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Balancing Green and Gold: The Link Between Sustainability Reporting and Corporate Reputation in Malaysia

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Abstract
Corporate reputation has gained significant attention within academic circles and emerged as a critical concern in practical business contexts. However, prior studies on this topic have been somewhat fragmented, creating fertile ground for exploring new research avenues, particularly in assessing reputation. Sustainability reporting, corporate governance, and company attributes have been associated with enhancing corporate reputation. Nevertheless, there remains a dearth of research exploring these variables' impact on the novel reputation measurement proxy, especially in emerging economies like Malaysia. Therefore, this study investigates the intricate relationship between sustainability reporting and corporate reputation using the new proxy of reputation in the context of Malaysia, a dynamic and rapidly growing economy. Balancing the 'Green' aspects of sustainability with the 'Gold' aspects of company performance and reputation is a pivotal concern for organizations in the region. The results showed sustainability reporting significantly impacts corporate reputation to sustain a harmonious equilibrium characterized by "Green" and "Gold" elements. The findings encourage Malaysian PLCs to navigate this duality successfully and can reap long-term benefits regarding reputation, stakeholder trust, and sustainable profitability.

Keywords: sustainability reporting, reputation, transparency, greenwashing, Malaysian public listed companies.

1. Introduction

The notion of reputation has significantly influenced the business realm in recent decades (Eberl & Schwage, 2005). Corporate reputation has become a focal point that engages various stakeholders, including governments, corporations, and the public. Researchers and non-researchers have devoted considerable attention to this issue, with the number of media stories discussing reputation growing by a factor of eight from slightly more than 1,000 to more than 8,000 in 2009 (Bronn & Buhmann, 2018). Many researchers continue investigating facets of this intangible asset that organizations can utilize to gain strategic competitive advantages. A strong reputation is a valuable attribute that enables a business to maintain profitability, acquire sustainability and superior performance. Reputation is referred to as a company's cumulative assessment by its different stakeholders (Gotsi & Wilson 2001). Reputation is based on the stakeholders' direct experiences and acts as a communication message. According to the Oxford English Dictionary, the term "reputation" refers to the general opinions or views about someone or something. Depending on the area studied, reputation can signify different things but,

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in essence, it is an intangible asset. Corporate reputation consists of four characteristics such as credibility, reliability, responsibility, and trustworthiness (Fombrun, 1996). Prior literature states that corporate reputation is the consequence of a firm's previous acts and future expectations that result in a favorable judgment of a firm compared to its competitors (Fombrun & Shanley, 1990).

Several elements have been recognized as contributors to a favorable reputation. A good reputation can positively impact the overall performance of a company, facilitating access to financial markets, institutional investments, and share prices (Beatty & Ritter, 1986). Empirical findings indicate that engaging in sustainability reporting, also known as corporate social responsibility (CSR) disclosure, can enhance a company's reputation (Jeffrey et al., 2019). In their research, Adams and Narayanan (2007) assert the rising significance of sustainability for global organizations. A growing trend among corporations is the issuance of standalone sustainability reports to address this matter (KPMG International, 2008). While some argue that this trend stems from mounting pressure from both internal and external stakeholders (Ballou et al., 2006), advocates for business sustainability reporting contend that a notable advantage of publishing such reports is the improvement of the disclosing firm's reputation. Sustainability reporting is seen as a tool to manage corporate reputation for influential stakeholders (Bebbington et al., 2008). Mercer Investment Consulting conducted a survey that indicated 46% of stakeholders believed that environmental, social, and corporate governance reporting was a valuable information source when making investment decisions (Bear et al., 2010). Their research shows how important the disclosure of sustainability reporting is to stakeholders and its ability to enhance and protect the reputation of a company.

Sustainability reporting pertains to the transparency and communication of corporate activities that demonstrate the integration of environmental, social and governance objectives into corporate operations and relationships with stakeholders. According to the legitimacy theory, the disclosure of sustainability reporting is a necessary component of the communication between an ethical business and its stakeholders. It helps legitimize corporate behavior and, therefore, contributes to the development of a positive corporate reputation (Othman et al., 2011). Additionally, internal, and external communication is seen as a significant factor in corporate reputation since it accumulates messages from formal and informal channels across several platforms through which the organization reveals its true identity to various consumers or stakeholders (Gray & Balmer, 1998). Disclosure and transparency are the methods by which corporations communicate and gather information. Disclosure is how the company disseminates, to various users, information and relevant details regarding financial status and the results of monitoring activities.

Despite having a significant value for organizational success, it is not easy for corporate audiences to assess a company's reputation. Prior research claims that businesses must be more transparent in their communication with various stakeholders (Al Farooque & Ahulu, 2017; Kuzey & Uyar, 2017; Loh et al, 2017). In addition, Kaur and Singh (2018) state that prior studies reveal inefficiencies in the qualitative measurement of reputation. Baumgartner et al. (2020) also claim that stakeholders are inefficient when assessing a company's reputational information due to a lack of reliability and consistency. Hence, to address all these problems, the disclosure of a company's reputation requires a

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measurement that can meet stakeholders' growing needs for non-financial information in light of the decreasing relevance and usefulness of financial disclosures (Lev, 2018 and Lev, 2019). Furthermore, the research stream that focused on analyzing the relationship between sustainability reporting and corporate reputation is still relatively new and limited (Golob et al., 2013; Tanggamani et al., 2020). These shortcomings are critical areas for further research since many PLCs in Malaysia still lack awareness and knowledge of the advantages of transparency (Ahamed et al., 2014; Amran et al., 2013; Tanggamani et al., 2020). Therefore, the aim of this paper was to examine the relationship between sustainability reporting and the disclosure of corporate reputation in Malaysian PLCs.
Malaysia offers a captivating research opportunity due to its dynamic and distinctive business landscape, setting it apart from other East Asian nations. Notably, Malaysia boasts one of the highest ownership concentrations globally. The government exercises active and predominant ownership in the financial market through government-linked investment companies (Esa & Mohd Ghazali, 2012; Gomez et al., 2018). Consequently, the impact of government ownership on capital markets, firms' strategic choices, and governance becomes a pivotal aspect that cannot be overlooked. Malaysia can also be used to generalize the findings on reputation among developing countries as the market behaviour of Malaysia is similar to their trading partners (i.e., Thailand, Indonesia, Philippines and others) and Malaysian culture may represent and align with emerging countries because it has a similar view to other developing countries (Hofstede & Minkov, 2010). Moreover, the top 100 companies were chosen based on their active trading status in the market, with the expectation that larger companies would likely offer comprehensive information in their annual reports (Mohd Ghazali, 2007). The subsequent sections of the paper are organized as follows: Section 2 delves into a review of previous research, emphasizing corporate reputation concerns, theoretical frameworks, and the development of hypotheses. The next section addresses research methodology used in the current study. Finally, Sections 4 and 5 delineate the primary discoveries, delve into the discussion, and offer conclusive remarks.

2. Literature review and Hypotheses Development

This section discusses the prior literature on the method used to measure reputation and the development of the hypotheses.

2.1 Derivational based reputation measure

Corporate reputation is the outcome of a competitive process through which organizations communicate their most prominent characteristics to stakeholders (Fombrun & Shanley, 1990). These signals enable stakeholders to interpret an organization's strengths, strategic characteristics and potential to deliver value for them (Basdeo et al., 2006; Rindova & Fombrun 1999). Numerous past studies have limited their assessment to survey-based approaches, facing difficulties in quantifying corporate reputation. However, the evolution of a financial halo, limited applicability, and the inherent subjectivity in survey methods, as observed by Brown & Perry (1994), Fombrun (1996), and Fryxell & Wang (1994), has influenced and redefined how reputation is measured. Consequently, there is a demand for a novel measurement approach to assess corporate reputation (Kaur & Singh, 2019; Baruah & Panda, 2020; Kaur & Singh, 2018). Corporate reputation measurement has been divided into two categories - survey-based and derivational-based methods (Baruah & Panda, 2020; Esa et al., 2020). The derivational-based approach is a method that involves extracting information from corporate disclosure sources like corporate annual reports, advertising, supplementary company reports, or utilizing accounting tools for reputation calculation. This method is highly reliable, emphasizing the company's disclosures sourced primarily from objective business records maintained by the company.

2.2 Sustainability reporting and reputation

Sustainability reporting is perceived as a communication channel and a tool for managing reputation, with diverse effects on different stakeholders (Axjonow et al., 2018). Previous studies (Hult et al., 2018; Irfan et al., 2018) suggest a positive relationship between three sustainability elements (i.e., economic, social, and environmental) and corporate reputation. This suggests that sustainability initiatives have the potential to improve the reputations of both public and private companies. Furthermore, research indicates that the perceptions of "doing good" and engagement in corporate social responsibility (CSR) significantly impact consumer trust and satisfaction, thereby influencing business reputation (Hult et al., 2018; Kim & Kim, 2017; Park et al., 2014). However, there is a contention that sustainability reporting is accused of being a form of greenwashing, implying that some organizations may use it to present a more socially and environmentally responsible image than their actual practices warrant.

The risk of greenwashing in sustainability practices poses a significant challenge in maintaining the integrity of corporate social and environmental efforts. Greenwashing refers to the deceptive use of sustainability marketing or reporting to create a false perception of social and environmental responsibility. This phenomenon can undermine the credibility of genuine sustainability initiatives, erode public trust, and hinder progress toward more environmentally responsible business practices. To address this risk effectively, companies must prioritize transparency, align their actions with sustainability claims, and adopt robust verification mechanisms to ensure authenticity in their green initiatives. The prevalence of greenwashing underscores the importance of vigilant scrutiny and accountability in pursuing truly sustainable and ethical business practices.

Efforts to mitigate or eliminate greenwashing behaviors involve various mechanisms. Ongoing research in this field explores a range of approaches, such as governmental regulation (Lee et al., 2018; Sun & Zhang, 2019; He et al., 2020; Yang et al., 2021) and transparency in corporate social responsibility (CSR) practices (Chen & Duan, 2023; Kim, 2015; Kraft et al., 2018). In Malaysia, the primary Stock Exchange, which is Bursa Malaysia, governs sustainability reporting through its Sustainability Reporting Guide and Toolkits. This guideline and toolkits are used to cures and mitigates greenwashing in reporting through stringent regulations and oversight by Bursa Malaysia. The exchange enforces comprehensive disclosure requirements, ensuring companies provide accurate and transparent information about their sustainability practices. Bursa Malaysia promotes adherence to global reporting standards, such as the Global Reporting Initiative (GRI) guidelines, enhancing the reliability of sustainability disclosures. The exchange also emphasizes the importance of independent third-party assurance to verify the accuracy

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of reported information, thereby strengthening the credibility of companies' environmental claims. Bursa Malaysia aims to foster trust, authenticity, and responsible environmental practices within the financial marketplace through these measures.

Additionally, transparency in sustainability reporting is crucial to counteract greenwashing. Companies need to provide accurate, verifiable information about their environmental initiatives. Transparent reporting builds trust with stakeholders and safeguards an organization's reputation. Authentic communication of sustainable practices enhances credibility, fosters positive perceptions, and contributes to the long-term resilience of a company's reputation in the eyes of investors, consumers, and the public. It is essential to consider that sustainability disclosure can impact a company's legitimacy and, hence, its reputation (Odriozola & Baraibar Diez, 2017). According to Melo & Garrido-Morgado (2012), there is evidence suggesting the importance of sustainability as a factor shaping reputation, given its capacity to generate distinctive and difficult-to-replicate competitive advantages. Sustainability disclosure is also claimed to have a beneficial impact on customers' trust and their opinion of a business's reputation. Consequently, it can affect customers' experiences (Kim, 2019) and shape their purchasing behavior, intentions to buy again, and behavioral responses, including word-of-mouth and loyalty. Nevertheless, Alon and Vidovic (2015) contended in their research that the link between sustainability and reputation has predominantly been presumed, with insufficient evidence to substantiate these findings. There are also some opposing opinions on the link between sustainability and reputation. Critics of sustainability disclosure argue that, even if such information meets the needs of stakeholders, it may come at the cost of shareholders (Martin & Moser 2016). Another reason sustainability reporting has had little effect on corporate reputation is because there is widespread skepticism about its veracity. Based on the above arguments, the subsequent hypothesis was developed:

Hypothesis 1: There is an association between sustainability reporting and reputation.

2.3 Independent director and reputation

According to the MCCG 2021 (as of 28 April 2021), having independent directors is considered the best practice in corporate governance. The rationale for this is that independent directors are required to provide supervision and objectivity to the board. MCCG's Practice 4.1, on page 22, mandates that a minimum of half the board should consist of independent directors. In the case of large companies, the MCCG stipulates a requirement for a majority of independent directors on the board. Independent directors are seen as a tool for keeping an eye on management and minimizing opportunism (Klapper & Love, 2004). Outside directors are also more likely to safeguard shareholders' interests, reduce agency conflicts and follow ethical practices (Frias-Aceituno et al., 2014). Prior research (Jensen & Meckling, 1976) states that independent directors are experts without managerial positions who have incentives to preserve or develop their status as expert monitors. Independent directors contribute expertise and networks, offering guidance on how a company's operations should be portrayed to the public. Consequently, their role is anticipated to enhance a company's reputation and image in the eyes of society. However, mixed results have been reported in earlier reputation and disclosure studies (Musteen et al, 2010; Brammer & Millington,

2005). Considering the arguments discussed, the following hypothesis was formulated:
Hypothesis 2: There is an association between independent non-executive directors and reputation.

2.4 Size of board of director and reputation

The highest authority for decision-making in an organization is its board of directors, which plays a crucial role in shaping policies and guiding the organization's strategic growth. Research conducted by Brammer et al. (2009) and Musteen et al. (2010) suggests a direct relationship between the size of the board, the effectiveness of governance, and the quality of decision-making. Musteen et al. (2010) claim that the larger the number of directors in an organization enables them to draw on their many experiences and resources to make better decisions. Better decisions are reflected in the firm's performance, effective management procedures and relationships with stakeholders, thus establishing a link between the larger number of board directors and an enhanced reputation (Ljubojevic & Ljubojevic, 2008; Musteen et al., 2010; Kaur & Singh, 2019). Thus, the following hypothesis was formulated:
Hypothesis 3: There is an association between the size of a board of directors and reputation.

2.5 Other control variables

An analysis of prior studies on reputation and disclosure prompted the inclusion of four control variables in the multiple regression models employed to test the main hypotheses. These variables specifically encompass firm size (Kaur & Singh, 2019, 2020; Fombrun & Shanley, 1990; Brammer & Pavelin, 2006), leverage (Brammer & Millington, 2005; Brammer & Pavelin, 2006; Axjonow et al., 2018; Boshnak, 2021; Haniffa & Cooke, 2005), profitability (Fombrun & Shanley, 1990; Ghosh, 2017), and industry type (Ghosh, 2017; Mohd Ghazali, 2007).

3. Research Method

This section delves into the procedures for selecting the sample, the process of collecting data, the creation of the Corporate Reputation (CR) checklist, and the measurement of variables.

3.1 Selection of samples

This study utilized a sample comprising the 100 most prominent companies listed on Bursa Malaysia, selected based on their market capitalization. The study evaluated corporate reputation disclosure methods by examining company annual reports for the years 2019 and 2020. A period of two years was chosen and deemed ample to provide insightful findings pertaining to the effect of the variables associated with reputation disclosure. Additionally, a two-year data span is justified due to a substantial structural break introduced by the COVID-19 pandemic. The pandemic represents a unique and impactful event that brought unprecedented challenges to businesses worldwide. Limiting the analysis to this specific timeframe allows for a targeted examination of how the pandemic, as a distinct event, influenced the patterns and trends in the data. The selection of the number of years aligns with the standard practice observed in disclosure studies (Esa & Mohd Ghazali, 2012). Nevertheless, financial institutions were omitted from the

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sample among the 100 largest companies listed on Bursa Malaysia by market capitalization due to distinct regulatory requirements and substantially different operational characteristics. Financial institutions in Malaysia adhere to the Financial Services Act 2013, a criterion followed in several prior disclosure studies (Zahari et al., 2020; Esa & Mohd Ghazali, 2012; Esa & Zahari, 2016; Haniffa & Cooke, 2005; Mohd Ghazali, 2007). After excluding 17 financial companies for both years, the total number of companies for 2019 and 2020 was reduced to 83. The researchers deemed this sample size sufficient for empirical research to test the study's hypotheses, considering the guideline provided by Green (1991) and Van Voorhis & Morgan (2007), who recommend a minimum of ten participants per predictor variable for regression equations with six or more predictor variables. Consequently, this study aims to illuminate corporate reputation disclosure by evaluating seven variables: profitability, company size, industry type, leverage, sustainability reporting, board size, and independent directors. Thus, the final sample companies met VanVoorhis and Morgan's (2007) requirements for a sufficient sample size for statistical analysis (e.g., regression, correlation).

Previous studies (Gray et al., 1995; Guthrie & Parker, 1989) indicate that annual reports serve as the primary communication channel for stakeholders such as shareholders, investors, academics, regulatory bodies, employees, and society at large. Additionally, published annual reports stand out as crucial reservoirs of corporate information. The published annual report is much more widely circulated and thus can potentially affect more investment decisions and secondly, the published annual report is less rigid in format and gives the reader more insight into the management's reporting philosophy. In addition, as explained in agency theory, the quality of information presented in annual reports affects investors and other stakeholders' actions through mitigating information and incentive issues. Annual reports are chosen to serve as invaluable sources of information since company managers often use the reporting mechanism to signal what they deem significant. Recognized as a communication tool, the annual report serves as a means for a corporation to engage with a broad range of external and internal stakeholders (Guthrie & Petty, 2000). Additionally, annual reports offer the advantage of regular production, enabling the possibility of conducting comparative analyses of management perspectives and policies across different reporting periods (Niemark, 1995). Campbell (2000) asserts that annual reports can be considered a dependable gauge of a company's reporting behavior for two reasons. Firstly, the company has complete control over the report's content, except for the audited financials section. Secondly, annual reports are typically the company's most widely distributed public documents. In numerous jurisdictions, companies are legally obligated to produce annual reports regularly, making it convenient for comparisons, as highlighted by Tilt (2001).

3.2 Research instrument

Content analysis was employed in this research to scrutinize the annual reports of the 100 largest Publicly Listed Companies (PLCs) in Malaysia, aiming to assess the level of reported reputation. Content analysis is a method of observational research used to assess the content of recorded communication in a systematic manner. This research approach is used to derive accurate information about the content of data (Krippendorff, 1980). Content analysis was considered a suitable approach for evaluating the extent of disclosures. This methodology aligns with previous studies on disclosure, as evidenced in previous literature (i.e., Esa & Zahari, 2016; Esa & Mohd Ghazali, 2012; Mohd Ghazali, 2007: Zahari et al., 2020). The annual reports of the largest Public Listed Companies (PLCs) in Malaysia for the years 2019 and 2020 were obtained from the Bursa Malaysia website and scrutinized for mentions of reputation transparency. To assess corporate reputation, a self-developed index was prepared. The construction of this checklist drew upon the RepTrak™ Model, encompassing seven categories (governance, leadership, innovation, product or services, workplace, citizenship, and performance) provided by the Reputation Institute, as well as insights from prior reputation and intangible assets studies (Abeysekera, 2011; Ahmed Haji & Mohd Ghazali, 2012; Othman et al., 2011). Expert opinions from practitioners were solicited to refine and ensure the comprehensiveness of the checklist, resulting in a final total of 22 items. The scoring mechanism utilized was an unweighted disclosure index, where each item was considered equally important. A score of 1 was assigned if the item was disclosed and 0 if not, employing the dichotomous method. The total score obtained by the firm reflected its level of transparency. An unweighted index is deemed suitable for research that does not specifically target the information requirements of particular groups (Cooke, 1989). Previous studies have endorsed and implemented this unweighted scoring approach (Esa & Mohd Ghazali, 2012; Mohd Ghazali, 2007; Cooke, 1993; Meek et al., 1995; Chau & Gray, 2002). The approach, emphasizing the presence or absence of items in the disclosure checklist, is considered more objective (Cooke, 1989), and as noted by Abeysekera, (2011), it helps circumvent scaling errors. The study employs equal weights for each item in the reputation checklist to maintain simplicity and avoid potential biases. While it's acknowledged that certain factors may substantially impact reputation, assigning equal weights ensures a straightforward and transparent methodology. Additionally, this approach is suitable to access the extent of disclosure (Ahmed Haji & Mohd Ghazali, 2012; Esa & Mohd Ghazali, 2012; Mohd Ghazali, 2007). To mitigate the potential subjectivity introduced by relying on content analysis of annual reports, the detailed explanation and operationalization on reputation checklist items is also included in methodology part and during analysis. The comprehensive reputation checklist can be found in prior literature by Esa et al. (2022).

In addition, a sustainability reporting checklist as an independent variable in the current study was also constructed; the checklist included sustainability categories such as social, environmental, and economic. A total of 100 disclosure items are included in the original sustainability-reporting checklist drawn up by Ghabayen et al., (2016) which focused on the banking industry. The checklist must be relevant and applicable; therefore, some modification was required to fit with the Malaysian business environment. Also, consideration will be given to the evaluation using the latest criteria established and issued by Bursa Malaysia (Sustainability Reporting Guide) and the Global Reporting Initiatives (GRI). From the 100 items sustainability reporting checklist index by Ghabayen et al., (2016), 53 items were eliminated due to the item being only relevant to the banking industry sample and suggestions made by experts to combine or group together items due to duplication of meaning and objective. Therefore, the final total of items on the reputation checklist was 47. In addition, other variables used in the current study were company size, profitability, leverage, and type of industry.

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Inter-rater reliability was employed to assess the reliability and applicability of the scoring process and the reputation measurement index. This test is essential as it recognizes that human observers may not consistently interpret responses similarly. Apart from the researcher, two raters conducted content analysis on the annual reports. All raters had coding experience and were familiar with content analysis research. Each team member was briefed on the disclosure index and the coding process based on a list of definitions and rules for making decisions. Following the briefing sessions, each rater applied this index to the annual reports of 30 firms from the 2019 to 2020 financial year (60 observations) for pilot tested. The intra-class correlation coefficient was used in this study to explain the reliability of the disclosure index. Table 1 shows the mean and standard deviation of the score and two other raters. Based on the findings, the rater 2 gave the highest mean score for reputation disclosure followed by the researcher and rater 1, but not much different. Table 2 shows the intraclass correlation coefficient for the inter-rater reliability test. The average measure of intra-class correlation was 0.978, which means that 97.8 percent of consistency was noted by the researcher and both raters. This shows that the measurement of the reputation disclosure index used in this study is reliable.

Table 1. Item Statistics of Inter-Rater Reliability Test

	Mean	**Std. Deviation**	**N**
Researcher	17.4333	1.94297	60
Rater 1	17.4000	1.88841	60
Rater 2	17.4500	1.77959	60

Table 2. Intraclass Correlation Coefficient of Inter-Rater Reliability Test

	Intraclass correlation	**95% Confidence interval**		**F test with true Value 0**			
		Lower Bound	Upper Bound	Value	Df1	Df2	Sig
Single Measures	.936	.903	.959	44.635	59	118	.000
Average Measures	.978	.966	.986	44.635	59	118	.000

4. Findings and Discussion

A multiple regression analysis with seven independent variables was conducted to identify the factors influencing reputation disclosure. The presented regression model is outlined as follows:

$$CRD = \beta_0 + \beta_1\, CoSize + \beta_2\, Prof + \beta_3\, Lev + \beta_4\, IndType + \beta_5\, SR + \beta_6\, Ined + \beta_7\, Bsize$$

Table 3 offers a concise overview of the variables incorporated in the regression model. Information for these variables was sourced from the annual reports of the respective companies.

Table 3. Variables used in the regression

Variables	Description	Symbol used
Corporate reputation	CRD is assessed through the index of corporate reputation disclosure.	CRD
Company size	Assessed through the metric of total assets	CoSize
Leverage	Lev is quantified as the ratio of total liabilities to total assets.	Lev
Profitability	Prof is gauged by the ratio of profit before tax to total assets.	Prof
Industry type	Binary variables, where 1 signifies manufacturing and service, and 0 indicates other categories	IndType
Sustainability reporting	Measured using index of sustainability disclosure	SR
Independent director	Proportion of non-executive directors with independence in the board structure.	Ined
Size of BOD	The overall number of directors serving on the board	Bsize

Table 4 presents descriptive statistics for corporate reputation disclosure each year, showing a range from a minimum score of 64% to a maximum score of 100%, with a mean of 88.76% in 2019. In 2020, the scores ranged from a minimum of 60% to a maximum of 89%, with a mean of 84.26%. This implies that a larger company, as a sample study, displays good disclosure as well as a good reputation. Disclosing reputation serves as a communication tool as it aligns with various stakeholder expectations, allowing companies to report on the preferences of their key stakeholders. Additionally, the maximum level of disclosure reduced to 89% might be due to COVID-19 pandemic where most of business faced unprecedented challenges and uncertainties. Additionally, it's important to note that the pandemic has induced disruptions across various industries, affecting the ability of companies to provide comprehensive disclosures. The challenges posed by the pandemic, such as operational disruptions, financial uncertainties, and shifting priorities, may have influenced companies to limit the extent of information they disclose. Many companies did focus on managing their reputation during this time, but the focus shifted during a pandemic where the businesses focused on survival and immediate concerns and shifting priorities. The unprecedented challenges and uncertainties brought about by the pandemic likely prompted businesses to reassess their communication strategies. Companies might have become more cautious in their disclosures, especially concerning reputation, as they navigated the complexities introduced by the global health crisis. This adjustment in the pattern of reputation disclosure underscores the dynamic influence of external factors, such as a pandemic, on the trends identified in the data. The need for adaptability and resilience in the face of unexpected disruptions is evident in how

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businesses respond to and communicate about their reputation during challenging times like the COVID-19 pandemic.

Table 4. Descriptive statistics of the CR disclosure score in 2019 and 2020

	Total CR disclosure score 2019	Total CR disclosure score 2020
N	83	83
Minimum	0.64	0.60
Maximum	1.00	0.89
Mean	0.8876	0.8426

Table 5 displays the correlation coefficients among the variables. The findings reveal that external director or Ined, sustainability reporting, and size of BOD demonstrate significant correlations with reputation disclosure at the 0.01% and 0.05% significance levels in each respective year. Moreover, company size exhibits significance at the 0.05% level in 2020. Importantly, none of the correlations surpass 0.7, a threshold suggested by Tabachnick and Fidell (2001) for identifying collinearity. It is crucial to recognize that collinearity is not deemed problematic unless the coefficient approaches 0.8 or 0.9, as indicated by Gujarati (1995), and the extent of collinearity impacts the issue of multicollinearity. The interpretation of the multiple regression results suggests that no correlation exceeds 0.7.

Table 5. Correlation analysis among continuous independent variables

	Ined	BSize	CoSize	SR	Lev	Prof	CRD
Year 2019							
Ined	1						
BSize	-.104	1					
CoSize	.122	.040	1				
SR	.130	.281**	.141	1			
Lev	.099	.036	.121	-.138	1		
Prof	-.079	-.184	-.210	-.165	-.117	1	
CRD	.438**	.226*	.079	.377**	.076	-.008	1
Year 2020							
Ined	1						
BSize	-.038	1					
CoSize	.054	.164	1				
SR	.249*	.302**	.229*	1			
Lev	.052	-.048	.162	.091	1		
Prof	-.127	-.268*	-.422**	-.050	-.099	1	
CRD	.329**	.233*	.280*	.624**	.194	.005	1

Notes: *, **. Significant correlation is observed at the 0.05 (two-tailed) and 0.01 (two-tailed) levels.

With regards to the regression on the extent of reputation disclosure, Table 6 sets out the results of the model for both years. It incorporates seven independent variables, namely company size, leverage, profitability, industry type, sustainability reporting, the proportion of independent directors on the board and board size that were significant at the 1% level (sig. 0.000) and was able to explain 34.2% in 2019 and 44.2% in 2020 of the variations in reputation disclosure of Malaysian PLCs. The Variance Inflation Factors (VIFs) for all independent variables in both years remained below 2. According to Gujarati (1995), collinearity becomes a concern only when the VIF exceeds 10. This finding confirms the absence of multicollinearity in the regression model. Sustainability reporting, independent non-executive directors and board size are significant at the 1% level, while leverage is significant at the 10% level.

These findings suggest that the sustainability reporting variable is a key factor in elucidating why companies disclose more information about their reputation compared to other factors, such as corporate characteristics variables. Reporting on sustainability is found to affect the transparency of reputation for both years. In addition, board independence is found significantly associated with reputation disclosure for both years. This implies that Public Limited Companies (PLCs) with a higher number of external directors or independent directors demonstrate increased transparency, disclosing more information about their reputation. The notable and positive correlation between board size and the extent of reputation disclosure suggests that PLCs with larger boards may possess greater expertise and knowledge in terms of accountability and transparency. This increased capability to monitor effectively could result in higher disclosure levels regarding the company's reputation. This finding is consistent and is supported by earlier findings in previous disclosure studies (e.g., Esa & Mohd Ghazali, 2012; Said et al. 2009) and reputation studies (e.g., Brammer et al., 2009; Fombrun & Shanley, 1990). Leverage demonstrates marginal significance at the 10% level for both years in influencing reputation disclosure. This outcome implies that PLCs might consider enhancing their disclosures to fulfill accountability to various stakeholders. Additionally, company size was found significant at 5% for reputation disclosure in 2020. It shows that firm size improves and drives reputation positively. The result is in line with a prior reputational study by Kaur & Singh (2020).

However, two variables related to company characteristics, namely profitability and industry type, were found to be statistically insignificant for both years. These results contradict earlier findings on the influence of profitability (Kaur & Singh, 2020; Haniffa & Cooke, 2005) and industry type (Brammer & Pavelin, 2006; Ghosh, 2017) in the context of reputation and disclosure studies. One possible explanation could be the insufficient variation in profitability and the types of industries to explain reputation disclosure. Moreover, the lack of significance in industry type indicates no discernible difference in reporting corporate reputation between manufacturing, services, and other industries in Malaysia.

Table 6. The findings of association between variables and the extent of reputation disclosure

Variables	Constant	Cosize	Lev	Prof	IndType	SR	Ined	Bsize
Year 2019								
t-value	-.540	-1.051	1.866	.712	1.434	3.797	5.051	2.734
Sig	.591	.297	.066*	.479	.156	.000***	.000***	.008***
VIF		1.204	1.309	1.125	1.055	1.383	1.042	1.063
Adjusted R^2	0.342							
F statistic	7.088							
Significance	0.000							

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Year 2020								
t-value	5.337	2.077	1.708	1.606	.849	5.296	2.628	1.072
Sig	.000	.041**	.092*	.113	.399	.000***	.010***	.287
VIF		1.307	1.102	1.465	1.359	1.325	1.158	1.295
Adjusted R^2	0.442							
F statistic	10.267							
Significance	0.000							

Notes: *, **, *** indicate statistically significant at the level of 10, 5 and 1 percent level.

5. Conclusion, Limitation and Suggestion for Future Research

Is sustainability intricately linked with reputation, forming two facets of the same coin? Can companies succeed in terms of reputation by being socially and environmentally sustainable? Does sustainability reporting and corporate reputation "balancing green and gold"? The main motive for publishing reputation disclosure is to legitimize and signal the companies' operations, thus justifying their continued existence and gaining higher levels of trust. A disclosure checklist could be used to assess reputation and can be an incentive to companies to perform better and enhance their confidence as well as their reputation among stakeholders. Therefore, when companies are ranked publicly according to their reputation index criteria, the market forces companies to invest in improving their ranking. The study is unique as it was conducted in a different economic setting in developing countries whereas the focus of previous reputational studies was on developed countries. The results also demonstrated that sustainability and corporate reputation are closely related and are two sides of the same coin. While being socially and environmentally sustainable, companies can contribute to a positive reputation, factors that influence a company's overall success. Additionally, sustainability reporting can help companies demonstrate this commitment and build trust with stakeholders, contributing to the delicate balance between "green" sustainability and "gold" financial performance as well as company reputation.

The findings from the present study, which investigated the factors influencing corporate reputation using a reputation disclosure checklist as a proxy, reveal that five predictors exhibit significant associations with corporate reputation. Specifically, sustainability reporting, independent directors, and leverage showed significant associations at the 1% and 10% significance levels for both years. Additionally, board size and company size demonstrated significance at the 1% and 5% levels for 2019 and 2020, respectively. Notably, a robust and significant association at the 1% level was observed between sustainability reporting, independent directors, board size, and the extent of reputation disclosures. This result indicates a positive correlation between sustainability and reputation. Companies that disclose sustainable practices in their annual reports tend to achieve improved financial outcomes and garner favorable reputations among diverse stakeholders. Existing literature highlights the use of sustainability reporting by companies as a strategy for reputation management, fostering positive feedback (Kaur & Singh, 2018), and enhancing legitimacy (Haniffa & Cooke, 2005). Sustainability reporting determines a company's reputation transparency, signaling external awareness of the need to address a broader spectrum of social and environmental issues. The public may interpret sustainability reporting as a positive indication of a company's commitment to philanthropy and overall performance, shaping their perception and positively impacting the company's reputation.

The noteworthy positive association between board size and the disclosure of reputation indicates that larger boards tend to reveal more information about their reputation compared to smaller boards. This observation implies that boards with a greater number of members, bringing diverse experiences and backgrounds, engage in more robust discussions aimed at improving reputation. This, in turn, facilitates the making of "quality" decisions, contributing to enhanced governance and ultimately boosting the firm's reputation (Brammer et al., 2009; Fombrun & Shanley, 1990; Ljubojevic & Ljubojevic, 2008). Leverage is marginally significant at the 10% level in influencing the extent of reputation disclosure among Malaysia's largest publicly listed companies (PLCs). This suggests that as a company's leverage increases, there is a corresponding rise in the level of disclosure provided in the annual report. This finding aligns with prior studies on disclosure (e.g., Boshnak, 2021; Garas & El Massah, 2018; Haniffa & Cooke, 2005; Schadewitz & Blevins, 1998). In accordance with agency theory, as articulated by Jensen and Meckling (1976), highly leveraged businesses incur greater monitoring costs, leading firms with significant leverage to offer more information in annual reports for monitoring purposes. This is consistent with the notion that highly leveraged firms voluntarily provide more information than their low-leverage counterparts to legitimize actions with stakeholders, address long-term creditors' needs, and alleviate wealth transfer concerns among loan holders. Furthermore, the noteworthy relationship between firm size and reputation implies that the higher reputation of larger companies compared to smaller ones may be attributed to their ability to formulate and execute effective business strategies. Larger companies potentially access more resources, signaling strategic success, good governance, optimal resource utilization, and sound financial positions.

The study results have several implications. Firstly, the rise in disclosures reinforces previous assertions that they serve as a corporate signaling method, transmitting quality signals (Kaur & Singh, 2018) and legitimacy, avoids questionable business practices and is a way of preventing a legitimacy gap (Haniffa & Cooke, 2005). Additionally, the notable positive correlation between board size, sustainability reporting, independent directors, company size, leverage, and the extent of disclosures implies that these variables play crucial roles in influencing voluntary disclosures related to reputation. Companies must recognize that sustainability reporting and reputation are two sides of the same coin where sustainability reporting appears as a driver that influences the reputation.

This study has its limitations. Firstly, the analysis of annual reports introduces a level of subjectivity that may impact the reliability of the results. Future researchers may consider adopting a mixed-method approach, combining quantitative and qualitative research to address this. Interviews, in particular, could complement the quantitative findings by providing additional context. Secondly, the study's examination was confined to two years, a constraint acknowledged in prior research. Subsequent studies might enhance their design by adopting a longitudinal approach, investigating the disclosure practices of the 100 largest companies over an extended timeframe. This would facilitate meaningful comparisons between different years. Then, the study focused solely on disclosures within annual reports, omitting consideration of other information channels like websites and brochures. Future research could broaden its scope by incorporating these additional

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channels in exploring reputation disclosures. Finally, the applicability of the results is constrained to the specific context of Malaysia, and care should be taken when extrapolating these results to different cultural or economic settings. Acknowledging this constraint emphasizes the importance of exercising caution in the cross-cultural applicability of the study, contributing to a more nuanced interpretation of the conclusions.

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