite capabilities and resolute incentives to diligently oversee the companies in which they invest.

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Shubita's research in 2019 strongly supports the idea that foreign ownership leads to better corporate governance compared to other types of ownership structures. Notably, foreign ownership is endowed with elevated operational skills, which seamlessly synergize with augmented firm value. Investors find companies with foreign ownership attractive because they are known for their strong commitment to protecting investments. They achieve this through strict adherence to regulations, accounting standards, and disclosure requirements (Mirsha, 2013). This virtuous alignment between foreign ownership and robust corporate governance further translates into a conspicuous elevation of corporate reputation (Ongore et al., 2011). Moreover, the competence in rational financial resource management vested in foreign ownership (Ali et al., 2021) contributes substantively to the amplification of corporate reputation. Thus, the hypothesis stands poised:

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

3.2.4 Concentration Ownership and Corporate Reputation

The underpinnings of corporate governance are intrinsically woven into the tapestry of ownership concentration, a pivotal aspect of the corporate landscape that emboldens shareholders' influence over management while safeguarding their interests. A multifaceted terrain of prior research unfurls, meticulously scrutinizing the nexus between ownership concentration, corporate governance dynamics, and corporate reporting practices. Within this expanse, a nuanced exploration of holding promoters underscores a notable, albeit negligible, negative correlation with corporate governance and reporting standards.

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An insightful study by Ananzeh et al. (2023) casts its illuminating gaze upon the ramifications of ownership concentration on the quality of environmental disclosures. The findings resonate with a sombre resonance, revealing a propensity for higher ownership concentration to cast a shadow over comprehensive and transparent environmental disclosures. The ensuing opacity in environmental reporting begets a perceived deficiency in environmental responsibility, thereby casting a pall of negativity upon corporate reputation.

Fan and Wang (2022) traverse the terrain of acquisitions, unravelling a distinctive relationship between concentration ownership and post-acquisition operational performance. Their findings unveil a negative rapport, encapsulating the propensity of heightened concentration ownership in acquiring firms to yield enhanced post-acquisition operating performance. The magnified operational competence stemming from elevated ownership concentration resonates positively among stakeholders, bolstering the perception of prudent governance and adept management.

Javeed et al. (2022) contribute a crucial facet to this discourse, spotlighting the favourable alignment between ownership concentration and Corporate Social Responsibility (CSR). This coupling underscores a virtuous cycle wherein firms with elevated ownership concentration exhibit a proclivity for robust CSR practices. Given CSR's instrumental role in shaping a company's reputation, this alignment begets the reasonable inference that ownership concentration might engender a more sanguine reputation by fostering meaningful societal and environmental engagement.

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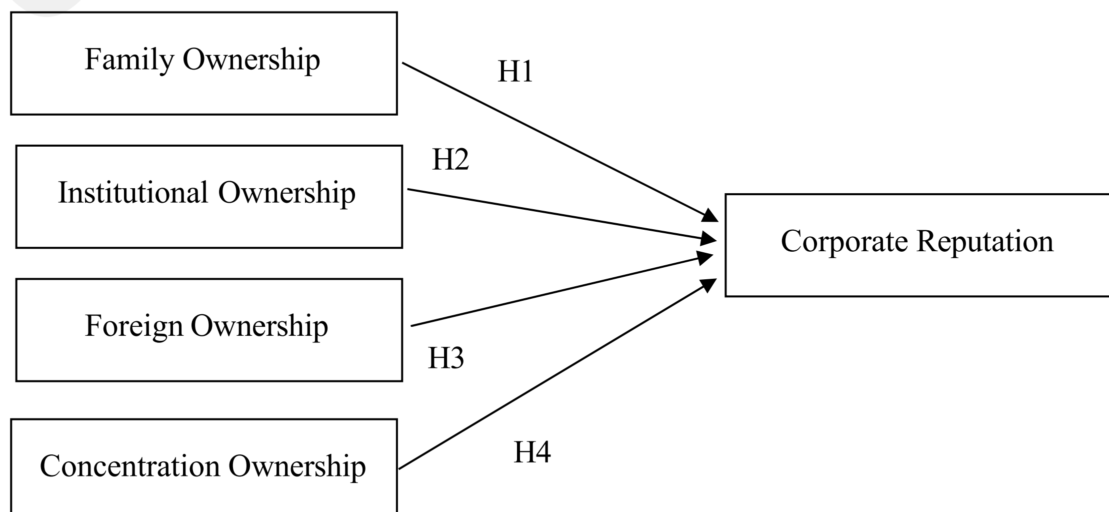
Yet, the tapestry of concentration ownership is intricate, yielding both convex and concave contours. Pascucci et al. (2022) interweave this complexity, revealing a U-shaped relationship between concentration ownership and export performance. Meanwhile, Moshirian et al. (2022) unmask the dialectic, as higher ownership concentration is cast in an unfavourable light, particularly in jurisdictions characterized by elevated governance standards. Ducassy and Montandrau (2015) weave similar threads, associating higher ownership concentration with diminished social performance and corporate reputation due to the disincentive of comprehensive CSR practices.

Gu et al. (2022) delve into the realm of investment performance, disclosing a negative correlation between concentrated ownership and Belt & Road (B&R) investment success. The tentacles of concentrated ownership seem to ensnare the firm in the liability of origin (LOR), imperilling investment outcomes and potentially denting reputation. As the dissonance echoes, it crystallizes into a hypothesis:

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

3.3 Conceptual Framework

Figure 3.1: Framework of Study



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3.4 Quantitative research design

This study's foundation is rooted in a quantitative research design harnessed to extract insights from the venerable repository of the Bursa Malaysia database. Quantitative research operates as a meticulous architect, systematically dissecting phenomena through the prism of quantifiable data and fortified by statistical, mathematical, and computational methodologies. The quantitative scaffold lends itself to substantial data compilation, the cornerstone of precision and dependability. By amassing, dissecting, and presenting data on a grand scale, the study's conclusions assume a mantle of unwavering trustworthiness and laser-like accuracy, projecting their relevance across expansive cohorts and populations.

Enveloped in the quantitative embrace, the study unfurls a panorama of patterns and trends inherent in the data's tapestry, unravelling the intricate discourses of the subject. The language of numbers manifests as an impartial arbiter, exorcising the spectre of personal bias and conferring a halo of objectivity upon the analysis. This objectivity begets outcomes of heightened credibility, capable of transcendently generalizing to a broader vista. From the inception to the final reckoning, the research journey adheres to theoretical tenets, invoking standardized protocols to quell the cacophony of data variations and augment the results' veracity.

Within the contours of this investigation, the crucible of secondary data is extracted from the Bursa Malaysia database, sculpted by the quantitative chisel to orchestrate an impartial symphony of analysis. Acknowledging that the quest for objectivity and precision is ceaseless, the quantitative armamentarium is invoked, underscoring its appropriateness and resonance in this quest.

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In summation, the adoption of the quantitative compass elevates this study to a realm of rigorous scrutiny, unassailable objectivity, and the potency to funnel its findings into the river of established knowledge.

3.5 Research Design

3.5.1 Source of data

The data mosaic for this study is artfully woven from diverse threads, drawing upon family ownership, institutional ownership, foreign ownership, concentration ownership, firm age, board size, and firm size. These intricately interconnected variables were meticulously culled from the annual reports of listed companies on the esteemed platform of Bursa Malaysia. This reservoir of information is akin to a treasure trove, housing a wealth of insights into the financial performance, operational intricacies, and governance contours of these corporate entities. In these annual reports, a symphony of financial statements and operational intricacies orchestrate a profound melody of data. By anchoring this study in such robust data, the credibility and accuracy of the research are fortified through reliance on official and dependable sources.

Bursa Malaysia, as the vigilant guardian of Malaysia's capital market, presides over a fair and orderly arena for securities and derivatives trading. Its role in upholding market integrity and transparency is paramount. Thus, venturing into the annals of annual reports presents a panoramic vista of insights. Herein lies a tapestry of financial performance, operational manoeuvres, and governance paradigms, all cast under the scrutinizing light of regulatory oversight. The data thus collected not only enriches the study's analytical depth but also lends it an imprimatur of reliability.

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A cardinal aspect of this study orbits around corporate reputation—a lodestar for enduring corporate success and the bedrock of stakeholder confidence. To navigate this terrain, the Minority Shareholder Watch Group (MSWG) ranking lends its compass. MSWG, an independent sentinel, zealously guards the rights of minority shareholders in Malaysia. Through its prism, companies are gauged, ranked, and etched into the chronicles of corporate reputation. Its evaluative criteria traverse corporate governance, transparency, and shareholder-friendly practices.

This study's uniqueness is further underscored by integrating the MSWG ranking, which offers an objective vantage point for assessing corporate reputation. An external adjudication unfurls, unsullied by vested interests, providing a panoramic vista of market perception. This integrated approach shuns potential biases and harmonizes disparate reputational assessments into a unified narrative.

In summation, the architecture of this research leverages the mosaic of data from Bursa Malaysia's annual reports, enriched by the MSWG ranking's reputation evaluation. This harmonious interplay amplifies analytical rigour and fuses internal financial insights with external assessments, yielding a comprehensive tableau of the intricate dance between ownership structure and corporate reputation within Malaysia's capital market.

3.5.2 Data period

The data encompassed a span between 2017 and 2019, a temporal tapestry is woven with the strategic intent to amplify the study's precision and relevance in unravelling the sway of the Minority Shareholder Watch Group (MSWG) over corporate reputation in Malaysia.

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Foremost, the paramount importance of contemporary data resonates in this choice. By focusing on the window from 2017 to 2019, the study adeptly captures the pulse of current trends and evolving contours of corporate reputation within Malaysia's contextual mosaic. This temporal selection bestows a vantage point into the most recent dynamics and developments within the business ecosystem, proffering insights of immediate value to stakeholders, policy framers, and corporate entities.

Secondly, the epoch post-2000 assumes a pivotal role, particularly in deciphering MSWG's imprint on corporate reputation. With MSWG's inception in 2000, a deliberate calibration is set, underscoring its maturation and escalating influence over time. This temporal parameter acknowledges a period wherein MSWG's endeavours, advocacy, and authority have solidified, allowing for a holistic appraisal of its impact on corporate reputation.

The deliberation to circumvent temporal redundancy is manifest in this research's design. A distinct chronicle is etched by straying from previously traversed temporal corridors. This choice, informed by prudence, imparts a novel lens for scrutinizing corporate reputation trends, nurturing fresh perspectives and fertile ground for exploration.

Moreover, the deliberate preclusion of the Covid-19 era is noteworthy. The global pandemic, unfurling its tendrils in 2020, cast a pall of disruption across industries and economies, Malaysia being no exception. Analysing pre-pandemic data permits an unadulterated assessment of MSWG's impact on corporate reputation, unsullied by the pandemic's tumultuous influence, thereby enhancing clarity in perceiving the

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stakeholders' and investors' perception of MSWG's endeavours in a relatively stable economic milieu.

The embrace of the triennial trajectory (2017-2019) further underscores this sagacious choice. A window of such temporal dimension furnishes ample canvas to paint the contours of corporate reputation trends. It avails a robust trove of data points, ushering statistical rigour and anchoring conclusions in dependable evidence. This fertile temporal expanse offers a cogent foundation to extrapolate meaningful inferences about the interplay between MSWG and corporate reputation, all within a multifaceted dataset that spans multiple years.

In summation, the period spanning 2017 to 2019, etched deliberately into this study's framework, encapsulates strategic sagacity. It resonates with the tenets of contemporaneity, acknowledges MSWG's seasoned influence, avoids temporal overlap, sidesteps the Covid-19 maelstrom, and furnishes an ample panorama for analysis. This calibrated choice aligns the study with precision, authenticity, and scholarly significance, unravelling the enigma of MSWG's impact on corporate reputation within Malaysia's dynamic market landscape.

3.6 Sampling Size

The data collection process involved using specific criteria provided by S&P Capital. The initial selection criteria were applied sequentially, beginning with filtering for companies listed in Malaysia, followed by those listed on the KLSE Bursa Malaysia (Primary Listing), and then further refined to include only publicly traded companies. This initial screening yielded a total of 970 companies. Subsequently, financial firms were excluded from the dataset, resulting in a final count of 932 companies. The exclusion of

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financial firms was based on their unique operating characteristics and regulatory environments that distinguish them from other sectors.

This careful exclusion aimed to ensure that the sample comprises companies with similar attributes, allowing for a more focused analysis within the chosen research framework. After refining the sample, the next step involved employing the criterion of "total asset" to further shape the dataset. For a more comprehensive understanding of the sample selection process, refer to Table 3.1, provided in the subsequent sections.

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 process of selecting the sample is contingent upon specific criteria. Firstly, the sample is confined to non-financial companies. This deliberate choice allows the study to concentrate on a distinct sector of interest, ensuring the applicability and comparability of results within this sector. Secondly, meticulous attention is given to excluding companies with missing data. The inclusion of incomplete data could introduce biases and undermine the analysis's validity. By exclusively incorporating companies with comprehensive data, the study's results' integrity is upheld.

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Subsequently, companies that maintained a consistent presence in the Main Market from 2017 to 2019 were chosen. This criterion guarantees that the sample consists of entities with a steady and unbroken market presence throughout the study period. This approach prevents potential distortions from including companies that entered or exited the market during the study duration. Moreover, the companies are arranged in descending order based on revenue to ensure balanced groups, assuming they share similar resource allocation.

The population under scrutiny comprises 861 firms. From this, 173 samples were collected, resulting in a total of 519 observations. The determination of this sample size preceded the identification of the desired confidence level and margin of error. The sample size was constrained due to limited resources available for data collection. The analysis of 173 companies was deemed feasible within the allocated timeframe. With this sample size, a confidence level of 95% was achieved, alongside an acceptable margin of error of ±2.68% in relation to the observed sample proportion.

The 95% confidence level signifies that if the study were replicated numerous times with different samples drawn from the population, roughly 95% of those samples would yield a confidence interval containing the genuine population proportion. This elevated confidence level bolsters the reliability of the derived estimates. The ±2.68% margin of error reflects the precision of the estimation. With a relatively minor margin of error, the estimated sample proportion closely approximates the actual proportion within the entire population.

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The concepts of confidence intervals and margin of error in statistics were pioneered and refined by a group of esteemed scholars and statisticians, including Jerzy Neyman, Ronald A. Fisher, William Sealy Gosset (under the alias "Student"), Abraham Wald, and William Cochran. These trailblazing figures made significant contributions to the field, introducing pivotal ideas like the confidence interval, hypothesis testing, and techniques for handling small sample sizes. These concepts have evolved through collective contributions from statisticians, now serving as fundamental tools for statistical inference and survey sampling to furnish dependable estimates and gauge data analysis precision.

3.7 Measurement of Variables

This section provides a comprehensive overview of how each variable utilized in the study was measured. The research involves the examination of one dependent variable, namely corporate reputation, and four independent variables: family ownership, institutional ownership, foreign ownership, and concentration ownership. Furthermore, the study incorporates control variables, including firm age, the number of board directors, and firm size, which are introduced to mitigate potential confounding influences. Table 4, conveniently positioned following this section, offers a succinct summary of the measurement attributes attributed to each variable under investigation. This tabulated representation serves as a valuable point of reference, furnishing essential insights into the measurement methodology applied to each variable and bolstering the overall lucidity and transparency of the research design.

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3.7.1 Independent Variable

3.7.1.1 Family Ownership Measurement

Family ownership pertains to the situation where multiple members of a family own shares in a company (Hashmi & Iqbal, 2022). The term "families" is defined by Habbershon and Williams (1999) as the distinct collection of resources that this type of firm possesses due to the interconnectedness between the family, its individual members, and the business itself. Specifically, family ownership often revolves around a single individual or a small group of closely related family members (such as parents, children, siblings, nephews, etc.).

Past studies have employed various methods to gauge family ownership within the existing body of research. Table 3.2 compiles several of these measurement approaches that different researchers have utilized in their respective investigations. This table acts as a valuable tool for comprehending the diverse methodological choices made by researchers when delving into family ownership. By presenting a comprehensive overview of these distinct measurement techniques, it enables a comparison of the strengths and weaknesses inherent in each approach.

Table 3.2: Previous Study on Family Ownership Measurement

Measurement	References
The ratio of family members on the board to total directors	Esa, Zahari & Nawang (2018)
The percentage of total family managerial ownership The percentage of direct family managerial ownership	Jaggi et al. (2009), Chen & Hsu (2009), Mustapha & Che Ahmad (2011), Mohammad & Wasiuzzaman (2020)

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Table 3.2, continued: Previous Study on Family Ownership Measurement

Measurement	References
The percentage of indirect 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 variations in measurement methods highlight the absence of a universally standardized approach to assessing family ownership in academic research. Instead, researchers have customized their measurement techniques to align with the specific contexts and objectives of their studies. This diversity underscores the ongoing exploration and refinement of measurement strategies within family ownership research. Scholars persist in their quest to identify the most appropriate and robust methods that can accurately quantify the extent and influence of family ownership across different organizational settings.

Hence, this table emphasizes the crucial importance of careful consideration and transparency in selecting a measurement approach. Such choices can significantly impact the outcomes and conclusions drawn from family ownership studies. The relevance and suitability of each measurement method are critically assessed to enhance the rigour and validity of the research endeavours. Additionally, the continuous documentation and sharing of diverse measurement practices within family ownership research contribute to the advancement of knowledge in this domain.

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In this study, family ownership is defined as the aggregate percentage of family ownership among the top 30 largest shareholders, encompassing all family members. This definition aligns with the work of Subramaniam (2018), Kumala and Siregar (2021), and Hashmi and Iqbal (2022). Data regarding family ownership were sourced from annual reports, specifically from the shareholding section that discloses shares held by the chairman, directors, family members, and other significant shareholders. Shareholders with the same last name (Faccio et al., 2006) or any connection to top management are classified as a family. Scrutinizing this pattern of shareholding enables the determination of family members' ownership stakes within the company.

3.7.1.2 Institutional Ownership Measurement

Institutional ownership is defined as the proportion of institutional shares among the top 30 largest shareholders, as indicated in the annual reports (Chung & Zhang, 2011; Al-Jaifi et al., 2019). As outlined by Ng (2015), the landscape of institutional investors in Malaysia is characterized by the prominence of several major entities, including the Employees Provident Fund (EPF), Lembaga Tabung Haji (formerly known as the Pilgrimage Management and Fund Board), Permodalan Nasional Berhad (Malaysia's most significant fund management agency), Armed Forces Fund (LTAT), and Social Security Organisation (SOCSO). These institutions wield substantial influence in the realm of corporate governance (Saleh et al., 2010).

3.7.1.3 Foreign Ownership Measurement

The measurement of foreign ownership draws from the studies of Gurbuz and Aybars (2010) and Kabir et al. (2020), wherein foreign ownership is quantified as the proportion of shares owned by foreign individuals. Similarly, Greenaway et al. (2020) define foreign ownership as the equity share of international investors. In alignment with

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this, the present study assesses foreign ownership by considering the percentage of shareholding attributed to foreign investors (Said et al., 2009; Orbaningsih & Sawitri, 2021).

To identify foreign shareholders within an annual report, specific indicators are examined. First, the nationality information provided in the report is scrutinized to ascertain the origin of significant shareholders. Some reports explicitly mention the nationality or country of origin of major shareholders, offering insight into their foreign or local status. The registered address of shareholders is another indicator. Shareholders with addresses outside Malaysia are likely to be foreign entities. The presence of "Ltd" in the ending name is indicative of foreign entities, as it is an uncommon suffix for Malaysian companies. Malaysian companies typically employ "Sdn Bhd" or "Bhd" in their names, denoting private or public limited companies.

Foreign institutional investors often possess distinct names that imply their non-Malaysian origin. These investors might include foreign funds, corporations, or organizations with names that deviate from local conventions. Additionally, cross-referencing the names of key shareholders with stock exchange data can provide valuable insights. Many stock exchanges provide information about significant shareholders, sometimes indicating their foreign or domestic status. Such cross-referencing aids in verifying the foreign status of particular investors.

Furthermore, proxy statements and regulatory filings of companies may furnish supplementary information about shareholders, including their nationality or country of residence. These documents serve as valuable resources for confirming the foreign or local identity of shareholders.

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By utilizing these indicators and conducting 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

The concentration of share ownership arises when a relatively small number of individuals or entities possess the majority of shares, resulting in these shareholders wielding substantial control compared to others (Enesty, 2013). Conversely, ownership is considered diversified when no dominant shareholders exert influence over others. In cases where numerous shareholders hold roughly equal numbers of shares, control remains equitable. Concentrated ownership can elevate the risk of minority shareholders being subjected to wealth distribution through expropriation, a practice that aims to maximize one party's welfare at the expense of others, as noted by Claessens et al. (2016).

Javid and Iqbal (2008) employ the top five owners as a gauge for equity concentration to probe the impact of corporate equity on corporate governance and business performance. Similarly, Khalfan and Wendt (2020) define ownership concentration as the proportion of total stock held by the five largest shareholders, disregarding individual stakeholder ratios. In addition, Li et al. (2015) adopt a comparable methodology, using the shareholding ratios of the three and five largest shareholders relative to total shares as indicators of ownership concentration. Thus, this study adheres to the same approach, measuring ownership concentration by summing the shareholding percentages of the five primary shareholders.

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Aggregating the ownership percentages of the top five major shareholders entails totalling the ownership percentages held by these five leading shareholders, irrespective of their status as individuals or entities. This computation illuminates the level of control or influence wielded by these prominent stakeholders over the company. Calculating this metric of ownership concentration enhances comprehension of the extent to which ownership is consolidated within the company. A higher concentration percentage suggests that a small group of shareholders holds a substantial stake, potentially translating to considerable sway over the company's decisions and operations. Conversely, a lower concentration percentage indicates a more diversified ownership structure characterized by widespread ownership across numerous shareholders.

3.7.2 Dependent Variable

3.7.2.1 Corporate Reputation Measurement

The assessment of corporate reputation has been approached through ranking measurement in prior research (Delgado-García et al., 2010; Fernandez & Luna, 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, as indicated by the literature, should account for the rating context, changes in ratings over time, comparative analysis of competitors' ratings in the

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same industry, publication coverage and readership, and the contrasts among different methodologies (Fombrun, 2007).

The study by Pires and Trez (2018) advanced the comprehension 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 organizational stakeholders encompassing executives, employees, suppliers, customers, and the financial market (market analysts); incorporation of diverse organizational 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 organizational 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, 2002; 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 score cards 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 (Huang 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.

3.7.3 Control Variable

3.7.3.1 Firm Age Measurement

Firm age was determined by calculating 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). This approach is chosen because the inception date marks the initiation of each company's life cycle.

3.7.3.2 Board Size Measurement

As per a prior study, a board is deemed to have a large size if it consists of more than three directors. Jensen (1993) has suggested that a board should ideally consist of at least seven or eight members for effective functioning, as smaller boards tend to reach

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consensus more easily. However, another research by Mishra et al., (2001) contradicted this by finding that larger boards are less efficient compared to smaller ones. Board size is introduced as a control variable to enhance the clarity of the relationships among the tested variables. Consequently, in this study, board size is defined as the total count of directors serving on the board.

3.7.3.3 Firm Size Measurement

Firm size represents the extent and calibre of resources available to a company (Dhanaraj & Beamish, 2003), along with 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) as well as Pascucci et al. (2022).

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

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Table 3.3, continued: Measurement

Variables	Measurement	Sources
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

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 specialized 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. With these aspects in mind, Stata is adopted for the data analysis tasks. By

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leveraging Stata's capabilities, the essential statistical analyses essential for this research, particularly in the context of panel data, can be effectively executed, ensuring the achievement of the research objectives.

3.8.1 Descriptive Analysis Variables

This study employs descriptive statistical analysis to derive meaningful insights from the collected data. The data's characteristics relevant to corporate ownership structure and reputation can be effectively depicted and summarized through descriptive analysis. Essential statistical metrics, including the mean, minimum, maximum, standard deviation, kurtosis, and skewness, are computed better to understand the variables' distribution and variability under scrutiny. This process aids in identifying potential outliers or data points that might significantly influence research outcomes. Detecting outliers contributes to upholding result integrity and enhancing findings' credibility. Furthermore, the descriptive analysis lays a vital groundwork for more advanced statistical methodologies, enabling a more profound exploration of the relationship between ownership structure and corporate reputation.

3.8.2 Bivariate Analysis

Bivariate analysis is utilized as a fundamental method of statistical exploration. It involves examining bivariate data to determine the presence and strength of a relationship between two sets of values. This analysis provides insights into whether there is a correlation between ownership structure and corporate reputation variables. The types of bivariate analysis used include correlation coefficients.

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Correlation coefficients play a significant role in this study. They quantitatively indicate the degree of association between the variables under investigation. A correlation coefficient of zero suggests that the variables are not correlated, indicating no discernible relationship between ownership structure and corporate reputation. On the other hand, a correlation coefficient of 1, whether positive or negative, signifies a perfect correlation, indicating that the variables are in perfect synchronization with each other.

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, shedding light on the extent to which ownership structure impacts corporate reputation. Additionally, bivariate analysis aids in exploring the diversity between variables, revealing any potential variations in the relationship between different ownership structures and their respective impacts on corporate reputation. This analysis will be instrumental in uncovering valuable insights into the relationship between ownership structure and corporate reputation, contributing to a more comprehensive understanding of the research topic in the Malaysian context.

3.8.3 Logit Regression

Logistic regression is the appropriate method when dealing with a dichotomous or binary dependent variable. The predictive analysis provided by logistic regression permits the description of data and the explanation of 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.

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By employing logistic regression, the relationship between the binary outcome (corporate reputation) and the independent variable (ownership structure) can be evaluated, allowing one to 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 without identifying the entity conducting the analysis.

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

3.8.4 Specification Test

Before performing regression analysis on panel data, it is crucial to resolve various econometric problems that can undermine the validity and reliability of the results. These problems include multicollinearity, homoscedasticity, and normality, common issues encountered in econometric analysis.

Multicollinearity occurs 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 address this issue, most researchers conduct tests for multicollinearity, such as calculating variance inflation factors (VIF), and consider dropping one of the correlated variables or using dimension reduction techniques like principal component analysis (PCA).

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Then, 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 a commonly used test to assess homoscedasticity. If heteroscedasticity is detected, robust standard errors can be employed to address the issue.

Next, the normality of errors is an important assumption in regression analysis. Departure from normality can lead to incorrect inferences and misleading results. Normality can be detected using a test for skewness and kurtosis of the residuals. If the errors are significantly skewed or have excessive kurtosis, appropriate transformations or robust inference methods can be used to mitigate the impact of non-normality.

Addressing these econometric problems before regression analysis ensures that the model is appropriately specified and the estimated coefficients are valid and efficient. It enhances the quality and robustness of the findings, allowing for more accurate and reliable insights from the panel data analysis. Properly addressing these issues ensures that the regression analysis effectively leverages the full potential of panel data, providing valuable insights into complex economic relationships over time and across entities.

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CHAPTER 4: RESULTS AND DISCUSSION

4.0 Introduction

In this chapter, the analysis commences with a report on the frequency distribution of the dependent variable (corporate reputation). It can identify the prevalence of positive or negative corporate reputations within the studied companies. It also can ascertain the presence of any skewness in the distribution, indicating if certain reputation categories are more dominant or rare among the firms. Subsequently, in section 4.2, descriptive statistics are presented for all variables, shedding light on the central characteristics and variability. It includes measures such as the mean, median, standard deviation, and range, offering insights into the distribution patterns of dependent, independent, and control variables.

Section 4.3, correlation analysis, is conducted to explore the relationships among the variables. It involves assessing the degree and direction of the linear associations between corporate reputation and the independent variables: family ownership, institutional ownership, foreign ownership, concentration ownership and 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 instrumental when there is a binary outcome variable, often in corporate reputation studies, as reputation 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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In section 4.5, specification tests, such as assessments of multicollinearity, homoscedasticity, and normality, are conducted to ensure the validity and reliability of the chosen logistic regression model. This step is essential in verifying 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 culminate in presenting the results of the panel data analysis and panel logistic regression analysis, respectively, while section 4.8 will discuss the findings.

4.1 Simple Frequency Distribution of Dependent Variables

When estimating a logit model, starting with a simple frequency distribution of the dependent variable (corporate reputation) can give valuable insights into the occurrence of firms with and without corporate reputation. It is done in Stata using the tabulate command. To produce a frequency distribution for whether more companies ranked 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	

Table 4.1 shows a total of 519 observations (173 companies x 3 years). This result shows 396 observations coded as “0” on the variable named corporate reputation and 123 coded as “1” on that variable. Table 4.1 shows that there are fewer companies ranked in MSWG’s ranking.

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4.2 Descriptive Analysis

This section details the descriptive statistics of dependent, independent, and control variables about the research question. The dependent variable is corporate reputation (cr). The independent variables consist of family ownership (fo), institutional ownership (io), foreign ownership (fro), and concentration ownership (co). Control variables consist of firm age (age), board size (bod), and firm size (ln_ta). Four variables are transformed into natural logarithms: family ownership, institutional ownership, foreign ownership, and firm size due to high skewness. Corporate reputation (cr) is measured by a dummy variable, which takes a value of 1 if the company is ranked in the MSWG listing and 0 otherwise.

Table 4.2: Descriptive Analysis

	Min	Max	Mean	Skewness	Kurtosis
Corporate reputation (cr)	0.00	1.00	-	-	-
Family ownership (fo)	0.00	4.26	1.11	0.87	2.09
Institutional ownership (io)	0.00	4.42	1.67	-0.01	1.87
Foreign ownership (fro)	0.00	5.00	1.68	0.42	2.90
Concentration ownership (co)	12.64	87.72	55.17	-0.17	2.02
Firm age (age)	6.00	192.00	47.16	2.07	8.94
Board size (bod)	4.00	16.00	8.50	0.28	2.60
Firm size (ta)	6.72	12.09	8.44	0.98	3.03

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Table 4.2 provides descriptive statistics. Institutional ownership has a negatively skewed distribution, while family ownership and foreign ownership have slightly positively skewed distributions with means of 1.68, 1.11 and 1.67, respectively. Concentration ownership (co) has an almost symmetrical distribution with a mean of 55.17. Firm age (age) demonstrates positive skewness and a higher peakness with a mean of 47.16 and kurtosis of 8.94. Board size (bod) and firm size (ta) have means of 8.50 and 8.44, respectively, and slightly positively skewed distributions.

4.3 Correlation Analysis

The study employed correlation analysis to assess the strength and statistical significance of the linear relationship between various pairs of variables, as well as to examine the potential presence of multicollinearity among the independent variables (Pallant, 2010). Prior to conducting regression analysis, it was essential to meet a fundamental assumption of regression analysis, which involves ensuring that serious collinearity between independent variables does not exist. Collinearity refers to a strong correlation among multiple explanatory variables, often exceeding 90%. In such cases, these variables can essentially convey similar information, and their inclusion in the regression model can lead to biased results. Therefore, a correlation analysis was conducted as a precautionary measure before proceeding with regression analysis.

The values presented in Table 4.3 depict Pearson Correlation coefficients, revealing that no notably strong positive correlations are evident. The correlation coefficients between the variables remain below 0.5, indicating an absence of severe multicollinearity. The outcomes of the correlation matrix demonstrate correlation values at two levels of statistical significance, $p < 0.01$ and $p < 0.05$. As per the table, institutional

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ownership (io), concentration ownership (co), board size (bod), and firm size (ta) exhibit positive and statistically significant correlation values with corporate reputation (cr).

Furthermore, when examining family ownership, institutional ownership (io) and concentration ownership (co) show significant negative correlations, whereas firm size has a substantial positive correlation. Among the variables, institutional ownership (io) displays significant positive correlations with concentration ownership (co), board size (bod), and firm size (ta). Concerning foreign ownership, concentration ownership reveals a significant negative correlation, while firm size demonstrates a significant positive correlation. In terms of concentration ownership (co), firm age (age), and firm size (ta), both present significant positive correlations. Lastly, the total asset variable displays a significant positive correlation with board size.

In essence, the analysis employed correlation techniques to assess the relationships and potential multicollinearity among variables before conducting regression analysis. The findings indicate specific significant correlations between ownership structures, board size, firm size, and corporate reputation. The study's approach provides a comprehensive understanding of the interplay between these factors, offering valuable insights for further analysis and interpretation.

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Table 4.3: Pearson Correlation Matrix for All Variables

	cr	fo	io	fro	co	age	bod	ta
cr	1.0000							
fo	-0.0798	1.0000						
io	0.3934**	-0.1305**	1.0000					
fro	0.0500	0.0066	-0.0220	1.0000				
co	0.1918**	-0.3242**	0.2103**	-0.1046*	1.0000			
age	0.0297	-0.0355	0.0605	0.0121	0.1400**	1.0000		
bod	0.2261**	0.0094	0.3629**	0.0142	0.0545	0.0494	1.0000	
ta	0.2677**	0.1475**	0.4018**	0.0866*	0.1250**	0.0404	0.4312**	1.0000

Note: cr= corporate reputation, fo= family ownership, io= Institutional ownership, fro= foreign ownership, co= concentration ownership, age= company age, bod= board size, ta= firm size

*Correlation is significant at the 0.05 **Correlation is significant at the 0.01 level

4.4 Logistic Regression

This study used logistic regression instead of multiple regressions to further test the relationship among variables, as the dependent variable was measured using dichotomous values (Pallant, 2010).

Logistic regression, or logit, models explain variation in a dichotomous dependent variable as a function of one or more independent variables. Dichotomous variables divide observations into two mutually exclusive and exhaustive categories, most commonly by coding the two outcomes as either “1” or “0,” where “1” indicates the presence of some attribute or behaviour and “0” indicates its absence.

Logistic regression is one example from the Generalized Linear Models (GLMs) family. GLMs connect a linear combination of independent variables and estimated parameters—often called the linear predictor—to a dependent variable using a link function. The link function typically involves some nonlinear transformation, which in the case of logistic regression, the probability that the dependent variable equals 0 or 1 is a nonlinear function of the independent variables. The parameters of GLMs are typically estimated using Maximum Likelihood Estimation. The dependent variable is voting choice, which is dichotomous, making this appropriate for logistic regression.

The dependent variable (corporate reputation) is coded as 0 and 1. The reason is that a value of 0 is recognized as a 'failure' (which reflects the non-target outcome), whereas a code of 1 will be recognized as a 'success' (which reflects the target outcome). Any positive integer greater than 0 will be recognized as 'success'. This part will estimate the logit model. It is done in Stata using the logit command followed by the dichotomous dependent variable (cr), then the independent and control variables included in the model.

Table 4.4: Logistic Regression

	Coefficient	Odd ratio	Standard Error	p-value
fo	0.037	1.038	0.086	0.667
io	0.771	2.161	0.128	0.667
fro	0.219	1.245	0.119	0.066
co	0.019	1.019	0.007	0.007
age	-0.003	0.997	0.004	0.461
bod	0.095	1.099	0.058	0.103
ta	0.143	1.154	0.121	0.103

Based on Table 4.4, each coefficient estimate appears to be positive and negative, and they are all statistically insignificantly different from zero except for family ownership (fo). So this model suggests that family ownership, institutional ownership,

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foreign ownership, firm age, board of directors, and firm size do not influence corporate reputation. In comparison, concentration ownership increases corporate reputation.

4.5 Specification Test

Some econometric problems relating to panel data had to be resolved before regression analysis. Some assumptions must be met, including no multicollinearity, homoscedasticity, and normality (Schreiber-Gregory et al., 2018). Statistical analyses will check and present these assumptions in the section below.

4.5.1 Testing for Multicollinearity

Multicollinearity defines a condition with a strong correlation between two or more explanatory variables used in the regression model. The Variance Inflation Factors (VIF) test was carried out to confirm that multicollinearity was not present. This study considers correlation coefficients and variance inflation factor (VIF) measures for multicollinearity by the literature (Cerbioni & Parbonetti, 2007; Eng & Mak, 2003). The VIF value of less than 10 suggests the model does not suffer from a multicollinearity problem (Gujarati, 2003).

As per Table 4.5, the variance inflation factors (VIFs) of all the variables are between 1.03 to 1.45, which is less than 10, proving no multicollinearity problem (Dielman 2001; Gujarati 2003).

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Table 4.5: Variance Inflation (VIF) Test

Independent & Control Variables	VIF
Family Ownership (fo)	1.20
Institutional Ownership (io)	1.33
Foreign Ownership (fro)	1.03
Concentration Ownership (co)	1.21
Firm Age (age)	1.02
Board Size (bod)	1.30
Firm Size (ta)	1.45

4.5.2 Testing for Homoscedasticity: Breusch-Pagan Test

This section will further investigate the testing on the homoscedastic using the Breusch-Pagan Lagrange multiplier (LM). Homoscedasticity happens when the variance in a regression model of the error term is constant. The model was well defined if the variance of the error term is homoscedastic. The model cannot be described well if there is too much variance. Adding additional predictor variables can help clarify the dependent variable's output. Conversely, heteroskedasticity exists when the error term's variance is not constant.

Table 4.6 shows the result of the Breusch-Pagan LM test conducted in this study. The result shows that a p-value lower than 0.005 indicates that the model is highly significant in the Breusch-Pagan LM test, hence pointing out the heteroscedasticity issue.

Table 4.6 : Breusch and Pagan Lagrange Multiplier (LM) Test

	Independent & Control Variable
Chi2	73.38
Prob > chi2	0.0000

Note: >0.005 homoscedastic, <0.005 heteroscedasticity

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4.5.3 Testing for Normality: Skewness-Kurtosis

The normality assumption must be checked for many statistical procedures, namely parametric tests because their validity depends on it. Skewness is tested by how much a distribution's overall shape deviates from the normal distribution's shape. At the same time, kurtosis measures how differently shaped the tails of a distribution as compared to the tails of the normal distribution. Given that the null hypothesis is the data follows a normal distribution, $p < 0.05$, while the alternative hypothesis is the data does not follow a normal distribution, $p > 0.05$

Table 4.7: Skewness-Kurtosis (Jarque–Bera)

	Pr(Skewness)	**Pr(Kurtosis)**	**Prob > chi2**
Variables	0.0000	0.0805	0.0000

Based on Table 4.7, $p < 0.05$ means it is normally distributed and could not reject the null hypothesis.

4.6 Panel Data Analysis Fixed and Random Effects

Based on the test run for multicollinearity, homoscedasticity, and normality in the previous section, panel data analysis will be used in this study. The next sub-section will describe two tests performed: (1) the Hausman test to determine which model to use between the fixed effect model and random effect model and (2) the Breusch-Pagan Lagrange Multiplier to identify which model best explains the sample between random effect and pooled regression.

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4.6.1 Testing of Fixed Effects and Random Effects

Panel data or cross-sectional time-series data in observations of the same units over several periods (Kennedy, 2008). According to Baltagi (2008), two fundamental methods are used to examine the relationship within or between each cross-section. The first method is fixed effect, also referred to as Least Square Dummy Variable (LSDV), which in the regression model assumes the same trends and constant variance across individuals (group and entity). The second method is a random effect, assuming that the individual constant is a group-specific disturbance similar to the error term, except for each group constant (Greene, 2008). The Hausman (1978) test will be used for further study to differentiate the most suitable model between a fixed effect or random effect. The null hypothesis of the Hausman test is random-effects model is appropriate, while the alternative hypothesis suggests that the fixed-effects model is appropriate.

Table 4.8 shows the result of the Hausman test conducted in this study. The result shows that the model has a p-value higher than 0.05, indicating that the model is not significant and fails to reject the null hypothesis. Thus, a random-effect model is more appropriate to explain the model.

Table 4.8: Hausman test

	Dependent, Independent, and Control Variable
Chi2	6.72
Prob > chi2	0.5675
Conclusion	Random-effects model

Note: >0.05 random effect, <0.05 fixed effect

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4.6.2 Testing Random Effects and Pooled Ordinary Least Square (OLS)

The previous section discussed choosing the right model where the Hausman test was used to identify the suitable random-effects model. This section will further investigate which regression model will be used in this study: random effect regression or pooled OLS. Therefore, the Breusch-Pagan Lagrange multiplier (LM) test will be used to analyse the most appropriate model in this study.

The Breusch-Pagan LM test will be used to evaluate whether there is a random effect (Park, 2011). The null hypothesis is that the components of an individual or time-specific error variance are zero. In other words, there is no substantial unit difference or panel effect. Pooled OLS is also preferable if the null hypothesis is rejected. Contrarily, the random effect is more suitable if the findings reject the null hypothesis.

Table 4.9 shows the result of the Breusch-Pagan LM test conducted in this study. The result shows that a p-value lower than 0.005 indicates that the model is highly significant in the Breusch-Pagan LM test; hence null hypothesis should be rejected. Therefore, the random-effect model will be used in this study.

Table 4.9: Breusch and Pagan Lagrange Multiplier (LM) Test

	Dependent, Independent & Control Variable
Chi2	171.12
Prob > chi2	0.0000
Conclusion	Random-effects model

Note: >0.05 Pooled OLS, <0.05 Random Effect

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4.7 Panel Logistic Regression Analysis: Random-Effect Model

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

	Coefficient	**Standard Error**	**p-value**
fo	-0.246	0.344	0.475
io	1.684	0.457	0.000
fro	0.524	0.413	0.205
co	0.044	0.026	0.087
age	-0.007	0.017	0.681
bod	0.029	0.188	0.877
ta	1.167	0.480	0.015

The table shows only institutional ownership is positively significant, while others are insignificant. The decision to accept and not to accept hypotheses is based on the result in Table 4.10. The results are summarised below:

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 positive relationship between institutional ownership and corporate reputation.	Significant
H3	There is a positive relationship between foreign ownership and corporate reputation.	Not significant
H4	There is a negative relationship between concentration ownership and corporate reputation.	Not significant

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4.8 Discussion

Investors tend to invest in companies with good corporate reputations. Hence, this study investigates whether ownership structure can affect corporate reputation. This section will give a clear discussion of the result in Chapter 4.

4.8.1 Independent Variables and Dependent Variables

4.8.1.1 The Relationship between Family Ownership and Corporate Reputation

Based on the result of the random-effect model (REM) shows a negative insignificant result (Coefficient: -0.246, $p > 0.475$). The p-value that is greater than the significance level indicates that there is insufficient evidence in the sample to conclude there is a correlation between family ownership and corporate reputation. Any changes in the percentage of family ownership would not affect the corporate reputation. In other words, there is insufficient evidence to conclude there is a correlation between family ownership and corporate reputation. Thus, the study failed to reject the null hypothesis.

This result is supported by a previous study showing no significant influence between family ownership and corporate reputation (Delgado-García et al., 2010; Ducassy & Montandrau, 2015). Moreover, no significance between family ownership and corporate reputation may be due to the high ownership levels in Malaysian firms. These high levels of family concentration may not allow stakeholders to perceive any positive influences that might arise for lower ownership levels.

Table 4.12: Summary of H1 Results

Hypothesis	Expected relationship	REM
H1	Positively associated	Not Supported

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4.8.1.2 The Relationship between Institutional Ownership and Corporate Reputation

Hypothesis 2 (H2) suggests a positive relationship between institutional ownership and corporate reputation. Based on the result of a random-effect model (REM) showing the positive significant result (Coefficient: 1.684, $p > 0.000$). It indicates that the sample data provide enough evidence to reject the null hypothesis for the entire population. The data favour the hypothesis that there is a non-zero correlation. Every 1.684 % increase in institutional ownership would increase 1% in corporate reputation. This result is parallel with Fombrun and Shanley (1990), Brammer and Pavelin (2006), and Brammer et al. (2004), which have shown a positive effect of institutional ownership on corporate reputation. Their presence in a company's ownership structure can signal stability and credibility. This can lead to increased trust in the company's operations, management practices, and financial reporting.

Table 4.13: Summary of H2 Results

Hypothesis	Expected relationship	REM
H2	Positively associated	Supported

4.8.1.3 The Relationship between Foreign Ownership and Corporate Reputation

Hypothesis 3 (H3) suggests a positive relationship between foreign ownership and corporate reputation. Based on the result of a random-effect model (REM) showing the positive insignificant result (Coefficient: 0.524, $p < 0.205$). It indicates that the sample data does not provide enough evidence to reject the null hypothesis for the entire population. The data favour the hypothesis that there is no correlation. Hence, this finding is supported by Al-Haddad & Whittington (2019) and Al-Nsour & Osama (2020). The insignificant positive result between foreign ownership and corporate reputation may be

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due to the presence of other confounding factors that impact reputation, obscuring any true relationship with foreign ownership. Additionally, the effect of foreign ownership on reputation might be relatively small or nonlinear, requiring a larger sample size or different analysis methods to detect a significant effect.

Table 4.14: Summary of H3 Results

Hypothesis	Expected relationship	REM
H3	Positively associated	Not Supported

4.8.1.4 The Relationship between Concentration Ownership and Corporate Reputation

Hypothesis 4 (H4) suggests a negative relationship between concentration ownership and corporate reputation. Based on the result of the random-effect model (REM) showing the positive insignificant result (Coefficient: 0.044, $p < 0.087$). It indicates that the sample data does not provide enough evidence to reject the null hypothesis. This finding is the same as a previous study that found no relationship between concentration ownership and corporate reputation (Delgado-Garcíav et al. 2010). Corporate reputation is influenced by a multitude of factors, both internal and external. Ownership concentration is just one of many factors that could impact reputation. Other factors, such as the company's ethical practices, quality of products or services, customer relations, and public relations strategies, might have a more significant influence on corporate reputation.

Table 4.15: Summary of H4 Results

Hypothesis	Expected relationship	REM
H4	Negatively associated	Not Supported

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4.8.2 Control Variables and Dependent Variables

4.8.2.1 Firm Age

The results show an insignificant negative relationship between firm age and corporate reputation (coef: -0.007, $p < 0.681$). Older firms might have established reputations that were formed before the study's timeframe. Changes in reputation might not be strongly correlated with firm age during the period examined.

4.8.2.2 Board Size

The results show an insignificant positive relationship between board size and corporate reputation. (Coef: 0.030, $p < 0.877$). The impact of board size on reputation could depend on the expertise, experience, and engagement of the individual board members. A larger board might not necessarily lead to a better reputation if the quality of members is lacking.

4.8.2.3 Firm Size

The result shows an insignificant positive relationship between firm size and corporate reputation. (Coef: 1.1675, $p < 0.015$). Corporate reputation is influenced by a wide range of factors, including product quality, customer service, ethical behaviour, social responsibility, and more. Firm size might not be the dominant factor affecting reputation, leading to an insignificant result.

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Table 4.16: Summary of Control Variables Results

Hypothesis	Result	REM
FIRM AGE	Negatively insignificant associated	$p < 0.681$
BOARD SIZE	Positively insignificant associated	$p < 0.877$
FIRM SIZE	Positively insignificant associated	$p < 0.015$

4.9 Summary of the Chapter

This chapter has broadly interpreted the result from the statistical analysis on the relationship between corporate reputation and family ownership, institutional ownership, foreign ownership, concentration ownership, firm age, board of directors, and total assets. Findings show that only one out of seven variables in this research significantly influenced corporate reputation.

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CHAPTER 5: CONCLUSION

5.0 Introduction

This study investigated the influence of ownership structure on the corporate reputation of Malaysian companies listed from 2017 to 2019. The independent variables (family ownership, institutional ownership, foreign ownership, and concentration ownership) were assessed against the dependent variable of corporate reputation. Control variables (firm age, board size, and firm size) were also considered. Only institutional ownership showed statistical significance concerning corporate reputation among the independent variables. This chapter serves as the conclusion of the study. Section 5.2 will delve into the research findings, followed by concise discussions of conclusions and limitations in Sections 5.2 and 5.3, respectively. Furthermore, the study proposes directions for future research endeavours.

5.1 Research Findings

First, descriptive analysis is used to assess the primary trend of the data in this research, including the average value, maximum value, and lowest value, among others. The second purpose of the bivariate analysis is to examine the collinearity of the variables. Then, the panel data approach and OLS analysis are used to compare findings from various methodologies. To represent the study findings of this work, the hypothesis and whether or not it is supported are summarised better naturally in the form of a table. The specifics are shown below. As indicated in Table 5.1, the findings suggest that family, foreign, and concentrated ownership do not substantially impact company reputation, which is consistent with the findings of other prior research. Thus, the hypotheses of this study are not supported (H1: there is a negative relationship between family ownership and corporate reputation, H3: there is a positive relationship between foreign ownership

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and corporate reputation, and H4: there is a negative relationship between concentrated ownership and corporate reputation), whereas H2: there is a positive relationship between institutional ownership and corporate reputation, is supported.

Table 5.1: Research Findings

Hypotheses	Results
H1: There is a negative relationship between family ownership and corporate reputation.	Reject
H2: There is a positive relationship between institutional ownership and corporate reputation.	Support
H3: There is a positive relationship between foreign ownership and corporate reputation.	Reject
H4: There is a negative relationship between concentrated ownership and corporate reputation.	Reject

5.2 Conclusion

This study explored how a company's ownership structure impacts its reputation. By analysing a survey conducted among Malaysia's top-ranking companies, the research unveiled that stakeholders consider specific ownership structure traits when shaping their predictions about potential future unfair actions by the company. These predictions subsequently play a role in shaping the overall corporate reputation. The findings highlight the interconnected relationship between ownership structure, stakeholders' perceptions and the company's public image.

The study's findings highlight a significant and positive correlation between institutional ownership and investors' favourable perceptions. This type of ownership is closely linked to robust corporate governance practices and is characterized by a focus on sustainable business approaches and reputation management. Institutional investors'

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strong involvement and influence within the ownership structure lead to more pronounced impacts on a company's reputation. This distinction arises from their ability to exercise greater scrutiny and influence over governance and strategic decisions, thus contributing to a more substantial impact on corporate reputation. The higher levels of institutional ownership may also reflect a vote of confidence from sophisticated investors, positively affecting a firm's reputation.

However, the study also points out the potential influence of the high ownership concentration prevalent in Malaysian businesses. This concentration is so extreme that any additional concentration of ownership by the largest shareholder might not yield observable positive effects on corporate reputation. Despite these circumstances, the study acknowledges that it cannot definitively establish a direct relationship between ownership structure characteristics and stakeholders' anticipations of expropriation.

Next, the influence of concentration ownership on corporate reputation is complex and varied. While firms with high ownership concentration could prioritize reputation management and long-term sustainability, those with lower concentration levels might also prioritize building a positive reputation. Due to this divergence in behaviour among companies with different ownership concentration levels, the study does not find a statistically significant link between concentration ownership and corporate reputation.

Similarly, the study reveals a lack of discernible relationship between family ownership and corporate reputation. This result is attributed to the broad spectrum of management practices, values, and strategic decisions within family-owned businesses. Nonetheless, family-owned firms might still possess strong governance structures and

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professional management comparable to non-family-owned counterparts, which can contribute positively to corporate reputation.

The same holds for foreign ownership, with no significant relationship observed with corporate reputation. This outcome is attributed to various factors. Foreign investors might come from diverse cultural backgrounds, leading to distinct values and expectations that influence their perception and assessment of corporate reputation. Additionally, their limited engagement with local stakeholders and a potential lack of understanding of the Malaysian market's intricacies could impact their ability to gauge corporate reputation accurately. Moreover, foreign investors might prioritize financial performance and returns on investment over reputational aspects, leading to a weaker connection between foreign ownership and corporate reputation. Variability in industry dynamics and the sample's composition could also contribute to the observed lack of significance.

Furthermore, the study suggests that the impact of foreign ownership on corporate reputation might not be immediately visible, and long-term effects might not have been captured. Foreign investors might need time to influence corporate reputation, especially if they implement strategic changes that improve reputational reputations. External events and the broader image of Malaysia as an investment destination could also influence foreign investors' perceptions.

The study also acknowledges that the metrics and variables used to measure corporate reputation and foreign ownership might have limitations that affect the results. Different definitions and measurement approaches for these constructs could lead to varied outcomes and contribute to the lack of a significant relationship between foreign

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ownership and corporate reputation in Malaysia. The study suggests that a comprehensive understanding of the relationship between foreign ownership and corporate reputation requires careful consideration of these rational factors and further research into industry-specific dynamics, investor behaviour, and measurement methods to gain deeper insights into this intricate relationship.

Furthermore, the study's findings related to control variables such as firm age, board size, and firm size suggest that these factors are not significantly correlated with corporate reputation. This result aligns with the argument that these variables might not be primary drivers of corporate reputation. The lack of significance raises intriguing questions about the complexities underlying the factors that shape corporate reputation.

One potential explanation for the lack of significance could be that established firms with a long-standing positive reputation continue to benefit from it, regardless of their size or board structure. Additionally, the relationship between these variables and corporate reputation might not follow a linear pattern, suggesting the possibility of an optimal firm size or board size that leads to a positive reputation, with deviations from this point resulting in reduced reputation gains.

Moreover, the study acknowledges that many factors, including corporate social responsibility, product/service quality, customer satisfaction, and ethical behaviour, influence corporate reputation. These elements might influence corporate reputation more than the organizational factors under investigation. The study also recognizes that the context within which firms operate plays a pivotal role. Different industries might prioritize distinct factors in building and maintaining their reputation, thus further

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complicating the relationship between firm age, board size, and firm size variables and corporate reputation.

The unique characteristics of the Malaysian corporate landscape play a significant role in shaping the study's conclusions. With concentrated ownership and family ownership dominating the corporate sector, investors might have limited choices for diversification in their investment decisions. Consequently, the study suggests that investors might form relatively uniform opinions and perceptions toward ownership structure, leading to similar evaluations and reputational assessments across different types of ownership.

In summary, this study delves into the complex link between ownership structure and corporate reputation within the Malaysian corporate governance context. It demonstrates that ownership structure, except for institutional ownership, might have a limited impact on corporate reputation due to the distinctive market dynamics in Malaysia. Despite concentrated ownership, particularly family ownership, the study indicates that ownership structure may not significantly influence investors' perceptions.

Furthermore, the study's contributions include confirming the association between ownership structure and business reputation in Malaysia, thereby adding to the existing body of knowledge. The research also carries implications for various stakeholders, including managers, investors, and regulators, shedding light on the pivotal role of institutional ownership in shaping business reputation. These insights can guide decisions and strategies related to ownership and reputation management in the corporate landscape.

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5.3 Limitations

Despite the undeniable significance of the study discussed in this research to the understanding of the relationship between ownership structure and corporate reputation in Malaysia, it is imperative to recognize and investigate both its strengths and limitations. These considerations will help contextualize the findings and serve as a guide for future research endeavours.

First, it is a commendable endeavour to dissect this multifaceted relationship by focusing on specific ownership patterns, such as family ownership, institutional ownership, foreign ownership, and concentration ownership, as determinants of corporate reputation. This deliberate focus does, however, introduce a limitation: it may not encompass the entire spectrum of variables that influence reputation in the Malaysian context. Corporate reputation is a complex construct influenced by a variety of factors, such as financial performance, corporate social responsibility (CSR) initiatives, and customer satisfaction, among others. By focusing exclusively on ownership structure, the study may neglect these other crucial drivers.

Financial performance, for example, is a widely acknowledged factor in determining a company's reputation. Consistently profitable businesses are often perceived as dependable and trustworthy, which can have a positive effect on their reputation among stakeholders. The study's ability to provide a comprehensive comprehension of the process of reputation-building could be hindered by ignoring this crucial variable. Similarly, corporate social responsibility, a developing concern in today's business landscape, can have a significant impact on how the public perceives a company. The reputations of businesses that engage in socially responsible activities, such as environmental sustainability and community involvement, tend to improve.

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Excluding CSR-related factors from the analysis could lead to an insufficient depiction of the dynamics at play. Moreover, customer satisfaction, a crucial factor in many industries, directly affects how clients and consumers perceive a company. A company's reputation can be bolstered by a positive consumer experience, while it can be damaged by a negative one. A crucial aspect of reputation management could be overlooked if customer satisfaction is not a variable.

Therefore, future research should take a more holistic approach, incorporating a broader range of variables that influence corporate reputation in Malaysia. This could involve examining how ownership structure interacts with financial performance, CSR activities, and customer satisfaction to influence reputation outcomes. This comprehensive approach would provide a more accurate and nuanced comprehension of the complexities of managing and enhancing corporate reputation in Malaysia.

Next, the generalizability of the study's findings and implications is, in fact, a crucial factor. The study's purview, which is limited to data from a specific cohort of 173 Bursa Malaysia-listed firms over a relatively brief period from 2017 to 2019, imposes certain limitations on the breadth of its applicability and requires caution when extrapolating its conclusions to a broader context.

First, the study's emphasis on publicly traded companies implies a degree of sampling bias. Due to their presence on the stock exchange, these companies are typically larger and more established, with access to public capital markets. Consequently, they may have different ownership structures and reputation management strategies than non-listed entities, notably small and medium-sized enterprises (SMEs) that make up a substantial portion of Malaysia's business landscape. These non-publicly traded

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companies frequently operate under distinct conditions and face unique challenges and opportunities. Consequently, while the findings of the study may provide valuable insights into the relationship between ownership structure and reputation for listed companies, they may not be directly applicable to the variegated world of non-listed entities.

Also, the comparatively short duration of the study may limit its ability to capture the long-term effects of corporate ownership structure on reputation. Reputation is frequently a long-lasting asset that is constructed and maintained over years, if not decades. Short-term fluctuations and developments may not accurately reflect the long-term effect of ownership patterns on a company's reputation. Furthermore, changes in ownership structures, which can occur as a result of mergers, acquisitions, or adjustments in ownership percentages, may not be captured adequately within this timeframe.

To resolve these limitations and strengthen future research in this area, it is prudent to consider longer observation periods, include non-listed companies, and conduct sector-specific analyses. Longitudinal studies that monitor changes in ownership and reputation over extended time periods can shed light on this relationship's development. Furthermore, regional analyses can shed light on how various geographical contexts within Malaysia may impact the relationship between ownership structure and corporate reputation. Future research can then provide a more complete and nuanced comprehension of this complex relationship within the broader Malaysian business environment.

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The study's inability to establish causality or directionality between ownership structure and corporate reputation is a significant limitation that necessitates additional research. While the research provides valuable insights by identifying associations between these two factors, it is unable to prove conclusively whether changes in ownership structure directly cause alterations in corporate reputation or vice versa. This limitation demonstrates the inherent difficulty of separating cause-and-effect relationships within the intricate domain of ownership and reputation dynamics. To gain a deeper understanding of this limitation, it is necessary to consider the larger context in which these findings exist. Establishing causality in the social sciences, including business research, is difficult due to a number of factors, requiring researchers to interpret the findings with caution.

First, the study acknowledges the possibility of third variables that could confound the observed relationships. These third variables are external factors or unexamined variables that may influence ownership structure and corporate reputation independently. This scenario generates a complex of interdependencies in which the identified relationships cannot be attributed to a simple cause-and-effect relationship. For example, economic fluctuations, market conditions, industry-specific factors and media coverage can impact both ownership decisions and reputation outcomes simultaneously.

Economic fluctuations, such as changes in economic growth, inflation rates, and interest rates, can have a direct impact on the financial performance and reputation of a business. During economic downturns, for instance, companies may struggle to maintain profitability, which can lead to ownership structure changes as investors reevaluate their holdings. These economic shifts can also affect the public's perception of a company's stability and dependability, and thus its reputation.

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On the other hand, market conditions include variables such as supply and demand dynamics, competitive forces, and consumer behaviour. These conditions have a significant impact on the operations and strategic decisions of a business. Market trends can influence ownership decisions, such as attracting institutional investors or modifying equity structures. Concurrently, market conditions can shape consumer expectations and attitudes, which contribute directly to a company's reputation.

In addition, industry-specific factors are crucial to comprehending the relationship between ownership and reputation. Each industry operates within a context that is distinct in terms of regulations, technological advances, and consumer preferences. These industry-specific factors can determine the ownership strategies and reputation management approaches to implement. In highly regulated industries such as healthcare or finance, for instance, ownership structures may be influenced by compliance requirements, which can impact how stakeholders perceive these firms.

Next, media coverage can influence ownership decisions directly. When a company receives favourable media attention, for instance, it may attract new investors, including institutional investors, who view the company as a prospective investment opportunity. On the other hand, negative media coverage, such as reports of corporate misconduct or financial controversies, can result in existing shareholders selling their shares and deter potential investors from investing in the company. In this way, media narratives can influence the ownership structure of a company.

Consider the following example. After releasing a revolutionary product that revolutionizes an industry, Company X, a publicly traded technology company, is the focus of extensive media coverage. Institutional investors who wish to leverage the

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company's innovation are attracted in large numbers by the overwhelmingly positive media coverage. Consequently, institutional ownership of Company X grows substantially. This demonstrates how positive perceptions created by the media can directly influence ownership decisions by attracting institutional investors.

Next example, automobile manufacturer Company Y is the subject of multiple media reports alleging safety defects in its vehicles. These reports result in a loss of customer and investor confidence, a decline in the stock price of the company, and possible divestment by institutional investors. In this instance, both ownership decisions (institutional investors divesting) and reputation outcomes (loss of trust and a damaged reputation) are negatively impacted by media coverage.

In essence, media coverage can have a significant impact on a company's reputation. Positive media coverage of a company's accomplishments, ethical practices, or community involvement can enhance its reputation by reinforcing the image of a dependable and responsible organization. In contrast, negative media coverage can damage a company's reputation by drawing attention to issues such as product recalls, environmental violations, and ethical transgressions. Customers, investors, and regulators, among others, frequently use media narratives to form their opinions about a company.

Thus, the complex interaction between economic fluctuations, market conditions, industry-specific factors and media coverage highlights the difficulty of isolating ownership structure as the solitary cause of reputation changes. These external influences create a dynamic and ever-changing operating environment for organizations, necessitating a holistic approach to comprehending the relationship between ownership

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decisions and reputation outcomes. Future research in this area should consider these multifaceted external factors and their potential mediating or moderating functions between ownership structure and corporate reputation. This broader perspective will contribute to a deeper comprehension of the complexities of reputation management in today's dynamic business environment.

Lastly, the intricate and dynamic interplay between ownership structure and corporate reputation adds a layer of complexity that highlights the multidimensional nature of these relationships. A crucial aspect of this complexity is the bidirectional nature of the relationship, in which changes in ownership structure can impact a company's reputation and vice versa.

On the one hand, ownership structure can have a significant impact on a company's reputation. Consider a scenario in which a company's strong financial performance and ethical business practices attract a significant number of institutional investors. Attracted by the company's positive characteristics, these institutional investors may provide not only capital but also expertise and oversight. This influx of resources and knowledge can improve the company's operations, governance, and strategic decision-making, ultimately enhancing its reputation as a responsible and well-managed organization.

Alterations in corporate reputation, on the other hand, can significantly impact ownership decisions. Investors have a tendency to have a greater level of trust and credibility for businesses with solid reputations. This improved trust can attract a broader range of investors, including institutional investors, who may be more inclined to invest in a company with a favourable public image. In this way, a sterling reputation can have

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a direct impact on ownership structure by attracting institutional investors who wish to align themselves with companies perceived as ethical and dependable.

In contrast, a change in the ownership structure, such as the acquisition of a substantial stake by a socially responsible institutional investor, may result in modifications to the corporate strategy or corporate governance. For instance, the new investor may advocate for greater sustainability initiatives or greater transparency, which can improve the company's ethical standing and reputation among stakeholders.

This relationship illustrates the complexity of contemporary corporate governance and reputation management. It suggests that ownership structure and reputation outcomes are not independent phenomena but are intertwined within the larger context of a company's operations. Organizations seeking to optimize their ownership structures and effectively manage their reputations must acknowledge this complexity. It highlights the significance of a holistic approach to corporate governance that takes into account how ownership decisions and reputation management are interconnected and mutually influential in shaping the identity and market success of a company.

5.4 Suggestion for Future Research

Future research may expand upon the study's findings by employing various metrics to investigate potential differences or parallels between the results. While quantitative data is commonly used to measure corporate reputation, future researchers could consider incorporating qualitative data to understand the nuances associated with ownership structure and its impact on reputation. For instance, conducting interviews with investors can provide valuable insights into their perceptions and assessments of the company's reputation with its ownership structure. These interviews can uncover

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additional layers of information and offer a more comprehensive perspective on the relationship between ownership structure and reputation.

Integrating qualitative data through interviews can enhance the richness and validity of research findings, allowing for a more nuanced exploration of the complexities surrounding ownership structure and its influence on reputation. By capturing investors' perceptions, beliefs, and experiences, researchers can gain insights into the underlying mechanisms through which ownership structure shapes reputation. The interviews may reveal investors' expectations, concerns, and preferences regarding ownership structure or shareholder activism. The results of these interviews can provide a fascinating output, shedding light on the intricate dynamics between ownership structure and reputation.

In light of the significant gap in the existing literature regarding the direct examination of the relationship between ownership structure and company reputation, it is imperative that future research employ a multifaceted approach to this inquiry. The lack of exhaustive research on this topic creates a void in understanding, making it imperative to investigate multiple dimensions and perspectives. A comprehensive examination of how business performance interacts with ownership structure and influences reputation is a promising avenue for future research.

In the intricate relationship between ownership structure and reputation outcomes, business performance can be regarded as a crucial moderator. This effect of moderation is of great interest because it provides an opportunity to explore the nuances and complexities of this relationship. Researchers can investigate how the efficacy of different ownership structures in shaping corporate reputation depends on the company's

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performance in a variety of areas, such as financial metrics, operational efficiency, and innovation capabilities.

By investigating the role of business performance as a moderator, researchers can gain insight into the specific conditions under which ownership structure exerts a greater or lesser influence on reputation. Due to their long-term orientation and commitment to sustainable practices, family-owned businesses may excel at establishing trust and credibility in the presence of strong business performance. In industries where business performance is subpar, however, other ownership structures, such as publicly traded companies, may be more adept at managing their reputation through stricter regulatory compliance and greater transparency.

Moreover, this investigation can contribute to a greater comprehension of the contextual factors at play. Depending on the industry, market conditions, and economic climate, the relationship between ownership structure, business performance, and reputation may exhibit unique dynamics. For instance, as investors and stakeholders scrutinize corporate decisions and leadership more closely during economic downturns, the significance of ownership structure may be amplified.

Given the current vacuum in the literature, it is crucial to examine ownership structure and company reputation from multiple perspectives. Incorporating business performance as a moderator provides a promising avenue for elucidating the complex web of factors that influence the process of reputation-building across various ownership structures. By doing so, researchers can provide a more thorough and nuanced comprehension of how these elements interact, offering valuable insights that can assist businesses in proactively managing and enhancing their corporate reputation.

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In addition, future research endeavours must acknowledge the significant presence of unlisted companies in the larger business landscapes of numerous nations. These unlisted companies, which frequently operate discretely under the radar of public markets, constitute a substantial portion of global economic activity. In order to advance the comprehension of the complex relationship between ownership structure and corporate reputation, it is strongly recommended that academic researchers include unlisted firms in their studies. Such inclusion improves both the precision and generalizability of research results.

By virtue of their distinctive characteristics and operational nuances, unlisted companies offer a unique exploration dimension. These organizations are not subject to the same level of regulatory oversight and reporting requirements as their publicly traded counterparts. Their ownership structures can be quite diverse, ranging from family ownership to private equity, and their decision-making processes are typically more private and less transparent. These idiosyncrasies, while posing challenges, also provide researchers with an excellent opportunity to explore the complex relationship between ownership structure and corporate reputation in uncharted territory.

Researchers can contribute to a more comprehensive and nuanced understanding of this complex relationship by undertaking in-depth studies on the effect of ownership structure on the reputation of unlisted firms. They can investigate, for instance, whether family-owned, unlisted businesses are more effective at cultivating trust and credibility within their niche markets due to their perceived long-term orientation and personalized approach. On the other hand, they may investigate whether private equity-owned companies, with their financial expertise and access to capital, use distinct reputation management strategies.

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In addition, this line of inquiry can cast light on how different ownership structures within unlisted companies respond to unique operational challenges and opportunities. How, for example, do these companies manage reputation crises or stakeholder engagement in the absence of the public scrutiny confronted by their publicly traded competitors? Exist industry-specific influences on the relationship between ownership structure and reputation in unlisted companies?

The inclusion of unlisted companies in future research studies is a crucial move towards enhancing the understanding of corporate reputation and expanding its applicability. These companies represent a substantial portion of the business landscape, and their unique characteristics provide a fresh perspective on the relationship between ownership structure and reputation. By exploring this uncharted territory, researchers can provide valuable insights applicable not only to unlisted firms but also to publicly traded companies and organizations of varying sizes and industries, ultimately advancing the understanding of how ownership structure influences corporate reputation in diverse organizational contexts.

In conclusion, future research can enhance understanding of the relationship between ownership structure and corporate reputation by employing various metrics, incorporating qualitative data through investor interviews, examining business performance as a potential moderator, and including unlisted firms in research investigations. These approaches can contribute to a more comprehensive and nuanced understanding of the complexities associated with ownership structure and its influence on reputation outcomes. By expanding the scope of research and considering different angles and organizational contexts, future studies can bridge the gaps in the existing literature and provide valuable insights for organizations seeking to manage and enhance their corporate reputation effectively

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