Boards and Value Creation: Unveiling the Drivers of Corporate Reputation

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ABSTRACT

This research examines the relationship between board characteristics, specifically board size and board gender diversity, and value creation, measured through corporate reputation. It employs Resource-Based Theory (RBT) and Upper Echelons Theory (UET) as the theoretical framework. While prior studies emphasize the strategic role of governance attributes in corporate performance, their impact on corporate reputation remains inconclusive. Addressing this gap, the research focuses on Consumer Product and Service sector firms listed on Bursa Malaysia from 2018 to 2022. Data were collected from annual reports and integrated report, covering 145 firms over five years. The analysis, conducted using the Statistical Package for the Social Sciences (SPSS), examines the direct effects of board size and board gender diversity on corporate reputation. The findings indicate that larger boards positively influence corporate reputation, supporting RBTs view that governance attributes serve as strategic resources. The results align with UET, which posits that firm performance is shape by strategic decisions influence by the backgrounds and characteristics of top-level management. However, the relationship between board gender diversity and corporate reputation was weak and statistically insignificant, suggesting the need for further exploration. Additionally, a negative association between board size and board gender diversity suggests a broader governance trend where larger boards tend to have lower gender diversity. This underscores the importance of understanding the factors influencing boardroom diversity. This research contributes to the corporate governance (CG) literature by demonstrating the strategic role of board composition in shaping reputation. The practical implications of this research include guiding firms toward leveraging effective governance practices to enhance their competitive advantage. Future studies are encouraged to adopt longitudinal designs, explore additional governance attributes, and examine mediating factors such as corporate social responsibility (CSR) and sustainability activities to provide a more comprehensive understanding of these relationships.

Keywords: Board of Director, board diversity, corporate reputation, value creation, corporate governance.

INTRODUCTION

The Board of Directors (BOD) plays a vital role in shaping a corporate reputation, emphasizing the strategic importance of corporate governance (CG) in influencing firm outcomes. CG is broadly defined as the system and framework used to direct and oversee a firm's operations, with the dual objectives of enhancing business prosperity and ensuring corporate responsibility. Its ultimate goal is to achieve long-term shareholder value while balancing the interests of diverse stakeholders (Securities Commission Malaysia, 2021). This is particularly critical for firms in the Consumer Product and Service sector, which are uniquely positioned at the intersection of consumer trust and operational efficiency, making governance practices a focal point of scrutiny.

In Malaysia, the Malaysian Code on Corporate Governance (MCCG) 2021 provides a comprehensive framework for listed firms to enhance governance practices. The MCCG emphasizes three core principles: improving board effectiveness through stronger composition and independence, fostering transparent disclosure policies, and promoting robust audit and risk management practices (Securities Commission Malaysia, 2021). These principles are especially relevant to the Consumer Product and Service sector, given the sector's significant contribution to Gross Domestic Product (GDP) and its heightened need to balance transparency, profitability, and sustainability (Ezirigwe et al., 2021). Strong CG practices are essential for fostering consumer trust, which directly impacts reputation and brand loyalty.

Corporate reputation, as a critical intangible asset, plays a fundamental role in determining a firm's competitive advantage and long-term value creation (Barney, 1991; Deephouse, 2000). Within this context, the BOD serves as a key determinant of governance practices and corporate reputation, with attributes such as board size and diversity influencing strategic decisions and sustainability initiatives (Mukherjee & Sen, 2022). For firms in the Consumer Product and Service sector, reputation not only strengthens consumer trust but also drives brand loyalty and ensures sustained success in competitive markets (Schulz & Flickinger, 2020).

Despite extensive research on governance mechanisms and financial performance, the relationship between BOD characteristics and corporate reputation remains underexplored, particularly in the context of non-financial value measures (Mukherjee & Sen, 2022) . This gap is particularly evident in the Consumer Product and Service sector, where governance practices are critical for navigating dynamic market environments. Existing literature presents inconsistencies in findings on the role of board composition in shaping firm value, emphasizing the need for a deeper understanding of governance parameters and their influence on intangible outcomes (Ogunsanwo, 2019; Al-Absy & Hasan, 2023).

Given this context, further exploration of the governance-reputation relationship is warranted. Most existing research on CG and sustainable development has been conducted in advanced economies, yielding mixed and inconclusive results (Omer et al., 2020). Moreover, the inconsistent findings in studies examining the BOD's influence on firm value creation highlight the need for research focused on sectors like Consumer Products and Services, which operate in dynamic and competitive environments (Ogunsanwo, 2019; Al-Absy & Hasan, 2023).

Therefore, this research aims to examine the link between the BOD characteristics and corporate reputation. By analyzing data from firms in the Consumer Product and Service sector, it seeks to determine how specific BOD characteristics influence reputation as a vital intangible resource. The findings will contribute to the existing literature by offering insights into the governance-reputation nexus and providing practical implications for enhancing CG practices. The structure of this research discussion is as follows: Section 2 details the research methodology, including hypothesis development, data collection methods, sampling procedures, variable measurement, research design, and analytical techniques. Section 3 presents the analysis and results. Section 4 discusses key findings and acknowledges research limitations. Finally, Section 5 addresses the research implications and offers recommendations for future studies.

METHODOLOGY

This research employs a quantitative approach to examine the relationship between BOD characteristics and corporate reputation. Specifically, it focuses on two key governance attributes: board size and board gender diversity, while corporate reputation is measured using firm longevity as a proxy. Understanding how board composition influences corporate reputation is essential, as reputation serves as a critical non-financial asset that contributes to long-term sustainability. To provide a comprehensive perspective, this research integrates insights from Resource-Based Theory (RBT) and Upper Echelons Theory (UET). RBT posits that organizations achieve a sustainable competitive advantage by leveraging unique internal resources (Barney, 1991). Within this framework, board characteristics are viewed as intangible strategic assets that contribute to firm value. Meanwhile, UET suggests that corporate outcomes are shaped by the cognitive and demographic attributes of top executives (Hambrick & Mason, 1984). By combining these perspectives, this research explores how demographic diversity at the board level influences corporate reputation, ultimately shaping the firm's competitive position. To illustrate these theoretical foundations, Figure 1 presents the UET perspective, which explains how top management characteristics influence strategic choices and firm performance (Hambrick & Mason, 1984). Figure 2 highlights RBT's emphasis on resource heterogeneity and sustained competitive advantage (Barney, 1991). By synthesizing these models, the research develops a conceptual framework (Figure

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3) that links board characteristics to corporate reputation, providing a structured approach to understanding governance-related value creation.

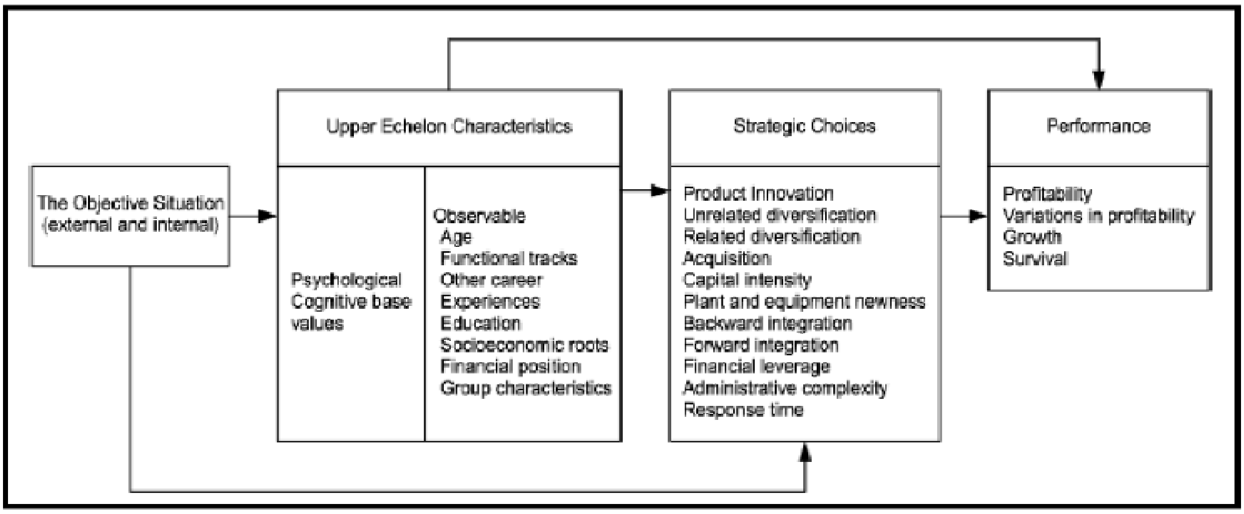

Figure 1. UET Perspective of Organizations

Source: Hambrick and Mason (1984)

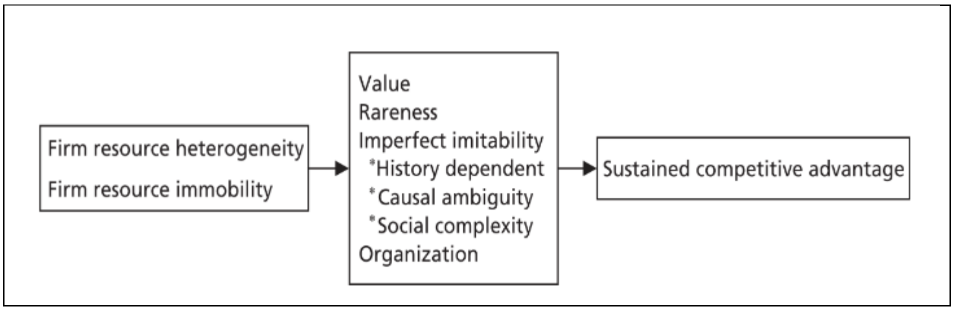

Figure 2. The Relationship Between Resource Heterogeneity and Immobility, Value, Rareness, Imperfect Imitability, and Organization, and Sustained Competitive Advantage

Source: Barney (1991)

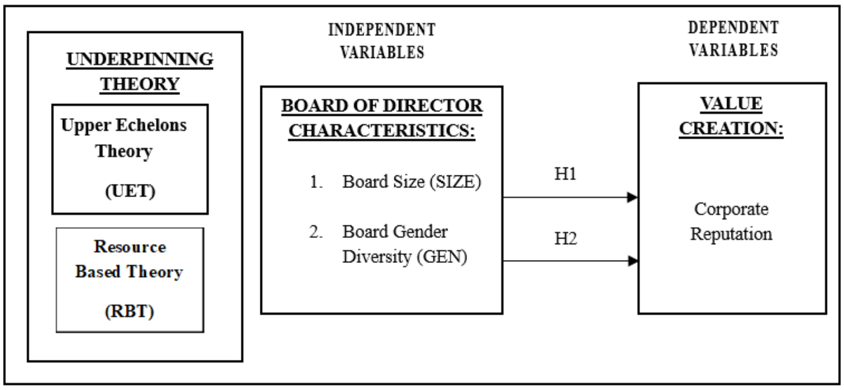

Figure 3. Conceptual Framework

The conceptual framework suggests that organizations can strengthen their corporate reputation by leveraging key governance attributes, particularly board size and board gender diversity, both of which are widely recognized in CG literature (Endrikat et al., 2021). Larger boards contribute to enhanced decision-making and oversight by incorporating diverse expertise, thereby fostering stakeholder trust. Similarly, gender-diverse boards bring varied perspectives and a broader understanding of stakeholder expectations, which enhances corporate legitimacy and reputation. Board size represents the breadth of expertise and perspectives within the boardroom, contributing to improved strategic oversight. Meanwhile, board gender diversity, measured by the proportion of female directors, enhances inclusivity and fosters diverse viewpoints, which can lead to greater innovation and stronger stakeholder relationships. Together, these governance attributes play a pivotal role in shaping reputation, reinforcing its value as an essential yet intangible asset.

Corporate reputation, as a measure of value creation, reflects a firm's sustained market presence and its ability to maintain stakeholder trust. While financial performance indicators are commonly used to assess firm success, non-financial dimensions such as reputation offer critical insights into long-term sustainability (Mukherjee & Sen, 2022). Within the RBT framework, corporate reputation is viewed as a strategic resource that firms must cultivate to maintain a competitive edge. At the same time, UET suggests that the demographic composition of the board influences strategic decisions that shape corporate reputation. By integrating these perspectives, this research underscores the role of governance in sustaining competitive advantage.

In the context of Malaysian firms, particularly within the Consumer Product and Service sector, this framework provides a basis for understanding how governance attributes drive value creation. It highlights the mechanisms through which boards characteristics influence corporate reputation, offering both theoretical insights and practical implications for enhancing CG practices. The following section presents the hypotheses developed based on the conceptual framework and empirical findings from prior research.

A. Hypotheses Development

The hypotheses in this research are formulated to explore the relationship between the independent variable, BOD characteristics (Board Size and Board Gender Diversity), and the dependent variable, corporate reputation (Firm's Age). The following section provides a detailed explanation of each hypothesis and its underlying rationale.

1) Board Size (SIZE) and Corporate Reputation (REP)

Board size is a fundamental component of CG structures and plays a crucial role in a firm's ability to leverage its resources effectively, a concept central to RBT. According to RBT, firms achieve competitive advantage by effectively utilizing unique and valuable internal resources. A larger boards bring diverse knowledge, skills, and expertise, which serve as critical resources for enhancing decision-making, improving strategic planning, and managing risks more effectively (Bala et al., 2020). These resources enable firms to navigate complex business environments, strengthen governance practices, and enhance overall performance. From the perspective of UET, corporate reputation is shaped by the composition and cognitive diversity of the BOD. Larger boards provide access to a broader knowledge base and external networks, enhancing governance effectiveness (Bala et al., 2020).

Research by Rodriguez-Fernandez et al. (2014), underscores the positive relationship between board size and firm value, demonstrating how a resource-rich board contributes to value creation. Additionally, a well-structured board fosters greater transparency, accountability, and oversight, aligning with RBT's emphasis on optimizing internal resources to build stakeholder trust and enhance market valuation. Corporate reputation, as a key intangible asset, reflects a firm's ability to utilize its governance resources to project a positive organizational image, as emphasized by Schulz and Flickinger (2020). In the Malaysian context, this research explores how board size influences corporate reputation, drawing from RBT, which suggests that a larger, resource-diverse board enhances governance effectiveness and stakeholder confidence. Considering the positive association between board size and firm value, along with the critical role of corporate reputation, the following hypothesis is proposed:

H1: There is a positive relationship between board size and corporate reputation.

2) Board Gender Diversity (GEN) and Corporate Reputation (REP)

The relationship between gender diversity and corporate performance has been widely discussed in the literature, with varying perspectives. Studies such as Mukherjee and Sen (2022) highlight a significantly positive link between the presence of female directors and improved financial outcomes. This suggests that female executives bring unique perspectives and decision-making capabilities, which enhance firm performance and strengthen the corporate reputation, ultimately increasing investor confidence and market valuation.

However, other researchers, including Kaur and Singh (2018) and Torchia et al. (2018), argue that greater gender diversity in top management teams might pose challenges. They suggest that increased diversity could hinder effective communication and collaboration, potentially leading to conflicts and elevated decision-making costs, which may negatively impact corporate reputation and overall performance.

Grounded in RBT, gender diversity in leadership is viewed as a strategic asset that enriches the board by incorporating diverse knowledge, relational capital, and perspectives. The inclusion of female executives strengthens leadership teams by addressing resource gaps and enhancing the firm's ability to navigate complex challenges. UET also supports this view, as it posits that gender diversity introduces cognitive diversity, which may lead to innovative governance approaches that shape corporate reputation. Based on this discussion, the following hypothesis is proposed:

H2: There is a positive relationship between board gender diversity and the corporate reputation.

B. Data Collection

This research adopts a comprehensive approach to data collection, relying on secondary sources to examine the two key variables: the dependent variable (corporate reputation) and the independent variable (BOD characteristics). Corporate reputation, measured by firm age, and BOD characteristics were obtained from the Bursa Malaysia database, as well as from annual and integrated reports of publicly listed firms in Malaysia. A content analysis of these publicly accessible documents, available on Bursa Malaysia’s website, was conducted to extract quantitative data. The research sample, as detailed in the following section, guided the data collection process.

1) Sampling Procedures

The sample selection for this research was carefully designed to align with Bursa Malaysia's sectoral classifications, ensuring the inclusion of firms with well-established governance frameworks. This approach draws on insights from Naciti (2019), who highlights the strong relationship between a firm's ability to create value and the dynamics in which it operates. The research focuses on key industries in Malaysia that play a crucial role in contributing to the nation's Gross Domestic Product (GDP) and high-profile industries. High-profile industries, as discussed in previous studies such as those by Roberts (1992), Solikhah et al. (2020), Zuhroh and Sukmawati (2003), are characterized by high consumer exposure, increased political sensitivity, and intense market competition. These industries include petroleum, chemicals, mining, automotive, airlines, energy, transport, agriculture, media, and a range of consumer products. Among these, the Consumer Products and Services sector stands out as a significant contributor, being the second-largest driver of Malaysia's GDP (iFAST Research Team, 2021). Furthermore, the Ministry of Finance Malaysia, (2022) projects this sector to lead economic growth in 2023. Given its substantial economic impact and also categorized as high-profile industries, this sector was selected as the focal point of this research to effectively examine the relationship between BOD characteristics and corporate reputation.

2) Sample Size

This research focuses on firms within the Consumer Products and Services sector, which comprises eight distinct sub-sectors: agriculture, automotive, consumer services, food and beverages, household goods, personal goods, retail, and travel, leisure, and hospitality. The selected firms are publicly listed on the main market of Bursa Malaysia and have remained listed throughout the five-year period from 2018 to 2022. This timeframe ensures availability of up-to-date, publicly accessible data, maintaining consistency and relevance in analyzing BOD characteristics and their impact on corporate reputation. The five-year observation period aligns with prior studies, including those by Fischer and Pollock (2004), Zainal et al., (2013), Kalsie and Shrivastav (2016), López-Concepción et al. (2022) and Mukherjee and Sen (2022) , facilitates a comprehensive and precise data collection process. The sample comprises 145 firms, representing 95.4% of the 152 companies in the sector. This exceeds the minimum required sample size of 72% of a population, as determined by the Krejcie and Morgan (1970) sample size calculation. Further details on the research sample are presented in Table 1.

Table 1: Sample Classification

No.	Sector	Sub Sector	Population	Sample Size	No. of Cases
1	Consumer Products & Services	Agricultural Products	11	11	55
2		Automotive	10	10	50
3		Consumer Service	12	11	55
4		Food / Beverages	28	26	130
5		Household Goods	34	34	170
6		Personal Goods	22	21	105
7		Retailers	12	12	60
8		Travel, Leisure & Hospitality	23	20	100
Total			152	145	725

Table 1 categorizes firms by sub-sectors and presents the total sample size collected over the five-year period. The analysis includes 725 observations derived from 145 firms across eight sub-sectors. This diverse sample highlights the breadth of the Consumer Products and Services sector and strengthens the examination of the relationship between BOD characteristics and corporate reputation. The inclusion of multiple sub-sectors enables a broader perspective on how BOD characteristics influence firms across various industries.

3) Measurements

To ensure the reliability and consistency of this research, this section outlines the methodologies used to measure the key variables, with further details provided in the following subheadings.

a) Corporate reputation (REP)

Corporate reputation is measured using firm age as the primary indicator, calculated from the year of establishment to the research year. Firm age is a crucial resource that firms can leverage to build credibility and reputation, particularly in developing nations, as highlighted by Kaur and Singh (2018). This approach aligns with the RBT, which asserts that firm resources, particularly intangible assets like reputation, contribute to a sustainable competitive advantage (Barney, 1991). According to RBT, the accumulation of valuable, rare, and inimitable resources, such as firm longevity, strengthens a firm's ability to attract and maintain stakeholder relationships.

This perspective is further reinforced by Edi and Wati (2022), who argue that a firm’s established history fosters trust, reliability, and stability among stakeholders. Traditional reputation metrics, such as the Fortune 500 rankings, predominantly focus on well-known firms in developed economies, potentially overlooking the unique dynamics of firms in developing markets (Fombrun C., 1996; Fombrun et al., 2000; Westphal & Milton, 2000; Zhu, 2000; Kaur & Singh, 2018). In this context, firm longevity serves as a valuable resource that reduces financial risks and enhances resilience, reinforcing the firm’s reputation as a credible and trustworthy entity (Edi & Susanti, 2021; Edi & Wati, 2022).

b) BOD Characteristics

RBT suggests that the demographic characteristics of senior executives reflect their cognitive frameworks and influence strategic decision-making (Hambrick & Mason, 1984; Hambrick, 2007). In line with this perspective, this research employs Board Size (SIZE) and Board Gender Diversity (GEN) as proxies for measuring BOD characteristics. This approach is particularly relevant in Malaysia, where these characteristics are recognized as significant by the Securities Commission of Malaysia.

i) BOD Size (SIZE)

Board size (SIZE) is measured by the total number of directors on the board, including both executive and non-executive members. This measurement aligns with prior research emphasizing the role of board composition in

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shaping CG and strategic decision-making. Several studies, such as Arena et al. (2015), Biswas et al. (2018), Orazalin (2020), Beji et al. (2021) and Jarboui et al. (2021), have similarly used SIZE as a key indicator of governance structure, highlighting its influence on firm performance and strategic outcomes. The inclusion of both executive and non-executive directors ensures a comprehensive representation of the board's structure and its potential impact on firm governance.

ii) BOD Gender Diversity (GEN)

Board gender diversity (GEN) is measured by the percentage of female directors, representing the proportion of women in influential leadership roles. This method provides insight into gender diversity at the highest decision-making levels. Prior research by Mallin and Michelon (2011), Janggu et al. (2014), Xu et al. (2020) and Beji et al. (2021) has consistently applied this approach to assess leadership diversity and its implications for CG.

4) Research Design

This research adopts a positivist philosophy to examine the relationship between the BOD and firm value creation within the Consumer Products and Services sector. Positivism is suitable for this research as it emphasizes objective measurement and seeks to identify patterns in variable interactions (Gregar, 1994). A quantitative approach is employed to align with the research objectives, allowing for a precise and objective analysis of variable relationships (Walliman, 2021). This method facilitates the collection and analysis of numerical data, which is essential for gaining deeper insights into these relationships (Walliman, 2021). Additionally, utilizing a representative sample of firms listed on Bursa Malaysia enhances the generalizability of the findings, ensuring broader applicability. The use of statistical techniques facilitates the quantification and analysis of variables, contributing meaningful insights into CG and sustainability. The positivist approach ensures a systematic and evidence-based investigation, maintaining objectivity while supporting informed decision-making related to BOD and sustainability (Gregar, 1994).

This research employs a panel design alongside documentation analysis to explore causal relationships between variables. This approach effectively determines how changes in independent variables influence dependent variables, providing empirical evidence of significant impacts (Sekaran & Roger, 2017). The methodological process, as illustrated in Figure 2, begins with identifying the research problem and conducting a comprehensive review of the literature. This is followed by the development of research questions, selection of the sample design, and initiation of data collection. Subsequently, the research proceeds with selecting the appropriate research design, followed by data analysis and the final stage of synthesizing the findings into academic articles. Each phase of the research process is systematically structured to ensure reliability, validity, and the production of actionable insights. This structured framework reflects the commitment to precision and the generation of significant contributions to the field.

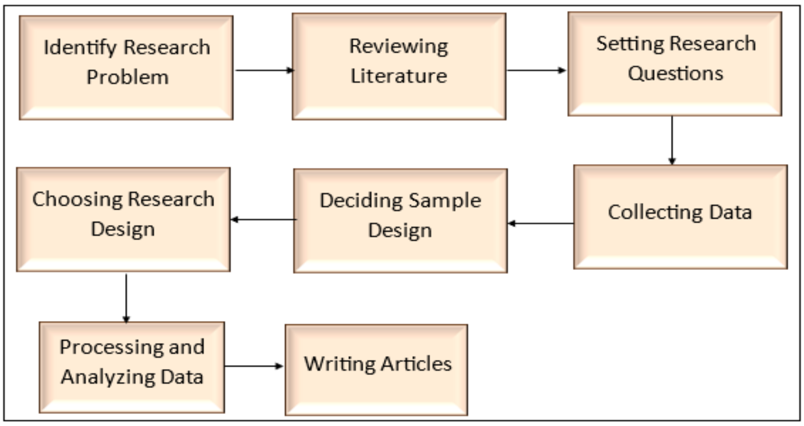

Figure 2. Research Design

5) Regression Technique

This research employed multiple regression techniques to test the hypotheses, providing a comprehensive analysis of the relationships between multiple independent variables and the dependent variable. This approach allows for assessing of both the impact and significance of each independent variable on the outcome. Data preparation and initial analysis were conducted using version 29 of the Statistical Package for the Social Sciences (SPSS), a widely used statistical tool that ensures precision and accuracy through its extensive suite of methods to ensure precision and accuracy. To further evaluate the hypotheses, panel regression models were employed to examine the influence of BOD characteristics on corporate reputation. The models used in this analysis are represented by the following equation:

$$REP_{it} = \beta_0 + \beta_1 SIZE_{it} + \beta_2 GEN_{it} + \varepsilon_{it} \quad (1)$$

REP_{it} in the formula (1) is the reputation for firm where *i* in year *t*, SIZE is board size, GEN is board gender diversity. β*0* is Intercept, β is Coefficients, *i* is firm, t is year and ε is Error term.

RESULTS AND DISCUSSION

This section presents the research findings and analyzes the results in relation to the research objectives and hypotheses. The findings are systematically outlined, followed by a discussion that interprets their implications and interprets their implications within the existing body of literature.

A. Recruitment

The sample comprises of 145 firms from the Consumer Products and Services sector, selected based on the availability of corporate reports, including annual and integrated reports. These documents were carefully reviewed to extract data on BOD characteristics and value creation.

B. Statistics and Data Analysis

Data were obtained through a thorough review of corporate reports, focusing on BOD characteristics and value creation. The analysis was conducted using SPSS software (version 29), with multiple regression techniques to examine the relationship between these variables. The results are detailed in the following tables: Table 3 shows the descriptive statistics, Table 4 provides the correlation coefficients, Table 5 outlines the Analysis of Variance (ANOVA) results, and Table 6 highlights the regression coefficients.

Table 3. Descriptive Statistics

	Mean	Std. Deviation	N
REP	1.5856	.22852	725
SIZE	.8479	.10929	725
GEN	-.4840	.32133	725

The descriptive statistics in Table 3 above provide an overview of the three key variables examined in this research: corporate reputation (REP), board size (SIZE), and board gender diversity (GEN), across a sample of 725 firms. The mean value for reputation is 1.5856, with a standard deviation of 0.22852, indicating a relatively consistent level of reputation among the firms. The low variability suggests that most firms have similar reputation scores within the sample. For board size, the mean value is 0.8479, with a standard deviation of 0.10929. This highlights that the size of boards across the sampled firms is relatively uniform, with minimal variation.

Board gender diversity, measured as GEN, shows a mean value of -0.4840, which appears to reflect a scaled or transformed metric. The negative mean value may indicate the use of a specific calculation method that results in some scores falling below zero. The standard deviation for gender diversity is 0.32133, which suggests moderate variability in the representation of gender diversity across firms. The sample size for all three variables

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is consistent, with 725 firms included in the analysis, ensuring comprehensive coverage of the data.

Table 4. Correlations Coefficients Analysis

		REP	SIZE	GEN
Pearson Correlation	REP	1.000	.162	.022
	SIZE	.162	1.000	-.184
	GEN	.022	-.184	1.000
Sig. (1-tailed)	REP	.	<.001	.281
	SIZE	.000	.	.000
	GEN	.281	.000	.
N	REP	725	725	725
	SIZE	725	725	725
	GEN	725	725	725

The Table 4 above presents the correlation matrix examines the relationships between three variables: reputation (REP), board size (SIZE), and board gender diversity (GEN) across a sample of 725 observations. The Pearson correlation coefficients provide insights into the strength and direction of these relationships. The correlation coefficient between REP and SIZE is 0.162, indicating a weak positive relationship. This suggests that as the reputation of the firm increases, board size tends to increase slightly. The correlation is statistically significant, with a p-value of less than 0.001, highlighting that the observed relationship is unlikely to be due to chance.

The correlation between REP and GEN is 0.022, which is virtually negligible, implying no meaningful relationship between reputation and board gender diversity on the board. The p-value of 0.281 further supports the lack of statistical significance, indicating that these two variables are not significantly related. Finally, the correlation between SIZE and GEN is -0.184, indicating a weak negative relationship. This suggests that larger boards tend to have a lower percentage of women. The correlation is statistically significant, with a p-value of less than 0.001, confirming that this relationship is not due to random chance.

Table 5. Analysis Of Variance (Anova)

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.098	2	.549	10.802	<.001[b]
	Residual	36.708	722	.051		
	Total	37.807	724			

a. Dependent Variable: REP

b. Predictors: (Constant), GEN, SIZE

The Table 5 above illustrated the results of an Analysis of Variance (ANOVA) used to assess the regression model examining the relationship between the dependent variable, reputation (REP), and the predictors, board gender diversity (GEN) and board size (SIZE). The total sum of squares is 37.807, with 724 degrees of freedom. The regression sum of squares is 1.098, and the residual sum of squares is 36.708, which reflects the variance that is unexplained by the model. The degrees of freedom for the regression and residuals are 2 and 722, respectively. The mean square for the regression is 0.549, and the mean square for the residuals is 0.051. The F-statistic for the model is 10.802, with a significance value (Sig.) of less than 0.001, indicating that the model is statistically significant.

Table 6. Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			95.0% Confidence Interval for B	
		B	Std. Error	Beta	t	Sig.	Lower Bound	Upper Bound
1	(Constant)	1.299	.066		19.814	<.001	1.170	1.428
	SIZE	.360	.078	.172	4.611	<.001	.207	.513
	GEN	.038	.027	.053	1.424	.155	-.014	.090

a. Dependent Variable: REP

The Table 6 above shows the coefficients for the regression model that explores the relationship between the dependent variable, reputation (REP), and the independent variables, board size (SIZE) and board gender diversity (GEN). The unstandardized coefficients (B) for the constant, SIZE, and GEN are provided, along with their respective standard errors (Std. Error), standardized coefficients (Beta), t-values, significance levels (Sig.), and 95% confidence intervals for the unstandardized coefficients.

The constant term has an unstandardized coefficient of 1.299, with a standard error of 0.066. The t-value is 19.814, and the significance level is less than 0.001, indicating that the constant term is statistically significant. The unstandardized coefficient for SIZE is 0.360, with a standard error of 0.078, and a t-value of 4.611, which is also statistically significant ($p < 0.001$). The standardized coefficient (Beta) for SIZE is 0.172, suggesting a moderate positive relationship with reputation. The unstandardized coefficient for GEN is 0.038, with a standard error of 0.027, yielding a t-value of 1.424, which is not statistically significant ($p = 0.155$). The standardized coefficient for GEN is 0.053, indicating a very weak positive relationship with reputation. The 95% confidence intervals for the unstandardized coefficients for SIZE and GEN are provided, with the interval for SIZE ranging from 0.207 to 0.513, and for GEN from -0.014 to 0.090.

C. Discussion on Finding

This research examines the impact of board characteristics on corporate reputation through the lens of RBT and UET. RBT posits that internal resources, such as board expertise and diversity, serve as valuable assets that enhance competitive advantage and performance. The findings offer insights into how these board characteristics shape reputation.

The correlation analysis supports Hypothesis 1 (H1), confirming a significant positive relationship between board size (SIZE) and corporate reputation (REP). The significant association suggests that larger boards enhance governance practices, strengthening a firm’s competitive position. This finding aligns with UET, which argues that larger, more experienced boards improve strategic decision-making. From an RBT perspective, board size serves as an intangible resource that enhances governance effectiveness and stakeholder trust. These results are consistent with Bala et al. (2020), who highlight that larger boards bring diverse expertise, improving decision-making, strategic planning, and risk management. Similarly, Rodriguez-Fernandez et al. (2014) emphasize the positive impact of resource-rich boards on firm value, a concept that extends to reputation in this research.

For board gender diversity (GEN), the analysis reveals a weak positive relationship with reputation, though it is not statistically significant ($p = 0.155$). Despite this, Hypothesis 2 (H2), is accepted, recognizing gender diversity as a governance resource. The weak relationship suggests that while gender diversity enhances cognitive perspectives, it does not always translate into significant reputation gains. From a UET perspective, this may indicate that female board members face structural barriers that limit their decision-making influence. Similarly, RBT suggests that firms may not yet fully leverage gender diversity as a strategic asset, thereby affecting its impact on corporate reputation. These findings align with Mukherjee and Sen (2022), who emphasize the positive impact of female directors on financial outcomes, suggesting that gender diversity could also enhance governance and reputation. The weak effect observed here indicates that gender diversity may influence reputation differently than it affects financial performance, potentially due to contextual factors.

Contrastingly, Kaur and Singh (2018) and Torchia et al. (2018) caution that gender diversity in top management can lead to communication challenges and conflicts, potentially harming reputation. While this research finds a positive but weak relationship, it does not fully support these concerns. The findings suggest that gender diversity may not pose significant challenges in certain contexts, though further research is needed to understand how firms can maximize its reputational benefits. Additionally, a negative relationship is observed between board size (SIZE) and gender diversity (GEN), indicating that larger boards tend to have a lower percentage of women. Although this relationship is weak, it may reflect broader governance trends where larger boards maintain a more traditional composition. The statistical significance of this relationship suggests that this trend is not due to chance, though other factors likely influence board gender diversity.

The regression analysis further confirms the significant collective impact of board size and gender diversity on reputation. The ANOVA results indicate that the regression model, which includes both predictors, explains a substantial portion of the variance in reputation (F-statistic = 10.802, $p < 0.001$). Board size (SIZE) demonstrates a statistically significant positive relationship with reputation (coefficient of 0.360, t-value of 4.611), reinforcing the argument that larger boards strengthen governance and improve reputation. Conversely, gender diversity (GEN) exhibits a weak, non-significant relationship with reputation (coefficient = 0.038, $p = 0.155$). The confidence interval for GEN includes zero, indicating the possibility of no effect. While the relationship remains positive, the lack of statistical significance limits the conclusiveness. Nonetheless, Hypothesis 2 (H2) is accepted within the context of RBT, recognizing the potential value of diverse perspectives as a strategic resource.

CONCLUSION AND FUTURE RESEARCH

This research explores the impact of board characteristics, specifically board size and board gender diversity, on corporate reputation using the UET and RBT framework. The findings provide valuable insights into how these internal governance attributes contribute to a firm's competitive advantage and value creation. The results confirm that larger boards are positively associated with corporate reputation, supporting Hypothesis 1 (H1) and aligning with both RBT and UET, which emphasizes the role of board characteristics as vital resources for firms. Larger boards enhance governance practices, strategic decision-making, and risk management, all of which strengthen corporate reputation. However, while the relationship between board gender diversity and reputation was positive, it remained weak and statistically insignificant. This suggests that gender diversity may influence other aspects of value creation more significantly than corporate reputation. Nevertheless, the positive direction of the relationship suggests that board gender diversity holds potential as a strategic resource within the RBT framework and as an important board characteristic within the UET.

Additionally, the research identified a negative relationship between board size and board gender diversity, indicating that larger boards tend to have a more traditional composition with fewer women. This finding reflects broader governance trends and highlights the need for further investigation into the factors that influence gender diversity in boardrooms. While board gender diversity shows potential, further exploration is needed to determine how firms can leverage it more effectively to enhance their reputation.

This research contributes to CG literature by integrating insights from UET and RBT. RBT explains how board characteristics function as strategic resources, while UET highlights how board demographics shape decision-making processes. The findings suggest that firms should focus not only on board composition but also on mechanisms that enable diverse board members to influence governance practices effectively. Although this research provides a foundational understanding of how board characteristics influence corporate reputation within the context of UET and RBT, several areas remain unexplored, offering opportunities for future research. First, future research should examine how contextual factors shape the relationship between board characteristics and corporate reputation. While this research focused on firms in the Consumer Product and Service sector firms listed on Bursa Malaysia (2018 to 2022), external factors such as industry-specific dynamics, geographical location, and corporate culture may moderate these relationships. Future research could incorporate such contextual variables to offer a more nuanced understanding of the conditions under which board diversity and size contribute to reputation.

Second, adopting a longitudinal research design could provide deeper insights into the long-term effects of board characteristics on corporate reputation. As societal and governance trends evolve, particularly regarding gender diversity, a longitudinal approach would allow researchers to track changes over time and assess whether these relationships remain consistent under different governance practices, regulatory shifts, or economic conditions.

Third, future studies should expand the scope of governance attributes studied. While this research primarily focused on board size and board gender diversity, other characteristics such as board independence, expertise, and tenure could provide a more comprehensive understanding of how different board attributes interact to shape a corporate reputation. Additionally, exploring the interactive effects of these attributes could reveal synergies or trade-offs that firms face in structuring their boards for optimal reputation management.

Future research could also explore the potential mediating or moderating roles of corporate social responsibility (CSR) sustainability activities, innovation, or stakeholder engagement in the relationship between board characteristics and corporate reputation. Investigating how these governance mechanisms influence reputation could provide a deeper understanding of the strategic roles that boards play in shaping a firm’s public image.

Another promising avenue is to examine how specific dimensions of board diversity, such as age, cultural background, or education, influence governance and reputation. These dimensions may offer unique advantages, influencing governance and decision-making processes in ways that extend beyond gender diversity. Understanding how different types of diversity contribute to a corporate reputation and overall performance could provide valuable insights for firms and policymakers.

Finally, future research could improve the generalizability of these findings by conducting cross-country or cross-regional comparisons. Differences in regulatory environments, cultural norms, and governance structures may result in varying dynamics in the relationship between board characteristics and reputation. A comparative study across multiple regions or countries would enhance our understanding of global governance practices and help identify best practices that firms can adopt to strengthen their reputational standing.

In conclusion, addressing these research avenues could deepen the understanding of how board characteristics contribute to corporate reputation. By integrating additional governance variables, contextual factors, and diverse perspectives, future studies can build on these findings to develop more comprehensive and actionable insights into CG. This would not only enrich existing literature but also offer practical implications for firms seeking to enhance their reputation through strategic board composition.

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