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Exploring Stakeholder Salience Perspective of Firm Reputation: Evidence From Malaysia

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Abstract
This paper aims to explore the components of a firm reputation based on public information disclosure and its relationship with the stakeholder salience model. The firm reputation components are analysed using content analysis of the firm's annual report. The study collects data on the firm reputation components from 200 annual reports of Malaysian public listed companies over a period of 4 years (2016-2019). The results of the study found that there are seven (7) components that can be used to reflect on the firm reputational aspects as disclosed in the firm's annual report. The components include performance, product and service quality, innovation, workplace, governance, citizenship/CSR, and leadership. The findings also reveal three highest components which are product and service quality, performance, and workplace, are supported by the stakeholder salience theory. Our analysis provides evidence that power, legitimacy, and urgency become crucial attributes in determining the key stakeholders of the firms (customers, employees, and shareholders) when the firms have different types of stakeholders. Operatively, our evidence can help regulators, investors and researchers to better understand firm reputational components as per information disclosed by the firms, especially for the firms operating in developing and emerging markets. Further, this study is among the earliest that provide the interrelation between firm reputational dimension and stakeholder salience.
Keywords: Firm Reputation, Stakeholder Salience, Content Analysis, Disclosure, Stakeholder.

Introduction

Background of Study

Firm reputation becomes the focus of firms across the world. A firm reputation considers the intangible value of the firm (Kaur & Singh, 2020). It is basically unique in nature and specific to the firms. Firm reputation is a critical aspect of the firm because it is difficult to be replicated (Almeida & Coelho, 2019). Fombrun (1996) defines reputation as stakeholders' assessment of the firm's performance. Firm reputation is also an important aspect of reflecting on a firm's capabilities and maintaining a competitive advantage in today's global market (Kwon & Lee, 2019; Chen, 2016). According to Velez-Ocampo and Gonzalez-Perez

(2019), a firm reputation makes the firm is being recognised and receive positive perceptions from others. Reputation at the corporate level is an intangible resource based on firms' history of accomplishments, signals and behaviours (Yamakawa et al., 2013). According to Barnett et al (2006), there exist multiple definitions of firm reputation ranging from those that term it as an asset to those that describe it as an assessment and/or awareness of the firm by its stakeholders. Overall, the firm reputation reflects on the stakeholder perception or evaluation of the firm's actions.

The term firm reputation in literature is used interchangeably with related terms such as corporate identity, corporate image and legitimacy (Velez-Ocampo & Gonzalez-Perez, 2019). The authors also describe the elements of the firm reputation as a set of attributes inferred from past actions, a strategic asset, a valuable and intangible resource, and a set of collective judgements. Hence, key strategic decisions of the firm shall look into creating and maintaining reputable firm images. Reputation is recognised as the strategic value of firms which can drive value creation (Kwon & Lee, 2019). The authors posit that firm reputation is among the most impactful strategic factor that reflects on firms' external attractiveness, which contributes to firm value. Reputation requires to develop over time and through repeated practice (Fombrun & Shanley, 1990).

The are several benefits that can be gained from the firm reputation. First, a firm reputation can be deployed by the firm to outrival its competitor (Kaur & Singh, 2020), which leads to corporate success (Almeida & Coelho, 2019). Further, the merits of a good reputation can be associated with cost savings, as suppliers and employees seek to be associated with the firm, favourable access to capital given the perception of lower risk, as well as the ability to charge premium prices to generate superior margins (Fombrun, 1996; Roberts & Dowling, 2002; Almeida & Coelho, 2019). In addition, service providers try to have excellent reputations in order to attract new customers and ensure existing customers are continuously using their services (Park, 2019). Firm reputation affects customer behaviour in terms of increasing customers' willingness to pay, purchase intention, customer loyalty, and trust (Gatzert & Schmit, 2016). Firm reputation also can benefit the firms to expand their business in the international markets by shaping a favourable image among international market participants (Velez-Ocampo & Gonzalez-Perez, 2019).

Further, a good reputation is seen as the driver to ensuring a firm's sustainability because of its ability to shape positive reactions from stakeholders. Aguilera-Caracuel et al (2017) argue that an excellent reputation requires determining what type of reputation researchers mean and for which specific group. Reputation creation, enhancement, and protection are critical to an organisation's success yet highly challenging, given the wide-ranging and somewhat incomprehensible nature of the concept (Gatzert & Schmit, 2016). The firm reputation also can be subjective in nature based on various perception of stakeholders. The perception can be positive and negative. The negative perception maybe due to reputation-damaging events. It is vital to closely monitor the level of a firm reputation and to manage potential reputation risks since reputation, and reputation-damaging events can substantially impact stakeholder behaviour as well as financial performance (Heidinger & Gatzert, 2018). Good reputation can increase stakeholder’s confidence.

Building good reputable images is necessary for firms in developing countries, like Malaysia, especially in attracting foreign investment and competing effectively in the global market (Othman et al., 2011). Velez-Ocampo and Gonzalez-Perez (2019) also suggest exploring the dynamisms of firm reputation in the least developed economies and emerging markets. Although a firm reputation brings a lot of benefits to the firm, the building of a reputation requires considerable investment (Linder & Seidenstricker, 2018). Therefore, it becomes a bit challenging for firms in developing countries to have the resources to build reputable firm images. Nonetheless, the firm reputation becomes one of the crucial agendas for firms in developing countries to ensure sustainability and economic growth. In Malaysia, the government encourages the firm to take the initiative and effort in building reputable firm images, such as through CSR initiatives (Arshad et al., 2012). Thus, this study fills the gap in the literature by addressing the issue of firm reputation among firms in the developing country, which is Malaysia. Unlike prior research that provides general descriptions of firm reputation based on stakeholder theory, this study extends the discussion to the stakeholder salience perspective.

Statement of Problem

There is no dearth of empirical literature that explore the components of a firm reputation. Most of the studies have measured firm reputation using reputation ranking such as *Fortune World's Most Admired Companies Ranking or Britain's Most Admired Companies by Management Today,* or any reputation ranking produced by a business magazine (e.g. Aguilera-Caracuel et al., 2017; Chen, 2016; Rodriguez-Ariza et al., 2016; Mkumbuzi, 2015; Tischer & Hildebrandt, 2014). A systematic review on the measurement of firm reputation also reported other measurements by using the information on the asset quality ratio by a third party rating agency, media data, market share, winning content, and ranking by students or recruiters (Walker, 2010). Several studies also used stakeholders evaluation through survey questionnaires to assess stakeholders' perceptions of the firm reputation (Hormiga & García-Almeida, 2016; Park, 2019; Schaarschmidt & Walsh, 2020; Alwi et al., 2017; Vig, Dumicic & Klopotan, 2017). Some studies also used Reputation Quotient^{TM} (RQ) or Global Reptrak^{TM} to measure firm reputation (Fasaei, Tempelaar & Jansen, 2018; Fombrun, Ponzi & Newburry, 2015). Kaur and Singh (2020) posit that the biggest challenge in the studies of firm reputation is its measurement. As a result, the implications of a firm reputation on firm performance are varied (Kwon & Lee, 2019).

Despite prolific research into the components of firm reputation, there is still limited number of evidence that develop the multidimensional scale of measuring firm reputation using public information disclosure. A firm reputation is an information which is not necessarily available to the public. As a consequence, firm reputation information has to be disclosed by the firms in order to enhance firm value (Tischer & Hildebrandt, 2014). Information disclosure about firm reputation give valuable image about firm's intrinsic value. Almeida and Coelho (2019) suggest using a multidimensional scale of firm reputation can provide an evaluation of firm reputation from different stakeholders. Thus, the purpose of this study is to answer the following research questions:

- Research Question 1- How firm reputation can be measured using public information disclosure?
- Research Question 2- How does firm reputation relate to the context of the stakeholder salience perspective?

Literature Review

Firm Reputation

Firm reputation is widely discussed in the management, sustainability, and strategic management journal. Reputation receives attention because of the ability to meet the expectations on social issues of numerous stakeholders (Aguilera-Caracuel et al., 2017). Since the advancement of technology, such as social media influence and complicated business environments with multiple stakeholders, managing a firm reputation has become a vital objective in the business. Reputation risk management is becoming more widely recognised as one of the top corporate risks, especially in the banking and insurance industry (Heidinger & Gatzert, 2018). Reputational risks are described as "risks of risks" or "secondary risks" (Gatzert & Schmit, 2016). Firms would, for example, identify and manage operational risks such as production breakdowns by ensuring that machinery is maintained on a regular basis, the staff are productive, or that raw materials are supplied on time. If the control system fails or is insufficient, there would be operational risks of production breakdown, and the client would receive the products later than expected. As a result, the complaints or negative publicity would taint the firm's image and cause reputational damage. Numerous studies have investigated the antecedents/determinant and implications of the firm reputation.

Antecedents/Determinants of firm reputation

Previous studies have found several antecedents and determinants of firm reputation that include corporate social responsibility (Park, 2019; Cantele & Zardini, 2018; Linthicum, Reitenga & Sanchez, 2010), product and service quality that influences customer attitude and satisfaction (Park, 2019), and organisational environments such as culture, communication (Almeida & Coelho, 2019) or leader behaviour (Zhang & Han, 2019). In addition, firm characteristics such as size, the board, institutional ownership (Kaur & Singh, 2019), financial performance (Busch & Friede, 2018; Kaur & Singh, 2019) and the advancement of technology such as social media (Schaarschmidt & Walsh, 2020) also influence firm reputation.

According to Park (2019), the reputation of socially responsible airline companies can influence customer attitudes and satisfaction. The airline service provider's reputation was graded based on whether it is "highly regarded," "very successful," and "well established". The study found that economic responsibility has a greater impact on customer attitude and satisfaction based on three components of CSR (economic, social, and environmental). Further, Cantele and Zardini (2018) investigated the influence of sustainability practices on competitive advantage among small and medium-sized enterprises in the manufacturing sector located in Italy. The study demonstrated the positive association between sustainability practices (social, economic, and formal practices) which was mediated by firm reputation, organisational commitment and customer satisfaction on competitive advantage. In their study, a firm reputation was measured in terms of product and service quality, innovativeness, and long-term investment. However, the study did not find any significant relationship between environmental dimension, firm reputation and competitive advantage. Similarly, there was no significant relationship with other mediating variables, such as organisational commitment and customer satisfaction, recorded in the study.

Prior studies also examine the firm reputation from the employees' perspective. Almeida and Coelho (2019) examined the antecedents of firm reputation using a sample of employees in the biggest dairy union of cooperatives in Iberia. The cross-sectional study revealed the influence of communication and culture on a firm reputation. The study used multi-dimensions measurements of firm reputation, including customer orientation, good employer, financial reliability, product and service quality, and social and environmental responsibility. The study indicates that the employee view, strong organisational cultures, such as low power distance, low fear of the unknown and a cooperative environment, may enhance the firm reputation. In addition, regular communication, organisational culture, and organisational environment, such as leader behaviour, can also influence a firm reputation.

The paradoxical leadership behaviours that pursue long-term orientation can positively affect the increase of research and development (R&D), market share and firm reputation (Zhang & Han, 2019). Long-term orientation leaders consider the relationship with the external environments and pay attention to stakeholders' interest in decision-making.

Another determinant that can influence a firm reputation is firm characteristics. Kaur and Singh (2019) found that the size of highly reputable Indian companies is more than three times of low reputable companies. Firm size can create a good reputation among stakeholders due to the ability of firms to gain access to resources and market visibility. The other firm characteristics, such as larger board size and institutional ownership, are also associated with highly reputable companies. In addition, financial performance can also shape the firms' good image in the eyes of stakeholders. A meta-analysis conducted by Busch and Friede (2018) showed the relationship between corporate financial performance and corporate social performance reputation. Mkumbuzi (2015) investigated the relationship between corporate governance mechanism and intangible asset disclosure on firm reputation among UK listed companies. The study used the reputation score retrieved from the 2004 survey on 'Britain's Most Admired Companies' produced by Management Today to measure firm reputation.

Implications of Firm Reputation

Kaur and Singh (2020) found a strong positive bi-directional relationship between reputation and performance in India, thereby confirming the presence of a 'vicious circle' in the context of an emerging economy like India. Besides, Almeida and Coelho (2019) found that internal communication and corporate culture can drive a firm reputation and have impacts on corporate image and work-related outcomes like employee commitment and individual performance. The authors argue that a firm reputation plays an important role in the way employees relate with the organisation, and therefore it (a) promotes personal fulfilment; (b) increases identification with the organisation; (c) helps the organisation meet their objectives, and (d) boosts the sense of responsibility and the way they interact with the outside world. Velez-Ocampo and Gonzalez-Perez (2019) posited that lacking recognition or not being associated with a positive reputation is a roadblock to the firms' international growth and liability for expansion.

If the relative reputation ranking position has significantly improved in comparison to the competitors, there is a positive announcement effect because the share prices will change as a result of investors learning new information from the published rankings (Tischer & Hildebrandt, 2014). Aguilera-Caracuel et al. (2017) found that multinational companies with the highest levels of social performance that can fulfil the expectations of stakeholders in both local and global contexts obtain better reputations. It is due to the stakeholders seeing them as responsible and consistent organisational entities. Chen (2016) reported that a firm reputation has a significant and positive impact on the profitability of life insurers. It is due to the ability of that insurers to bring in new business and receive premiums for investment. Further, the authors also found that a sustained reputation can keep an insurer in a favourable position in future market competition.

The proper use of technology in the current global market also gives a competitive edge to firms. The use of social media provides a reputable business image. Employees' behaviour in using social media may influence the stakeholders' perception of the organisation (Schaarschmidt & Walsh, 2020). This is consistent with Cade (2018), who found that the number of re-tweets towards criticism effectively manages investors' perceptions. However, businesses must know how to respond to criticism rather than respond to the issue. Failure to meet the demands of various stakeholders can lead to withdrawals of support and consequent adverse effects on the organisation's image and economic sustainability (Arshad et al., 2012).

Stakeholder theory

Stakeholders are "those groups without whose support the firm would cease to be sustainable," according to (Freeman et al., 2010). It concerns interactions with potential stakeholders, including lenders, customers, suppliers, employees, and communities. According to Horisch et al (2020), the main ideas of stakeholder theory based on Freeman (1984) and Freeman et al (2010) are: 1) it is a network relationship between different stakeholders, 2) the key responsibility of managers is to create value for stakeholders, 3) the majority of business decisions have ethical content, and 4) companies are built around a specific purpose based on which stakeholders cooperate, which goes beyond profit making.

Businesses often establish criteria to determine which stakeholders should be taken into account in multi-stakeholder environments. It is also known as the 'stakeholder salience'. The pioneer of the stakeholder salience model, Mitchell et al (1997), proposed three criteria which are: power, urgency, and legitimacy. Kaur and Lodhia (2018) suggest additional criteria, which is proximity. Several questions may be asked, such as 'what specifically makes a stakeholder legitimate', 'who defines which stakes are urgent', and 'what to do about stakeholders that do not have the power to exert (direct) pressure on companies' (Hörisch et al., 2020). Each stakeholder has unique demands and expectations, some of which are more specialised and others of which are more flexible to different contexts (Aguilera-Caracuel et al., 2017). Thus, in order for the firm to benefit from relationships with its stakeholders, it is important to distinguish appropriately between them and capture their needs. A meta-analysis conducted by Ali et al (2015) shows the type of stakeholder group assessing firm reputation affects the association of firm reputation with its antecedents of prior financial performance, firm size, firm age and corporate social performance, and with its consequence on future financial performance. It shows the way of firm reputation is perceived and maintained.

As an organisation operates within a network of different stakeholders who can influence the organisation directly or indirectly, the ability of managers to address societal expectations is an important tool in building good relationships between the organisations and the various stakeholders (Arshad et al., 2012). Good reputation has numerous positive effects on various stakeholders' groups. There is a consensus that the important stakeholders must be the main focus of business reputation measurements (Tischer & Hildebrandt, 2014). The authors also posit that the perception gap between internal (insiders) and external stakeholders (outsiders) is most obviously based on information imbalance between them. Thus, it needs an effective communication strategy to influence all stakeholders. The disclosure strategy should combine the possession of intangible assets and their disclosure as mechanisms that impact stakeholders' perceptions (Mkumbuzi, 2015). Therefore, firms need to disclose their reputational elements in order to receive positive reaction from the stakeholders and increase stakeholder confidence.

Conceptual Framework

This study used stakeholder salience theory as the underlying assumption to understand firm reputational dimensions based on information disclosure. The Mitchell, Agle, and Wood (MAW) model (Mitchell et al., 1997), has emerged as one of the most widely used and recognised viewpoints in corporate governance and stakeholder relationship analysis (Raha et al., 2021). This study adopts the stakeholder salience viewpoints due to the firm reputation components that consider the stakeholder perceptions and recognition. Mitchell et al. (1997) defines stakeholder salience as the degree to which managers give priority and attention to competing stakeholder claims. Salience is influenced by attributes of power, legitimacy, and urgency. Mitchell et al. (1997) denote power as the ability of a stakeholder group to impose its will on the firm's decisions. Legitimacy, on the other hand, establishes whether stakeholder actions or claims are desired, legitimate or appropriate within a certain system (Mitchell et al., 1997). Lastly, the attribute of urgency refers to the extent to which stakeholder demands require prompt consideration due to their importance and timeliness (Mitchell et al., 1997).

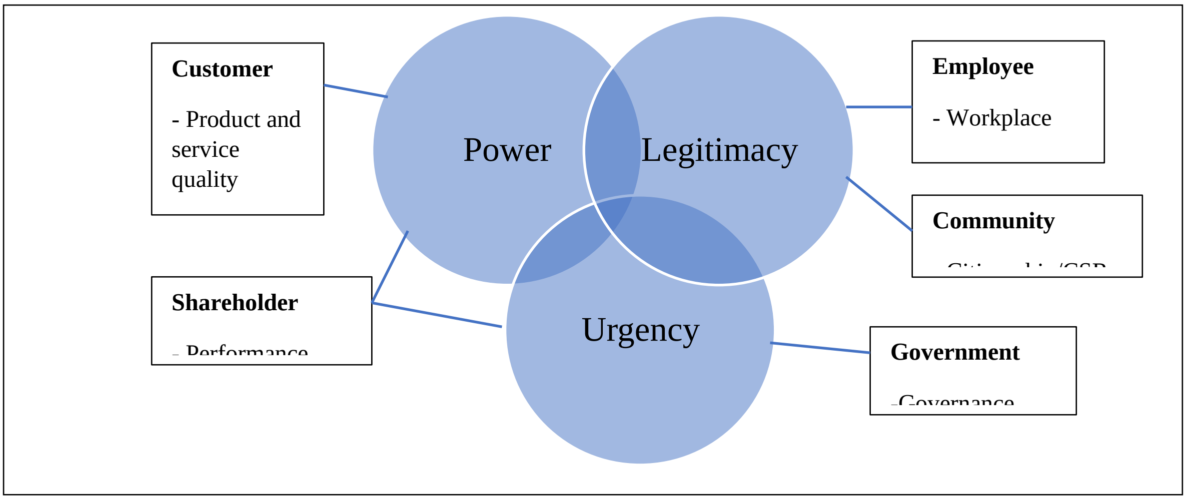

Figure 1 Integration between stakeholder's salience model and firm reputation (Source: Mitchell et al.,1997 and Raha et al., 2021)

Business managers are responsible for managing various claims and lessening harm within a network of societal relationships (Wood et al., 2021). According to Tischer and Hildebrandt (2014), stakeholders can be categorised into internal and external stakeholders. Internal stakeholders consist of the owner, manager, and employees. External stakeholders consist of the community, partner, society, investors, supplier and customer. A study conducted by Raha et al (2021) using a survey method found that shareholder has power and urgency in influencing a business decision. Meanwhile, firms need to consider suppliers and the local community because of power and legitimacy. Lastly, firms decide to consider employees and customers due to their legitimacy. Harjoto et al (2022) classify stakeholders into residual claimants (i.e., customers, shareholders) and fixed claimants (i.e., employees, environment). The authors discovered that corporate social irresponsibility episodes that alienate high legitimacy claims of shareholders and customers, high urgency claims of employees, and powerful claims of customers lead to a more pronounced underperformance. However, Wood et al (2021) argue that stakeholder conceptualisation of the firm depends in great measure on the perceptions of managers. Managers determine who their stakeholders are and how they are important or salient.

Methodology

Sample selection

This study focuses on the firms listed in the Main Market of Bursa Malaysia. Due to the high market capitalisation, stringent regulations, and larger impacts of the large companies on various stakeholders, hence, the firms listed in the main market have a tendency to protect their reputable image. Besides, they may have sufficient resources to finance their actions in building reputations. Further, Bursa Malaysia, as the regulator of the stock exchange, encourages publicly listed firms to involve in CSR activities or come out with sustainability initiatives which later shape stakeholders' perceptions. Data on firm reputation is collected from annual reports of the sample firms. Information from the annual report is publicly available and accessible to the corporate stakeholders. The data were analysed over a period of 4 years, from the year 2016 to 2019. The total number of firms listed in the main market of Bursa Malaysia as of 24th June 2019 is 794 firms, resulting in 3,176 firm-year observations. After excluding financial institutions and missing data, the final sample for four (4) consecutive years is 200 firms.

Data Collection

Similar to another study by Kaur and Singh (2019), the present study also used awards or recognition received by the firms to cater for the firm reputations. Rather than focusing on the CSR award only, this study is taken into consideration multidimensional aspects of a firm reputation. Hence, the measurement of a firm reputation by using seven (7) components as suggested by Global Reptrak^{TM}. The components include: (i) performance dimension refers to profitability, high performance and strong growth prospect; (ii) product and service quality dimension, which indicates high quality, value for money, and meeting customer needs; (iii) innovation dimension, refers to innovativeness, being first in the market, and adapt quickly to changes; (iv) workplace dimension in terms of providing a fair reward, concern for employees well-being, and equal work opportunities; (v) governance dimension refers to openness and transparency, behaving ethically, and fairness; (vi) citizenship dimension refers to being environmentally responsible, support good causes, and have a positive influence on society; and (vii) leadership dimension in terms of being well organised, having a formidable leader, excellent management, and clear vision for the future (Fasaei et al., 2018; Fombrun et al., 2015).

The scoring procedure is based on a dichotomous basis. The presence of awards or recognition for each dimension item is given the value of "1" and "0" otherwise. A keyword search using the term "award" is used before categorising the statement to each component. Based on our findings, information pertaining to the award can be retrieved mainly from the awards and achievement sections. Since this study caters for several components of firm reputation, the information on firm reputation can also be retrieved from other sections such as sustainability, chairman's statement, corporate diary, the profile of key senior management, and management and discussion analysis.

Findings

Figure 2 presents the percentage of industry representation for firm reputation. The highest percentage belongs to the consumer products and services industry (22%), followed by the industrial product and services industry (17%), and the third is the property industry (16%). Next is the construction industry with a percentage of 8%. The average of 7% representative coming from plantation and energy sector. Meanwhile, the healthcare and transportation and logistics contribute about 6% and 5% respectively. The lowest representation with the percentage of 4% belongs to the technology, telecommunication and media, and utilities industry.

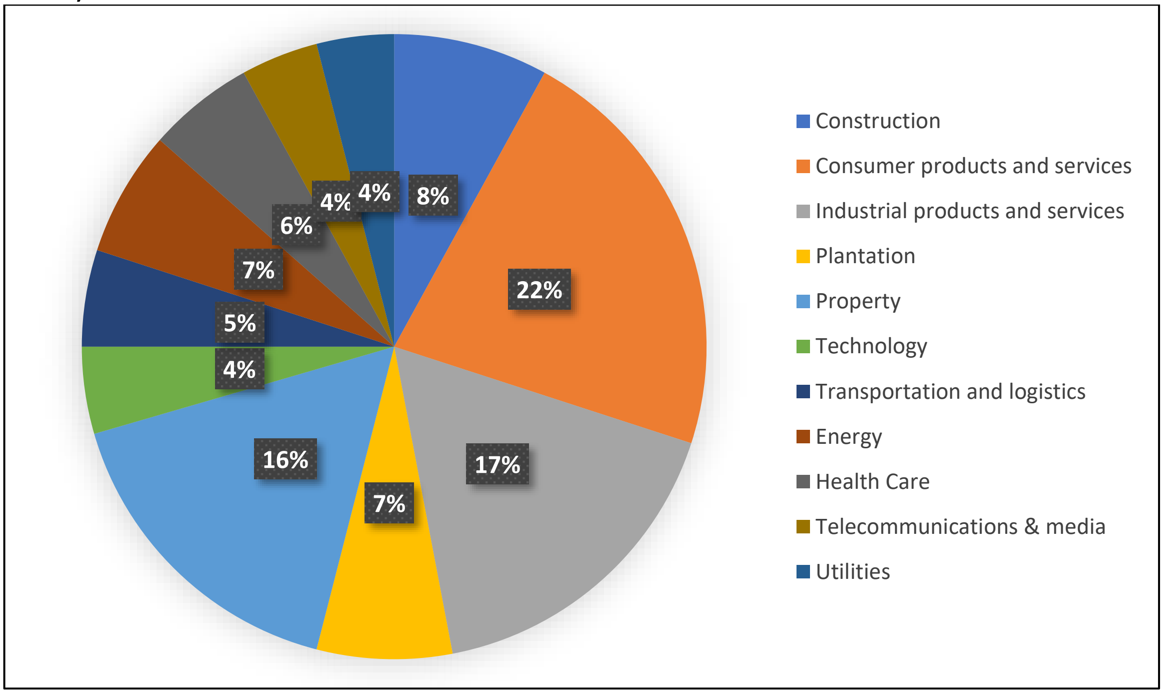

Figure 2 Industry representation for firm reputation

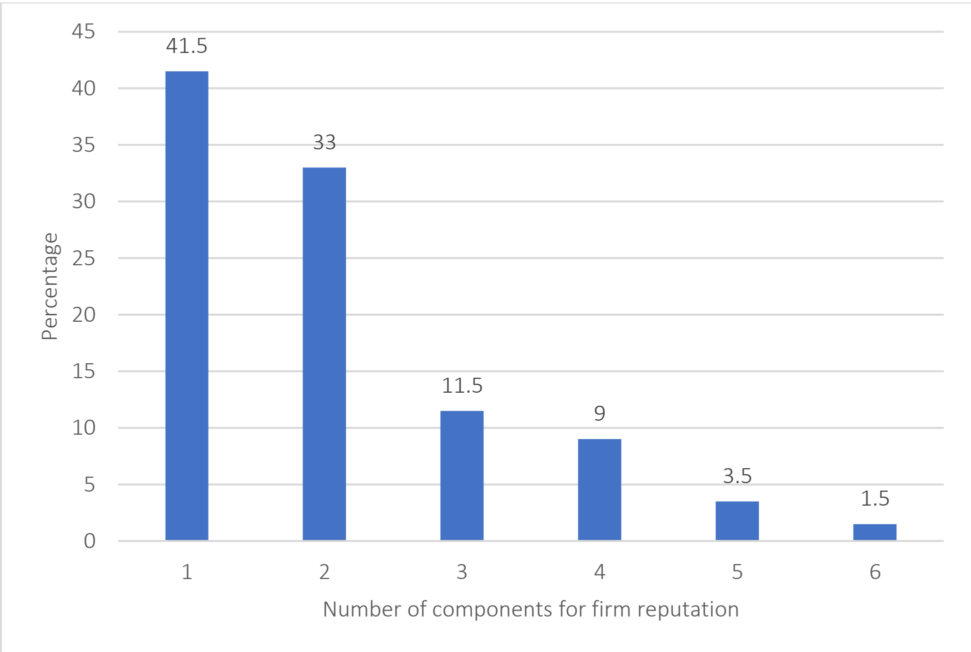

Figure 3 Total number of components for firm reputation

Figure 3 reports the percentage of the total number of components achieved by the sample firms. 41.5% fulfil at least one (1) component of firm reputation dimensions, and 33% fulfil two (2) components of firm reputation. The findings also show that only 11.5% of sample firms achieved three (3) components, and 9% achieved four (4) components of firm reputation. Meanwhile, 3.5% represent those that fulfil five (5) components of the firm reputation. Lastly, only 1.5% of the sample firms do achieve six (6) components of firm reputation.

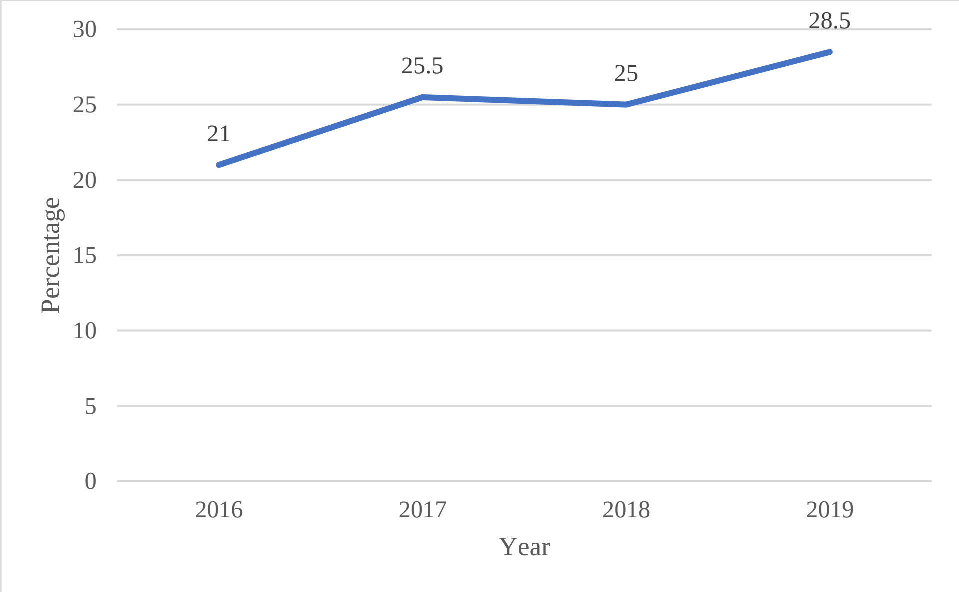

Figure 4 Awards received for four consecutive years

Figure 4 shows the awards received for four consecutive years. 21% of awards were received in the year 2016, and 25.5% of awards were received in the year 2017. A slight decrease in the year 2018, which is only 25% of awards received. Lastly, an increasing percentage for the year 2019 which resulting in 28.5% of awards received for that year. Overall, we find the increasing trends of awards received by the sample firms year by year, which indicates the firm's initiative to build a reputable firm image and get recognition or acceptance by the stakeholders.

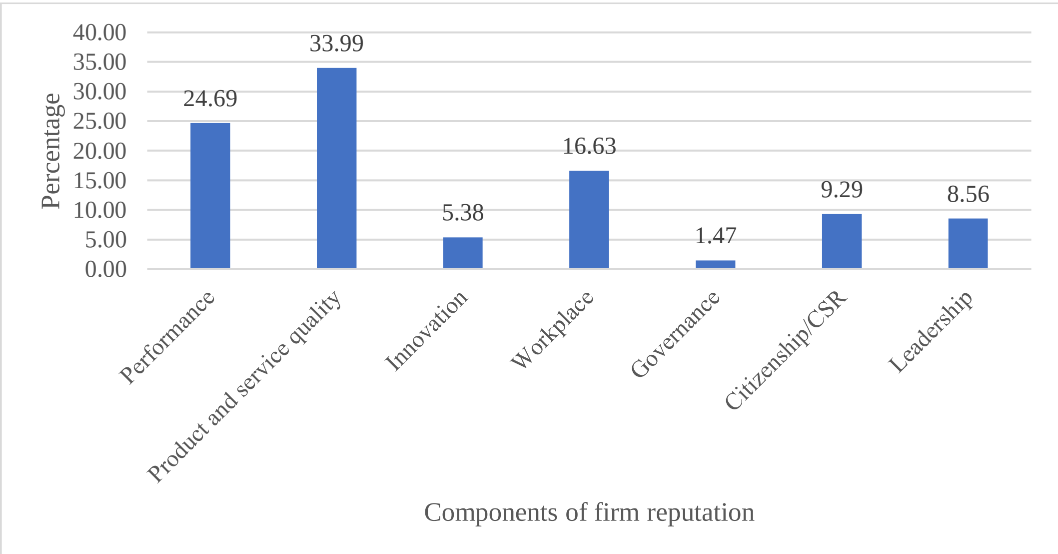

Figure 5 Percentage received for firm reputation components

Figure 5 shows the percentage received for each component of a firm reputation. The highest percentage is product and service quality, which is 33.99%, followed by the performance dimension 24.69%, and the third highest is the workplace dimension 16.63%. Next is the citizenship or corporate social responsibility dimension resulting in 9.29% and leadership at 8.56%. The lowest two components are innovation 5.38% and governance 1.47%. The result indicates that product and service quality become the most prominent criteria to reflect on a firm reputation, and firms tend to satisfy the need of their customer in order to protect their reputable image. Hence, it contributes to the highest ranking as compared to other components. Further, the results reveal that stakeholders also value the performance dimensions which measure the firm's financial performance or growth prospects. It will benefit the shareholders in return by improving firm's financial performance. The results also show that another important stakeholder of the firm is employees. The firm's reputable image can be appraised by the stakeholders in giving an award when the firm is able to provide a good and healthy workplace to the employees. Thus, based on a stakeholder salience perspective, the firm takes the initiative to consider the customers first because of their power to influence firm's the product/service decisions. Further, firms also consider the claims by the shareholders due to their power and urgency attributes in influencing business decisions as the financier provider. Lastly, employees have the legitimate power to be considered by the firms in shaping their reputable image.

Conclusion

Summary of Findings and Discussion

This paper examines how firm reputation is measured using public information disclosure and its relationship in the context of stakeholder salience model. For this study, we consider the unique setting of emerging markets like Malaysia. With regard to reputational rankings, only a small number of firms in the emerging markets can be listed as the World's Most Admired Companies. Hence, investors shall rely on other information sources to evaluate reputable firm images. Further, the markets require to attract more foreign investors and build up investors' confidence. Our study builds on prior and concurrent research that provides limited findings on ways to measure a firm reputation using publicly available data like annual reports. In contrast with many other studies, we assess several firm reputation components, including performance, product and service quality, innovation, workplace, governance, citizenship/CSR, and leadership. It is based on the awards and recognition received by the firms and their willingness to provide such information in the annual reports. This study found an increasing trend of awards and recognitions received by the firms based on the seven reputational components. The result indicates that firms in the emerging markets are taking initiatives in protecting their reputable images. Reputation management and disclosure of the reputable images could give better understanding to the market participants regarding firm's actions.

Our findings also document the relationship between firm reputation and stakeholder salience theory. Overall, we found those three components of firm reputation: product and service quality, performance and workplace receive greater attention by the firms in portraying their reputable image to the stakeholders. It supports the importance of three main stakeholders, which are customers, shareholders and employees. Our study proves that a firm reputation that caters to various dimensions supports the increasing power, urgency and legitimacy of stakeholder view (through product and service quality, firm performance, and workplace). In contrast to the neo-classical theory of the firm, this study perceived the importance of various stakeholders' claims to build a reputable firm image. The result is consistent with the suggested model developed by Mitchell et al (1997); Raha et al (2021) that emphasized on ways to prioritised various firms' stakeholders. The customer has the power to influence on the product development and service delivery. Meanwhile, the manager should prioritise the interest of shareholders since they are the persons who inject the capital. Thus, shareholders have the power to influence business decision and firms shall treat their interests urgently. Based on the disclosure of firm reputation, employees have legitimacy claims due to their rights being protected by employment laws and the importance of employees' satisfaction. In summary, our study extends prior research by considering various components of reputable firm images which give the sign by the firms through public information disclosure and its relationship with stakeholder salience viewpoints.

Implications and Suggestions for Future Research

This study provides several theoretical and managerial implications. Theoretically, this study extends prior literature on the firm reputation by providing an alternative approach to examining firm reputation on the basis of information disclosure by the firms. It is due to a limited number of firms from an emerging market being on the list of the World's Most admired Companies. Thus, another approach needs to be adopted in order to assess firm's reputable image in the emerging markets, like this study using awards received by the firms as disclosed in the annual reports. In addition, this study provides an explanation of the firm reputation based on stakeholder theory that emphasises satisfying multiple stakeholders.

The managerial implications contributed by this study is firm's top management can use awards and recognition to convince the stakeholders about the firm performance, either financially or non-financially. Thus, it will attract investors to invest in the firms and influence other stakeholders to continue providing support to the firms. This study is also able to help stakeholders in determining appropriate information which can be used to examine firm reputation components.

This study has some limitations. First, this study limits the information disclosed by the firms in the annual report as the main reporting mechanism for the firms. Second, this study sample covers publicly listed companies in Malaysia, which might limit our ability to generalise the documented results to other institutional settings like firms in developed countries. For future research, it is suggested to explore the firm reputation dimensions mainly disclosed by other developed and developing countries to examine the similarities and differences with our contexts.

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