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Do Corporate Governance and Reputation are Two Sides of the Same Coins? Empirical Evidence from Malaysia

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Abstract

High-profile corporate crises have sparked a surge in interest in corporate governance (CG) and corporate reputation (CR). Company governance issues in many companies contribute to corporate failures and a bad reputation. Transparency is the glue that holds any group or organization together while also connecting it to a coalition of key stakeholders. This research focuses on how corporate governance factors (such as board independence, board size, board meetings, and board gender) and company characteristics affect the reputation of Malaysian public listed companies (PLCs). Many studies have looked into the characteristics of corporate governance in Malaysian businesses. However, none of the research has explored this issue using the new reputation measurement. A sample of the 100 largest companies listed on Bursa Malaysia based on their market capitalization for the year ended 2018 was selected. A new measurement, the disclosure index, was created and used to analyze reputation disclosure in the annual report of a corporation. The independent director, board size, and board meeting were statistically significant and associated with the level of reputation disclosure, according to the findings of this study. The results suggest that company directors prioritize good governance and management quality to boost their firm's reputation and acquire a competitive edge.

Keywords: Corporate Governance, Corporate Reputation Disclosure, Transparency, Malaysia Public Listed Companies

JEL Classification Code: M14, M48, M49

1. Introduction

Reputation topics have had a huge impact on the corporate world during the previous several decades. A wide spectrum of stakeholders in society has been interested in corporate reputation. This topic has piqued the interest of both academics and non-academics. The majority of them are still researching all aspects of this intangible asset that organizations can use to gain strategic competitive advantages. The term "reputation" was defined by Gotsi and Wilson (2001) as the sum of its numerous stakeholders' assessments. The term "reputation" refers to stakeholder experiences that serve as a communication message.

Depending on the topic of study, reputation can refer to a variety of things, although it most commonly refers to an intangible asset (Gaultier-Gaillard & Louisot, 2006). Corporate reputation, according to Fombrun and Shanley (1990), is the result of a company's prior actions and future expectations, which result in a favorable assessment of the company in comparison to its competitors. By analogy, reputation can be compared to coastal dunes, which gradually develop a protective barrier but are constantly eroded by storms and tides. The ocean, to continue the analogy, reflects popular opinion. Indeed, a company's reputation is a critical factor in determining its long-term viability and success (Tangngisalu et al., 2020).

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A wide range of factors has been identified that contribute to a good reputation. Reputation can positively affect financial performance and better access to the financial market, institutional investment, and share price. There is evidence that corporate governance can boost a company's reputation as well as create competitive advantage and influence corporate performance (Gabbioneta et al., 2007; Ljubojević & Ljubojević, 2008). In today's volatile economic climate, a company's reputation and trustworthiness are vital to its stakeholders.

A positive reputation provides a lot of benefits, including the capacity to maintain trust and confidence over time among customers, investors, vendors, and other stakeholders. In some cases, having a bad reputation can have a detrimental influence on clients, employees, and eventually the company. While a company's reputation is formed on facts about the company (i.e., products and services, strategy, management, staff efficiency, and the marketplace), company communication is critical to the company's overall reputation and image in the eyes of the public. Thus, in order to increase stakeholder awareness of how businesses are managed, there is a need to increase transparency and disclosure to transmit the company's information.

Companies are being pressured by consumers, shareholders, employees, and partners to be more transparent (Bui, 2021). Internal transparency and fairness, often known as corporate governance, are required to maintain a company's reputation (Kaur & Singh, 2018a). Transparency and disclosure are also used by businesses to share and receive information. The process through which a company notifies the public about its financial situation and the results of operational monitoring is known as disclosure.

With a steady series of worldwide business disasters, companies are under increasing pressure to demonstrate optimal governance practices to protect both physical and non-physical assets, particularly intangibles like company reputation. As a result, maintaining a positive corporate image has become an important aspect of many business operations. Is there a connection between corporate governance and business reputation? Corporate governance and corporate reputation are responses to stakeholder demand. Maintaining stakeholder support, balancing their interests, and maximizing stakeholder concerns throughout time are all critical to a company's success. From the perspective of its stakeholders, a company's reputation exists. As a result, the firm's reputation will be influenced by stakeholders' perceptions of corporate governance performance. According to Mercer Investment Consulting research, environmental, social, and corporate governance reports were valued by 46 percent of stakeholders when making investment decisions. It demonstrates the importance of corporate governance reporting in yearly reports to stakeholders to improve and protect the company's reputation.

Despite its importance for organizational success, business audiences struggle to measure a company's reputation. Past research indicates inefficiencies in the qualitative measurement of reputation (Al Farooque & Ahulu, 2017; Esa et al., 2020; Kuzey & Uyar, 2017; Loh et al., 2017) and they also noted that a company must be more transparent to interact with stakeholders. Additionally, there is a scarcity of research on the relationship between corporate governance and corporate reputation (Kaur & Singh, 2018a). More precisely, using new derivational methods of reputation measurement (i.e., reputation disclosure index).

The uniqueness of this study can be ascribed to the fact that it is the first to assess the impact of corporate governance traits on business reputation in Malaysia using a new metric than previously utilized, namely the reputation disclosure checklist. The rest of the paper is laid out as follows.

2. Literature Reviews and Hypotheses Development

A loss of confidence following corporate scandals and a volatile economy has affected business reputation significantly, as has unhappiness with exorbitant board salaries despite the crisis. A company's or an individual's reputation reflects how different groups of stakeholders perceive them. A good reputation aids in the recruitment and retention of top management and staff. It may even be possible to cut or eliminate the usual expense. It has been well documented that a company's reputation instills trust in its products in purchasers, resulting in price premiums, higher purchase rates, and higher customer retention.

Businesses with a good reputation may also benefit from easier access to financial markets and lower capital costs. Additionally, companies with a good reputation are more likely to maintain a higher level of profitability over time. Without a doubt, the organization benefits from its reputation. Depending on how stakeholders perceive a corporation, its reputation might be positive or negative. Many researchers and practitioners have focused on determining intangible brand value, but little is understood about the factors that influence corporate reputation (Verhezen, 2016).

There are few studies on corporate governance and corporate reputation. The relevance of corporate social responsibility (CSR) in corporate governance is frequently emphasized in the literature (Verhezen, 2016). Companies and their directors must follow the finest corporate governance concepts and practices and make intelligent judgments to acquire and maintain stakeholder confidence in an increasingly open and transparent environment. In other words, when actions are made to achieve an organization's goal without damaging anybody or anything, confidence is reestablished. And such confidence among direct stakeholders will improve the company's reputation in the eyes of people who may not have experienced direct contact with the organization. Capital sources and a range of stakeholders will benefit from the firm as a result of a virtuous cycle of acceptable behavior. Corporate governance is the formalized framework for better decision-making that is tied to a company's reputation. Corporate governance is more than just compliance; it demonstrates a value-driven culture or mentality. Consistency, accountability, fairness, transparency, and sensitivity to the interests of shareholders and stakeholders are all important factors. Corporate reputation and corporate governance are inextricably linked (Verhezen, 2016). The lesser the risk of reputational damage and, possibly, the stronger the organization's reputation, the more effectively a board meets its fiduciary duty of loyalty and care. Effective governance sets checks and balances to minimize risks and position businesses to take advantage of opportunities while also projecting a positive image.

It takes a long time for a company to establish a strong reputation. Negative news or a catastrophe, on the other hand, might decimate it in a matter of seconds. Despite the variety of methods available to assess reputation (e.g., survey-based method), stakeholders are still remain disagree. Most previous studies have limited their measurement to survey-based approaches due to the difficulty of assessing a company's reputation. presence of a financial halo, the limited use of survey-based methodologies, and the prevalence of subjectivity in survey-based methods have all changed how reputation is measured (Brown & Perry, 1994; Fombrun, 1996; Fryxell & Wang, 1994).

As a result, a new technique of measuring firm reputation must be devised (Esa et al., 2020; Kaur & Singh, 2019, 2018a; Baruah & Panda, 2020). Survey-based techniques and derivational-based methods have been characterized as the two types of methods for gauging company reputation (Esa et al., 2020; Baruah & Panda, 2020). The survey-based method is extensively used in various nations (for example, Fortune Magazine's Most Admired Companies, Reputation Quotient, Repu Tex, Merco Index, and RepTrakTM, to mention a few). This approach has been widely criticized, and research in the field of reputation demonstrates that it is inefficient when used to measure a companies's reputation (Kaur & Singh, 2018a, 2019; Baumgartner et al., 2020; Tomak, 2014).

Because of the growing importance of transparency in establishing trust and portraying a positive image, this study uses a derivational technique (e.g., the reputation disclosure index) as a proxy to analyze corporate reputation to throw new light on these challenges. Increasing transparency and disclosure can help to bridge the current information gap between management and stakeholders while also displaying good governance. The use of information disclosure in financial statements is also necessary, because according to the International Accounting Standard Board (IASB), the information supplied in financial statements must be relevant, genuine representation, comparable, and understandable.

Furthermore, Rose and Thomson (2004) stated that previous performance, as represented in the company's annual report, has been found to have a significant impact on the company's current reputation. To supplement and augment the financial statements, the disclosure formats are appropriate for expressing additional decision-useful information to stakeholders about the firm's resources in the past, present, and future. Furthermore, auditors examine qualitative features such as materiality and information consistency to ensure that exposed data can be compared across time and industries.

There is a dearth of study in Malaysia that looks into the factors that influence reputation. The current study looks into the relationship between corporate governance characteristics (like board size, the presence of independent non-executive directors, board gender, and board meeting frequency), company characteristics (like size and leverage, profitability, and industry type), and Malaysian corporations' reputation. The hypotheses that establish a link between the independent variables and reputation among Malaysian PLCs are as follows.

2.1. Independent Non-Executive Director and Reputation

Independent directors are thought to be a good approach to keep an eye on management and cut down on opportunism (Dahya et al., 2002; Croci, 2018). It also aids in the resolution of inter-agency conflicts and the observance of ethical norms (Verhezen, 2016). Outside directors, according to Fama and Jensen (1983), have an incentive to build a reputation as decision-control experts. The ideal practice in corporate governance was to have independent directors. According to the Malaysian Code of Corporate Governance 2021, independent directors are required to supervise and act objectively on behalf of the board.

To preserve the company's and its shareholders' interests, particularly minority shareholders, independent directors have the authority to question top management and other executive board members. In addition, the MCCG's Practice 4.1 mandates that independent directors make up at least half of the board.

Independent directors offer a variety of experiences and connections to the boardroom, and they guide how a company's operations should be presented to the public. As a result, they're designed to improve a business's public image and reputation. Prior research on reputation and transparency, on the other hand, has produced results (Musteen et al., 2010; Brammer et al., 2009). The following hypothesis was formed after considering the points stated.:

H1: *There is a relationship between an independent non-executive director and corporate reputation.*

2.2. Board Size and Reputation

The board of directors acts as the organization's guardians, stewards, and custodians, and their reputation and vision can help the organization they're in charge of guiding, directing, and controlling. Larger board members in the boardroom are more likely to oversee the company's program to ensure that corporate behavior does not jeopardize the company's ability to achieve its long-term goals and possibly attempt to move to the sweet spot of reputational excellence because corporate reputation is the perception of the firm by a variety of stakeholders. The board of directors is an organization's ultimate decision-making body. It is accountable for the formulation of all policies and the organization's strategic growth.

Previous studies have found a strong link between board size and effective governance and quality decision-making (Musteen et al., 2010; Brammer et al., 2009). Musteen et al. (2010) also argued in their study that the size of a company's board of directors allows them to make better decisions due to their experience and resources. The firm's performance, effective management methods, and stakeholder relationships all benefit from better decisions. As a result, Ljubojevi and Ljubojevi (2008) and Musteen et al. (2010) argued that establishing a link between board size and reputation will improve performance. While Lu et al. (2015) found no relationship between board size and reputation. Based on prior studies, the following hypothesis was formed:

H2: *There is a relationship between board size and corporate reputation.*

2.3. Board Gender and Reputation

The concept of diversity on boards of directors has been defined in a variety of ways. It refers to the composition of a board of directors and the diverse combination of features, qualities, and experiences that each board member brings to the table. A diverse board of directors is indicative of good governance (Brammer et al., 2009), and the director's responsibility includes strengthening the company's reputation (Zahra & Pearce, 1989). All activities that improve the company's reputation must be taken by the board of directors. According to agency theory, the board of directors must avoid unethical board practices (Fama & Jensen, 1983), and diversity in the boardroom can assist ensure good governance (Donaldson & Preston, 1995), which can lead to an increase in company reputation (Ljubojevi & Ljubojevi, 2008). Prior research (Burke, 2000; Daily et al., 1999; Miller & del Carmen Triana, 2009) suggested that gender diversity brings significant skills and expertise, enhances stakeholder sensitivity, and has a positive impact on firm reputation. On the subject of diversity and company reputation, numerous research has been undertaken. As a result, the following hypothesis is developed:

H3: *There is a relationship between board gender and corporate reputation.*

2.4. Board Meeting and Reputation

Regular board meetings are necessary because they allow businesses to navigate through difficult times. Frequent board meetings result in high-quality management and monitoring, which helps organizations achieve economic success and improves their reputation (Vafeas, 1999). Board meetings can also help managers obtain a better knowledge of their companies' concerns and generate quick answers to problems that arise. Thus, the more frequent meetings, the more direct control over managers, the more important the advising function, and the elements that positively affect performance and reputation, the more frequent meetings, the more direct control over managers, the more significant the advising function, and the elements that positively affect performance and reputation (Vafeas, 1999). Additionally, Vafeas (1999) asserted that companies that are excellent at establishing an appropriate frequency of board meetings could decrease related expenses and improve economic efficiency. Furthermore, Conger et al. (1998) claim that effective board meetings increase board effectiveness. Thus, based on this idea, the following hypothesis is developed:

H4: *There is a relationship between a board meeting and corporate reputation.*

2.5. Other Control Variables

A review of the prior literature on disclosure and reputation led to include four control variables in the multiple regression models for testing the main hypotheses. These are firm size (see for example Kaur & Singh, 2019, 2020; Arora et al., 2021), leverage (Kaur & Singh, 2019, 2020; Arora et al., 2021), profitability (Esa & Mohd Ghazali, 2012; Kaur & Singh, 2019, 2020; Arora et al., 2021) and industry type (Esa & Mohd Ghazali, 2012; Blajer-Golebiewska & Kozlowski, 2016; Lu et al., 2015).

3. Research Method and Data Collection

3.1. Sample Selection

The 100 largest firms listed on Bursa Malaysia were chosen for this study based on their market capitalization for the year ending 2018. However, financial institutions would be excluded from the sample of the 100 largest firms listed on Bursa Malaysia based on their market capitalization due to distinct regulatory requirements and materially different types of operations. A number of past disclosure studies have taken this technique (Zahari et al., 2020; Esa & Mohd Ghazali, 2012). After excluding 17 financial companies, as a result, the total number of 83 companies remain finally. The larger companies were chosen because they are actively traded in the market. Larger businesses have greater resources at their disposal, exhibiting strategic success and strong governance (Kaur & Singh, 2018b). Furthermore, organizations with a high level of visibility have a better corporate reputation (Brammer et al., 2009). The sample size was expected to be sufficient for conducting empirical research to test the study's hypotheses (VanVoorhis & Morgan, 2007). For regression equations with six or more predictor variables, VanVoorhis and Morgan (2007) recommend an absolute minimum of 10 participants per predictor variable.

3.2. Research Instrument & Scoring Method

The level of reputation reported by Malaysia's 100 largest PLCs was determined using content analysis in this study. Content analysis is an observational research method for systematically evaluating the content of the recorded conversation. This method of study is utilized to obtain correct data content information. Content analysis was deemed an adequate method for determining the scope of disclosures. This strategy is consistent with previous studies' disclosure (Esa & Mohd Ghazali, 2012; Zahari et al., 2020; Abeysekera, 2015; Ahmed Haji & Mohd Ghazali, 2012; Othman et al., 2011).

The disclosure checklist's completeness was then refined and validated with the use of practitioners' professional judgments. As stated in Table 1, the reputation checklist culminates with a total of 22 items. The disclosure index is not weighted in any way. The premise behind this strategy is that all index components are of equal importance. The item receives a score of 1 if it is disclosed, but a score of 0 if it is not disclosed. The dichotomous technique is the name given to the scoring system. The firm's overall score will reveal how transparent it is.

4. Empirical Results and Discussion

This study examined the relationship of CG characteristics and reputation disclosure of 83 Malaysian largest PLCs for the year 2018. To determine factors influencing reputation disclosure a multiple regression model employing eight independent variables was carried out. The regression model is as follows:

$$\text{CRD} = \beta_0 + \beta_1\,\text{Ined} + \beta_2\,\text{Bsize} + \beta_3\,\text{Bgen} + \beta_4\,\text{Bmeet} + \beta_5\,\text{CoSize} + \beta_6\,\text{Lev} + \beta_7\,\text{Prof} + \beta_8\,\text{IndType}$$

The variables used in the regression model are summarised in Table 2. Data for the aforementioned variables was acquired from annual reports of companies. Table 3 shows the descriptive statistics for the independent variables.

The descriptive statistics of the independent and dependent variables are given in Table 3. The minimum size of the sample companies is 9.791, whereas the maximum size of the sample companies is 63,885.027. Leverage shows an average value of 19.76 indicated that in general, only 19.76 percent of assets of the Malaysian largest company are derived from debt compared to equity. This suggests that the sample companies are lesser leverage companies. The average profit margin is 14.66 percent, implying that the company's management has created an average return of 14.66 percent on each asset used. Furthermore, as demonstrated by the positive value of profitability, the company makes a profit in general. With a mean of 74.75 percent, CRD (Corporate Reputation Disclosure) has a minimum score of 45 percent and a maximum score of 95 percent. The results also show that the mean value of independent non-executive directors was 52.20 percent, which is higher than the Malaysian Code of Corporate Governance's requirement of one-third of independent non-executive directors.

Nonetheless, a closer examination of the minimal scores reveals that some of the sample companies analyzed did not meet the one-third independent non-executive director criterion, with outside directors accounting for only 20 percent of the board members. This suggests that some Malaysian corporations, even the largest, are still failing to meet the one-third criteria for independent non-executive directors. The number of board members fluctuates from five to sixteen, with nine being the norm.

Only a few women make it to the board of directors. Females are underrepresented in the boardroom, according to research. A maximum of 64 percent of female directors can be elected to the board. In terms of board meeting frequency, the maximum board meeting in the boardroom is 21 times a year. It demonstrates that frequent board meetings may indicate the presence of engaged and committed boards. Furthermore, only 61.4 percent of the sample companies (i.e., 83 of Malaysia's biggest publicly traded companies) are manufacturing and service companies, according to the figure.

Table 4 lists the correlation coefficients between the variables. At the 0.01 and 0.05 percent levels, respectively,

Table 1: List of Reputation Items Checklist

Theme 1: Governance (Company behaves ethically, openly, and transparently; fair in the way it does business)	
1	Adequate governance structure
Theme 2: Leadership (Effectiveness of how a company is managed)	
2	Appealing board of directors
3	Well organized and excellent management
4	Independent directors make up at least 50% of the board of directors
Theme 3: Innovation (Innovative, first to market, adapts quickly to change)	
5	Innovative company
6	Research and development
7	Launch new product
Theme 4: Products & Services (Quality products and services can profoundly shape a company's reputation)	
8	External verification or certification
9	Brand recognition
10	Brand development
11	Recognition of outstanding products or services
12	Customer satisfaction and feedback system
Theme 5: Workplace (Rewards employees fairly, employee wellbeing, offers equal opportunities)	
13	Employee satisfaction with employer
14	Training and career development efforts
15	Number of staff employed
16	Employee recognition and appreciation
17	Employee welfare and benefits
Theme 6: Citizenship (Social efforts, environmentally responsible and positive influence on society)	
18	External certification for CSR initiatives
19	Any charitable endeavors
20	Certification and awards achievement relate to environmental practices
21	Environmental concern and commitment
Theme 7: Performance (Overall good performance and strong growth prospects)	
22	Company performance

independent non-executive directors and board size were significantly correlated with the reputation disclosure. Nonetheless, none of the correlations exceeds 0.7, as Tabachnick and Fidell (2001) suggested for the degree of collinearity to be cut off at 0.7. Collinearity is not detrimental until the coefficient reaches 0.8 or 0.9, as Gujarati suggests (1995). Multicollinearity is influenced by the degree of collinearity. The findings of multiple regression can be read as no correlation greater than 0.7.

Table 5 shows the results of the model, which includes eight independent variables, namely corporate governance characteristics (the proportion of independent directors on the board, board size, board meeting, and board gender), company size, leverage, profitability, and industry type, and is significant at the 1% level (sig. 0.000) and can explain 24.5 percent of the variations in reputation disclosure (R^2 of 31.9 percent).

All independent variables have VIFs of less than 2. Collinearity, according to Gujarati (1995), is only a problem

Table 2: Variables Used in the Regression

Variables	Description
Corporate reputation disclosure	[CRD] Corporate reputation disclosure index
Independent Non-Executive Director	[Ined] Proportion of Independent non-executive directors on the board
Board size	[Bsize] Total directors on the board
Board gender	[Bgen] Proportion of women board on the board
Board meeting	[Bmeet] Frequency board meeting
Company size	[CoSize] Company size measured by total assets
Leverage	[Lev] Leverage measured by total liabilities over total assets
Profitability	[Prof] Profitability measured by profit before tax over total assets
Industry type	[IndType] Dummy variables, 1 = manufacturing and service, 0 = otherwise

Table 3: Descriptive Statistics

Variables	Minimum	Maximum	Mean
Panel 1: Continuous Variables			
Ined	0.20	0.80	0.5220
BSize	5.00	16.00	9.1084
BGen	0.00	0.64	3.0120
BMeet	4.00	21.00	6.1566
CoSize	9791000.00	63855027000.00	5783319003.7952
Lev	–3.14	0.90	0.1976
Prof	–0.24	1.95	0.1466
CRD	0.45	0.95	0.7475
Panel 2: Categorical Variable			
IndType		1 = manufacturing & service 51 (61.4%) 0 = otherwise 32 (38.6%)	

Table 4: Correlation Analysis

	Ined	BSize	BGen	BMeet	CoSize	Lev	Prof	CRD
Ined	1							
BSize	–0.104	1						
BGen	0.131	0.459**	1					
BMeet	0.027	0.066	0.078	1				
CoSize	0.122	0.040	–0.159	0.241*	1			
Lev	0.099	0.036	0.117	–0.416**	0.121	1		
Prof	–0.079	–0.184	–0.142	–0.048	–0.210	–0.117	1	
CRD	0.438**	0.226*	0.164	0.154	0.079	0.076	–0.008	1

Note: ** and * indicates correlation significant at the 0.01 level and 0.05 level (2-tailed).

Table 5: Results of the Multivariate Regression Analysis

	t-value	Sig	Tolerance	VIF
(Constant)	4.396	0.000		
Ined	4.734	0.000**	0.910	1.099
BSize	2.941	0.004**	0.917	1.090
BMeet	1.925	0.058*	0.686	1.459
Bgen	–0.624	0.535	0.857	1.168
CoSize	–0.272	0.786	0.777	1.287
Lev	1.024	0.309	0.732	1.366
Prof	0.871	0.386	0.907	1.102
IndType	–1.264	0.210	0.856	1.169
R^2	0.319			
Adjusted R^2	0.245			
F-statistic	4.329			
Significance	0.000			
N	83			

Note: *, ** indicates statistically significant at the level of 10, and 1 percent level.

when VIF approaches 10. The absence of multicollinearity in the regression model is further supported by these findings. At the 1% level, independent non-executive directors and board size are significant, while board meetings are noteworthy at the 10% level.

The fact that board independence is strongly linked to reputation disclosure suggests that PLCs with more independent directors are more transparent and share more information about their reputation. The positive relationship between board independence and business reputation suggests that board independence plays an important role as a shareholder advocate. Furthermore, because there is a positive and significant relationship between board size and reputation, PLCs with larger boards may have more expertise and knowledge in the areas of accountability and transparency, as well as the ability to monitor effectively, which could lead to more disclosure on compensation.

This conclusion is consistent with past findings from disclosure studies (Esa & Mohd Ghazali, 2012) and reputation studies (Esa & Mohd Ghazali, 2012; Brammer et al., 2009; Fombrun & Shanley, 1990). At a 10% level, board meetings are important in shaping the reputation. This result appears to indicate that the majority of PLC board members have the opportunity to meet, talk, and exchange views on a variety of organizational issues to improve the firm's reputation. Directors' frequent meetings appear to imply that they would effectively monitor and execute corporate strategy, resulting in a good impact on reputation.

However, the gender of the board of directors and four firm characteristics variables (company size, profitability, leverage, and industry type) is determined to be unimportant. The findings contradict earlier findings on firm size (Kaur & Singh, 2019, 2017), leverage (Kaur & Singh, 2017, 2020), board gender (Kaur & Singh, 2017; Larkin et al., 2012), and profitability (Kaur & Singh, 2019). One possible explanation is that there are not enough variations in firms' size, leverage, board gender, and profitability to explain reputation disclosure, as the sample companies might be deemed the largest because they are all publicly traded. According to the findings, the industry type has no bearing on the level of reputation disclosure, implying that manufacturing, services, and other industries report corporate reputation in Malaysia in the same way.

5. Conclusion

Is corporate governance and reputation need each other? Is corporate governance connected to a company's reputation? According to the current study's findings, which examined the determinants of corporate reputation using a reputation disclosure checklist as a proxy, three antecedents are significantly associated with a corporate reputation at the 1% and 10% significance levels, respectively (e.g., independent director, the board size, and board meeting). There is a strong significant relationship between reputation disclosures and independent directors and board size at the 1% level. This finding implies a positive relationship between independent directors and reputation. The presence of independent director actions in the boardroom has led companies to obtain better performance, accompanied by improved reputation among various stakeholders.

Additionally, the significant positive relationship between board size and reputation disclosures seems to imply that larger board sizes disclosed significantly more reputation information than others. This finding suggests that boards with a greater diversity of experience and backgrounds are exposed to more healthy and lively conversations about reputation improvement and contribute to the making of quality decisions that result in improved governance, which ultimately benefits the company's reputation. Furthermore, the significant positive relationship between board size and reputation disclosures appears to imply that boards with higher board sizes disclosed significantly more reputation information than boards with smaller board sizes. This finding suggests that boards with a greater diversity of experience and backgrounds are exposed to healthier and lively conversations about improving the company's reputation and contribute to the making of quality decisions that result in improved governance, which benefits the company's reputation.

This study is, however, not without limitations. First, the analysis only included large companies listed in Bursa Malaysia. While larger organizations are more visible and able to report more as a result of their active trading, the findings from large enterprises should not be generalized. An alternative sampling technique that encompasses large, medium, and small businesses may be used in future studies. Second, the study is limited to a single year due to data availability. In the future, researchers may try to extend the study time to conduct a more thorough examination. Finally, the findings of this study are limited to Malaysia. Further study might benefit from comparing data from other emerging economies. This would corroborate the study's findings and promote good governance in emerging economies.

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