

## THE COMPETITIVE ROLE OF MARKET IMAGE IN MAXIMIZING COMPANY PERFORMANCE

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**Annotation.** Maximizing performance, though a challenging objective, remains a focal point for many leaders and organizations striving to continuously enhance operations and achieve desired outcomes. This paper aims to assess the influence of companies' image on their commercial and stock performance. From an economic perspective, companies can enhance their sales or commercial performance (operating income/turnover), as well as their stock performance such as Price-to-Book Ratio (PBR) and return on shares. The study employs correlation analysis and multiple regression analysis on 200 companies listed on the Bucharest Stock Exchange, covering observations over a 9-year period from 2014 to 2022. We present suggestive evidence that factors such as media image, CEO gender, CEO age, and auditor reputation can impact sales growth, commercial profitability, and investor decisions. These findings carry significant implications for both economic theory and practice.

**Keywords:** commercial performance, stock performance, media image, CEO Gender, CEO Age, Auditor reputation.

**JEL classification:** M41, M14, G41, G3, J16.

## Introduction

While maximizing performance is a challenge, many leaders and companies are committed to continuously improving their operations to achieve desired objectives. Maximizing performance and maintaining a strong corporate image are two essential goals, but not always easy to achieve and there may sometimes be tensions between them.

The paper evaluates the extent to which the company's image contributes to enhancing its stock or operational performance through the impact it has on investors' or business partners' decisions.

Corporate image refers to the perception of the public and stakeholders about the business and its brand. A strong and positive image can influence consumer decisions, investors, and other stakeholders and can strengthen business relationships. To maintain a solid image, companies must manage their reputation, take social responsibility, and communicate transparently and effectively with the public (Smith, Emshwiller, 2009; Jonkman *et al.*, 2019; Cowle *et al.*, 2020).

In some situations, strategies to maximize financial performance may create tensions with efforts to maintain a positive corporate image. For example, measures such as cost reduction through layoffs or quality reductions can affect the public's perception of the company. On the other hand, investments in corporate social responsibility or sustainable practices may increase short-term expenses but can contribute to strengthening the company's image in the long term (Prado-Lorenzo *et al.*, 2008; Bhagat, Bolton, 2008; Park, Jang, 2021).

Building the external image of a company is a strategic process through which a company develops and manages its reputation and perception in the eyes of its target audience. This involves a series of actions and strategies designed to influence how the values, culture, products or services, behavior, and impact of the organization are perceived among different stakeholder groups (Noland *et al.*, 2016; Sun *et al.*, 2024).

The external image of a company can be defined as the overall, mental, and emotional perception that people have about that company. It is the result of experiences, information, and impressions accumulated over time regarding that particular firm (Bhagat, Bolton, 2008; Meijer, 2010).

Starting from the idea that research focuses on analyzing the connection between a single element of image and commercial or stock performance, and since their results are contradictory, we aim to examine the combined effect of multiple image components.

To achieve the research goal, we used a sample of Romanian companies listed on the Bucharest Stock Exchange, excluding those engaged in financial intermediation activities. Information was manually collected from the financial statements of the 200 companies included in the sample, with observations covering a span of 9 financial years from 2014 to 2022.

To measure the company's image, we analysed the following variables: media news about company, auditor reputation, CEO's age, and CEO's gender.

The level of performance achieved by companies will alternatively take one of the forms of the dependent variables, namely Sales Growth, Commercial Profitability, Stock Performance, and Price-to-Book Ratio.

The structure of the paper is as follows: the first part presents the study of the specialized literature, the second part encompasses the analysis results and discussions, and the last part consists of conclusions.

## 1. Literature Review and Hypothesis Substantiation

“One can survive everything, nowadays, except death, and live down everything except a good reputation.”  
Oscar Wilde

In today's business environment, companies may overcome numerous challenges and obstacles. However, there is nothing harder to repair or manage than a compromised reputation. Thus, the importance of a strong and positive company image is emphasized as crucial for maximizing performance and success in a competitive environment.

### 1.1 Implications of Organizational Behavior on Company Development

The image of a company may have a significant impact on its growth (sales, revenue). A positive image can attract new customers, retain existing ones, and strengthen relationships with business partners, while a negative image can hinder growth and affect the trust of customers and investors.

Some ways in which the external image can influence sales and revenue include:

*Credibility and trust:* A positive external image can enhance the credibility and trust of customers in the products or services offered by the company. Customers are more likely to purchase from companies they trust and perceive as reliable and reputable.

*Recommendations and referrals:* Happy customers are more likely to refer a company's products or services to others, potentially leading to a growth in the customer base and, as a result, an increase in sales. A positive external image can stimulate these recommendations and referrals.

*Market differentiation:* In a highly competitive environment, a strong external image can differentiate a company from its competitors and attract the attention of potential customers. Perception of a company's value and reputation can influence consumer purchasing decisions.

*Attraction and retention of talent:* A positive external image can significantly attract and retain talented employees. Employees are more likely to work for companies with a solid reputation and values they identify with, which can contribute to increased performance and innovation within the organization.

*Relationships with investors and business partners:* A positive external image can strengthen relationships with investors and business partners, facilitating access to funding and additional resources for business expansion and the development of new products or services.

Since 1995, Berman and Evans have described corporate image as a combination of functional and emotional aspects, encompassing past interactions with a company, ranging from exposure to advertising to the influence of word-of-mouth, and the anticipation of future experiences, which positively influences satisfaction. A company's image significantly impacts its credibility and effectiveness in engaging crucial internal and external stakeholders such as clients, employees, and the media. Weiwei in 2007 suggested that one's career success often depends on external perceptions as much as individual abilities.

As noted by Balmer (2001) and Cretu and Brodie (2007), the external perception of a company holds significant sway over consumer purchasing decisions. Understanding the mechanisms that shape customer perceptions of value, leading to loyalty, is crucial in contemporary marketing, bridging the gap between marketing efforts and financial outcomes (Reichheld *et al.*, 2000).

Scott and Walsham (2005) cautioned against viewing reputation management as separate from daily operations, emphasizing the inseparability of communication quality from the quality of actions taken. Essentially, reputation cannot be fabricated but must be earned through genuine and consistent actions.

Marken (2002) defined reputation as an asset comprising product and service quality, innovation capacity, long-term investment value, financial stability, talent attraction and retention, asset utilization, and management quality. He argued that reputation is built and maintained through consistent daily actions, highlighting the importance of every interaction, decision, and communication.

Various internal factors impact a company's reputation, including its communication practices, transparency, ethical values, treatment of employees, innovation capabilities, CEO's reputation, adaptability, and handling of social and environmental concerns. External influences on corporate reputation include customers, media outlets, financial analysts, shareholders, regulators, and government bodies (Lines, 2004).

#### 1.1.1. *The Role of CEO and Auditor Reputation in Shaping Firm Performance*

Throughout history, there has been a widely held belief that corporate reputation has a positive impact on firm performance, a notion supported by accounting literature. This belief suggests that corporate reputation generates significant wealth, often referred to as goodwill. Additionally, there is a consensus among some that the reputation organizations cultivate for themselves leads to sustainable profits. These perspectives have garnered substantial attention from scholars, leading to extensive research across various facets of corporate reputation. Consequently, the body of knowledge on this subject continues to grow and deepen. Recognized as an intangible asset, reputation, along with other intangible assets, is increasingly acknowledged as a key driver of sustainable competitive advantages for businesses. As a result, there is a rising interest in studying intangible assets such as reputation as sources of sustainable advantages.

The economic examination of reputation often employs game-theoretic models, exemplified by seminal works such as those by Kreps and Wilson (1982) and Milgrom and Roberts (1982). While early studies in economics did not typically include ranking metrics, subsequent game-theoretic analyses have attempted to integrate surveys or rating systems. For instance, Jackson (2005) develops a model that explores analysts' incentives to produce optimistic forecasts and facilitate more trading for their brokers, examining the relationship between these behaviors and reputation. In this model, analysts are categorized as either 'smart' if they receive informative private signals or 'dumb' if their signals are noise. Initially, investors are unaware of the analyst's classification, and the same holds true for the analyst themselves. Depending on the accuracy of the message relative to the eventual outcome, investors adjust their beliefs regarding the likelihood that the analyst is 'smart'.

According to the study by Smith *et al.*, (2010), companies with strong reputations achieve higher profitability across several dimensions, such as return on assets and industry-adjusted sales to total assets.

Qin in 2011 conducted a study using over 55,000 auctions of "Gmail Invitations" on eBay to examine the theoretical prediction that sellers with good reputations have a higher probability of sale and receive higher transaction prices. The study presents evidence that sellers who enhance their reputation from the lowest

quintile to the next experience a 5.5% higher probability of making a sale, along with a 6.0% increase in the implied buyer valuation, after adjusting for truncation bias from unsuccessful auctions.

In another study analyzing how different dimensions of a firm's reputation impact its pricing power in electronic markets, Ghose *et al.*, in 2009 discover that a positive reputation enhances corporate performance, while a negative reputation harms more than a positive one helps.

Furthermore, some authors have observed significant variations in reputation effects between different markets. For instance, in the UK, analyst reputation amplifies the market's reaction to analyst revisions, whereas in Japan, it has no significant impact. Furthermore, firm reputation either diminishes or amplifies the market's response to analyst revisions in the UK and Japan. Notably, CEO reputation produces similar effects in both markets, consistently dampening the market's reaction to analyst revisions. Furthermore, the interaction effects between reputations vary between the two markets. In the UK, both firm and CEO reputations tend to moderate the positive impact of analyst reputation. In contrast, in Japan, CEO reputation tends to moderate the positive effect of firm reputation, with no significant interaction effect observed between analyst reputation and CEO or firm reputation (Hussain, Chen, 2024).

One method of quantifying an agent's reputation is through ranking lists. These rankings, generated by third-party organizations, have become increasingly influential in various aspects of society. Examples include ratings from sources like the Michelin Guide, TripAdvisor, and eBay. In the United States, financial institutions attach considerable significance to such rankings, with star analysts often receiving notably higher salaries as a result (Fang, Yasuda, 2009).

The actions of Chief Executive Officers (CEOs) play a crucial role in shaping the long-term strategy of a company and inculcating brand values among employees. CEOs act with the intention of driving change, maintaining the status quo, or initiating new developments to enhance the overall performance of the firm (Osazevaru *et al.*, 2024).

The personality of a CEO has a significant impact on their work. CEOs who exhibit negative attitudes are more prone to underperformance compared to those who demonstrate competence and passion in their roles (Mahmoudian *et al.*, 2021). Moreover, employing effective listening skills and showing genuine concern for the needs of others can bolster the CEO's reputation within the company, improve their understanding of daily organizational operations, and typically lead to sounder business judgments.

As per Osazevaru (2022), the CEO often serves as the public representative of the company, embodying its image and values. Therefore, it is advisable for the CEO to cultivate a positive reputation and uphold the company's good name.

The auditor, a vital component of corporate governance, plays a key role in ensuring transparency and accountability within the firm to its stakeholders. In any organization, decision-makers rely on audits to verify the accuracy and reliability of the information presented in reports. This responsibility is entrusted to qualified individuals who meet essential criteria, including experience, competence, and credibility.

The reputation of an audit firm connected to the corporate image that develops gradually over time. This reputation is shaped by various factors, including the composition of the audit team, the firm's brand name, the perceived quality of its audits, and its fee structure (Aronmwan *et al.*, 2013).

The reputation of a company is significantly impacted by the technical and functional quality of audit firms (Sucher *et al.*, 1999). Audit firms are often categorized into two main groups: Big 4 auditors, considered reputable, and non-Big 4 auditors, seen as less reputable (Taktak, Mbarki, 2014). It is argued that Big 4 auditors deliver higher quality audits compared to non-Big 4 auditors, driven by their desire to maintain their reputation (Klein, Leffler, 1981; Taktak, Mbarki, 2014). Extreme audit failures can severely damage an audit firm's reputation, potentially leading to loss of clients (DeFond, Zhang, 2014). Reputable audit firms also tend to provide higher quality audits due to their higher income from assurance services and greater resources for hiring and training competent auditors (Aronmwan *et al.*, 2013; Rezaei, Shabani, 2014). This motivation to maintain reputation results in these firms offering better assurance services, leading to higher premiums from clients (Nagar *et al.*, 2021).

The quality of audits primarily depends on the reputation and size of the audit firm, with Big 4 auditors generally assumed to deliver better quality audits (Rahman *et al.*, 2018). However, there are dissenting views, such as those presented by Hapsari and Jelita (2024).

Auditor reputation directly correlates with financial performance, as reputable auditors can motivate companies to perform better financially (Nelwan, Tansuria, 2017).

Overall, both CEO and auditor reputation play crucial roles in shaping firm performance by fostering trust, transparency, and accountability within the organization, which are essential for long-term success and sustainability.

#### 1.1.2. Gender-Based Differences and their Impact on Firm Performance

Most studies investigating the correlation between executives and firm performance mainly concentrate on one aspect of the executive: gender. Previous corporate finance literature generally suggests that gender-based distinctions could impact an individual's career success. For instance, Brennan and McCafferty (1997) propose that female executives may possess a better grasp of consumer behavior and customer needs, potentially giving firms led by women a competitive edge. Additionally, scholars in the field have suggested that women often set higher standards for themselves in their roles and must exhibit exceptional competence to achieve executive positions (Fondas, Sassalos, 2000; Eagly, Carli, 2003; Dunn, 2010).

A positive correlation exists between the presence of female CEOs or Chairs and firm performance (Campbell, Minguez-Vera, 2008; Peni, 2014). Research shows that increased female representation in management leads to better corporate governance and enhanced firm performance.

In their 2002 study, Carter *et al.*, revealed that companies featuring two or more women on their board of directors outperformed those without female representation. This was evidenced by higher Tobin's  $q$  (1.58 versus 1.03) and ROA (5.2% versus 2.5%) metrics.

Psychological literature suggests that women exhibit stronger communication skills and often excel in group problem-solving and decision-making tasks, essential attributes in management roles (Fondas, 1997; Schubert, 2006, Zenger, Folkman, 2019).

Furthermore, scholars contend that within contemporary business environments, women's collaborative leadership approach may yield greater productivity compared to men's competitive style (Eagly, Carli, 2003).

Women tend to exhibit a higher degree of caution and aversion to risk compared to men (Palvia *et al.*, 2015). Schubert (2006) contends that women typically shy away from losses and exhibit less inclination towards taking high-risk actions compared to men. In a related vein, Holmes *et al.*, (2018) propose that the market acknowledges these gender disparities in risk aversion, as they observed decreases in capital market risk metrics following the appointment of a female CEO. In essence, the differences in risk tolerance based on gender among executives could potentially influence the financial performance and reporting practices of the firm.

Evidence from psychological studies suggests that individuals often overestimate their talents and capabilities. Bonner (2008) proposes that men tend to exhibit higher levels of overconfidence compared to women, especially in traditionally masculine domains like the business sector. This gender-based discrepancy in overconfidence might manifest in the decision-making processes of executives, potentially leading to variations in the performance of firms led by men and women.

Studies examining the impact of women on firm performance, such as those by Carter *et al.*, (2003); Campbell and Minguez-Vera (2008, 2010), Dezso and Ross (2008), are particularly relevant in this context. Dezso and Ross (2008) investigate the link between female representation in management and firm performance, finding that having women in management positions below the CEO level enhances Tobin's Q. However, they do not observe a significant relationship between female CEOs and firm performance. Conversely, Campbell and Minguez-Vera (2008) and Carter *et al.*, (2003) suggest that women on the board positively influences firm value. Gender diversity had a positive influence on firm performance (Noland *et al.*, 2016).

### 1.1.3. Age-Based Differences and their Impact on Company Growth

The potential influence of executive age on a company's success has become a topic of interest in research, suggesting that older executives might possess an advantage over younger counterparts due to their accumulated business experience. In an influential study, Davis (1979) investigates the relationship between executive age and corporate performance, finding no significant correlation between the two factors (Palvia, 2015). However, more recent research by Bertrand and Schoar (2003) suggests that older executives tend to adopt a more conservative approach in their decision-making, potentially impacting firm performance.

Interestingly, the impact of executive age can vary, with studies such as Davidson *et al.*, (2007) exploring how an executive's proximity to retirement age influences the firm's earnings management. They observe that firms with CEOs nearing retirement age tend to have larger discretionary accruals in the year prior to turnover. Additionally, Francis *et al.*, 2015 propose that older CEOs may favor projects with short-term payoffs before their retirement. Conversely, Serfling (2014) suggests that younger CEOs may also prioritize short-term goals to establish their reputations. Overall, while existing literature suggests that executive age may play a role in firm performance, empirical evidence presents a mixed picture.

Furthermore, Bhagat and Bolton (2008) propose that executive quality could positively affect firm performance. They introduce a measure of executive quality by dividing executive tenure by executive age. According to their framework, an executive with a five-year tenure at the age of 50 may possess different quality attributes compared to another executive with an equally long tenure but at the age of 60, potentially reflecting variations in equity ownership and expertise.

#### 1.1.4. *The market Underreacts to the Content of News Articles*

At the beginning of 2007, the famous Apple corporation issued a press release entitled: “Apple Reinvents the Phone with iPhone.” The opening sentences of the press release are as follows: “... today introduced iPhone, combining three products, a revolutionary mobile phone, a widescreen iPod with touch controls, and a breakthrough Internet communications device with desktop-class email, web browsing, searching and maps, into one small and lightweight handheld device.” Additionally, the press release featured a statement from Steve Jobs, Apple's CEO, who emphasized that: “...iPhone is a revolutionary and magical product that is literally five years ahead of any other mobile phone,” and subsequently provided a detailed description of the various features of the new product. Thus, on the same day the announcement was made, the stock trading volume surged to more than four times its usual level, remained nearly as high the following day, and then dropped by half the day after. The stock price experienced a significant increase from the day before the announcement to five days afterward. Specifically, Apple's stock achieved a cumulative return of 9.31% above the market. It was noted that in the following month return volatility increased by nearly 5%. At the same time, the stock's illiquidity, as measured by the Neuhierl *et al.* (2013) specification, decreased by 46%.

In 2023, Susan Wojcicki, who has been YouTube CEO for nine years, will be stepping down from her role at the video-sharing platform. Also, before arriving at YouTube, she worked for many years at its parent company, namely Google. In 2023, YouTube's revenue fell short of analyst predictions, reporting \$7.96 billion, a decline from the \$8.63 billion registered in the previous year (Forbes, 2023).

No [auditing] firm desires to find itself featured on the front page of the Wall Street Journal (Cowle *et al.*, 2020). Smith *et al.*, (2010) detail how their investigative reporting for the Wall Street Journal exposed the deceptions at the heart of the Enron scandal, ultimately leading to the downfall of Enron's accounting firm, Arthur Andersen. On October 16, 2001, Enron reported an unexpected loss of \$618 million, marking its first quarterly loss since 1997.

Negative news about a business can significantly affect the perception of both current and potential customers. A study published in 2019 found that the impact of negative news on a business's reputation is three times greater than that of positive news (Jonkman *et al.*, 2019).

The strong market reaction to the press release, along with its careful and precise wording, highlights the critical importance of corporate news announcements for a firm's performance.

However, to date, there has been limited research on the role of social media and its influence on the selling process or firm performance.

#### **1.2 The Company's Image and the Efficiency of Its Relationships with the External Economic Environment**

The connection between CEO reputation, gender, age, Auditor quality, media coverage, and stock performance can be complex and may vary depending on numerous factors, like:

*CEO Reputation:* The reputation of a CEO can influence investors' confidence in the company's ability to generate profit and make effective decisions. A CEO with a positive reputation, based on past performances and leadership skills, can contribute to better stock performance.

*CEO Gender:* There are ongoing debates about how the gender of the CEO affects stock performance. Studies have sometimes shown that companies led by women may have better long-term performance, but these results can vary depending on context and other variables.

*CEO Age:* The age of the CEO can be an important factor in stock performance, as the experience and skills accumulated over time can influence their ability to manage the company's challenges and opportunities.

*Auditor Reputation:* The auditor's reputation can influence investors' trust in the company's financial reports. An auditor with a solid reputation can enhance transparency and financial credibility, which can have a positive impact on stock performance.

*Media Exposure:* The frequent presence of the CEO and Auditor in the media can affect public perception and investors' confidence in the company's direction and strategy. Positive or negative news about the CEO or the company can directly influence investor behaviour and, consequently, stock performance.

There is a significant relationship between CEO reputation and the Price-to-Book Ratio (PBR). News releases about illegal activities have had a more detrimental impact on companies' profits than reports of operational crimes (Park, Jang, 2021). Elements of the CEO's image such as respecting human rights, talent attraction and retention, product safety, ethical behaviour, implementation of SDGs (Sustainable Development Goals), local investments, have an impact on consumers, which leads to attracting investors and increasing the stock price (Noland *et al.*, 2016) A good name is rather to be chosen (Sun *et al.*, 2024).

Regarding the relationship between female CEOs and stock performance, Meijer (2010) found that there is a negative relationship, considering that the reason: female CEOs are seen as less capable by investors.

In an article examining the relationship between firm characteristics (CEO gender, CEO age, Board Independence, Debt Ratio, Firm Size) and ROA and PBR, it has been shown that women make different corporate financial and investment decisions compared to men. Firms with female executives are less likely to make acquisitions and issue debt compared to firms with male executives. Additionally, investors tend to react more favorably to significant corporate financial decisions made by firms with female executives. This empirical evidence supports the notion that men are generally more overconfident than women (Huang, Kisgen, 2013).

In the relationship between CEO age and stock market performance, Nulla in 2014 finds that EPS is higher when the CEO's age is over 50 years old.

The reputation of auditors significantly influences the quality of audits and the credibility of financial statements they examine, which is duly reflected in market valuation (Krishnamurthy, 2002).

Regarding the effect of news on stock returns, authors Zhao *et al.*, in 2024 demonstrate that a negative news story has an impact from 1 to 3 weeks due to the attention effect.

Most research focuses on analysing the connection between a single image element and commercial or stock performance. However, a company's performance can result from a complex combination of factors. Therefore, we aim to examine the following hypotheses:

H: *The company's image significantly influences its performance.*

- **H1:** *The company's image significantly influences its stock performance.*

- **H2:** *The company's image significantly influences its commercial performance.*

## 2. Research Design

Through a positivist approach, utilizing a deductive-inductive method, the paper evaluates the extent to which the company's image contributes to enhancing its stock or operational performance through the impact it has on investors' or business partners' decisions.

### 2.1 Sample, Data and Variables

The analyzed population consists of Romanian companies listed on the Bucharest Stock Exchange, excluding those whose main activity is financial intermediation. Information was manually collected from the financial statements of the 200 companies included in the sample, with observations covering a period of 9 financial years, specifically from 2014 to 2022.

**Table 1. Description of variables**

<i>Variables</i>	<i>Symbol</i>	<i>Description</i>
<b>Dependent Variables</b>		
<b>Commercial Performance</b>		
<b>Sales Growth</b>	SalesGr	Growth coefficient of sales $(Sales_t - Sales_{t-1}) / Sales_{t-1}$
<b>Operating profitability</b>	OpPerf	Indicates commercial activity performance $(Operating\ Income / Revenue) * 100$
<b>Stock Performance</b>		
<b>Price-to-book ratio</b>	PBR	Expresses stock performance by relating market price to company's equity value
<b>Stock Return</b>	StkRet	Return on stock generated by market price variation and dividend allocated following profit distribution $(Price_t - Price_{t-1} + Dividend_t) / Price_{t-1}$
<b>Independent Variables</b>		
<b>Company Image</b>		
<b>Media Image</b>	MedImag	Dummy variable taking the value 1 if the ratio of negative to positive news is below the sample average, and 0 otherwise
<b>CEO Gender:</b>	GndCEO	Dummy variable with the value 1 if the CEO is female and 0 if male
<b>CEO Age</b>	AgeCEO	Dummy with the value 1 if CEO age is over 50, and 0 otherwise
<b>Auditor Reputation</b>	Big4	Dummy taking the value 1 if the auditor belongs to the Big4 group, and 0 otherwise
<b>Control Variables</b>		
<b>Independence Degree</b>	BoardInd	Dummy variable with value 1 if there is a majority shareholder, and 0 otherwise
<b>Size</b>	Size	Log of total assets
<b>Indebtedness</b>	FL	Indebtedness level calculated as the ratio of financial debt to equity
<b>Industry Domain</b>	Ind	Dummy variable taking the value 1 if the company operates in the industrial sector, and 0 for services and commerce.

Source: created by the authors.

The analysis of deterministic relationships of the studied phenomenon was conducted using the variables presented in *Table 1*.

## 2.2 Data analysis methods

The study employed correlation analysis and multiple regression analysis, incorporating alternative, numerical, and dummy variables. Assessing the influence of the company's image on its performance level required the utilization of an econometric model, the structure of which is presented in Equation No. 1.

$$Perf_{i,t} = \alpha_0 + \alpha_1 * Imag_{i,t} + \sum \alpha_2 * Controls_{i,t} + \varepsilon_{i,t} \quad 1)$$

where:

$Perf_{i,t}$  represents the level of performance achieved by company  $i$  in period  $t$ , alternatively taking one of the forms of the dependent variables, namely *SalesGr*, *OpPerf*, *PBR*, *StkRet*;  $Imag_{i,t}$  is the independent variable reflecting alternatively each component of company  $i$ 's image, in period  $t$ , namely *MedImag*, *GndCEO*, *AgeCEO*, *Big4*;  $Controls_{i,t}$  represent the control variables used to test the relevance of deterministic relationships in the context of the action of financial and non-financial characteristics of companies;  $\alpha_0, \dots, \alpha_i$  are the parameters associated with the variables in the model, and  $\varepsilon_{i,t}$  is the error variable, residue.

The analysis was further deepened by introducing sensitivity variables, which allow the identification of combined actions of variables associated with the companies' images. In this regard, the model presented in Equation No. 2 was used.

$$Perf_{i,t} = \alpha_0 + \alpha_1 * Imag_{i,t} + \alpha_3 * SenzImag_{i,t} + \sum \alpha_2 * Controls_{i,t} + \varepsilon_{i,t} \quad 2)$$

where:

$SenzImag_{i,t}$  represents sensitivity variables associated with company  $i$ 's image in period  $t$ , namely  $AgeCEO * GndCEO$ ,  $MedImag * GndCEO$ ,  $MedImag * Big4$ .

In order to normalize the data, extreme values were removed and replaced with the last value in the series, following the method proposed by Hoaglin and Iglewicz (1987).

## 3. Interpretation of Results

Following the testing of research hypotheses, significant influences of market image components on the performance of listed Romanian companies were identified.

In this regard, *Table 2* synthesizes the results obtained regarding the evaluation of the company's image role in correspondence with the enhancement of commercial performance, measured through sales growth and their operating profitability.

Sales growth may reflect the appreciation of certain image components as elements underpinning the commercial decisions of partners.

Thus, it is noteworthy that a positive impact on sales is recorded when companies are audited by Big4 firms ( $\alpha_{Big4} = 0,380; 0,127$ ), with their reputation being perceived as having superior qualities for conducting business activities. Additionally, the presence of a female CEO is correlated with an increase in sales that exceeds the level recorded when companies are led by a male ( $\alpha_{GndCEO} = 0,152; 0,166$ ). This confirms the perception that women in leadership positions provide a higher degree of prudence and balance to the entity's activities.

Operational performance evaluated through sales profitability supports the same influences ( $\alpha_{GndCEO} = 0,119; 0,112$ ), highlighting the contribution of these two components of the company's image to its operational efficiency. It was noted that media image and CEO age are not significant characteristics in the context of commercial decisions, with business partners conducting thorough analyses to substantiate their decisions.

The introduction of control variables indicates that, within the context of the company's image influence, only size affects operational performance. Both sales growth and profitability are directly correlated with the total assets held.

**Table 2. The impact of company image on commercial performance**

Independent variables	Dependent variable			
	<i>SalesGr<sub>1</sub></i>	<i>SalesGr<sub>2</sub></i>	<i>OpPerf<sub>1</sub></i>	<i>OpPerf<sub>2</sub></i>
<b>Constant</b>	-0.173 (0.238)	-0.275 (0.000)	0.207 (0.000)	0.040 (0.311)
MedImag	0.079 (0,130)	-0.054 (0.211)	-0.081 (0.181)	-0.099 (0.128)
Big4	0.380 (0.000)	0.127 (0.027)	0.081 (0.074)	0.017 (0.006)
GndCeo	0.152 (0.007)	0.166 (0.001)	0.119 (0.049)	0.112 (0.050)
AgeCeo	-0.054 (0.230)	-0.081 (0.115)	-0.027 (0.346)	-0.022 (0.522)
BoardInd		0.035 (0.291)		-0.044 (0.280)
Size		0.508 (0.000)		0.127 (0.041)
FL		-0.059 (0.247)		0.040 (0.428)
Ind		0.095 (0.046)		-0.026 (0.482)
<b>N</b>	1800	1800	1800	1800
<b>Rsquare</b>	0.164	0.342	0.027	0.043
<b>Sig F change</b>	0.000	0.000	0.044	0.028

Note: the values of significance coefficients are presented between parentheses, with the study considering a 5% risk.

Source: own processing in SPSS 22.0.

The results of the analysis regarding the impact of the company's image on its stock performance are presented in Table 3. Evaluated from the perspective of investors, through the two specific indicators, stock performance targets two different temporal dimensions.

Stock return (*StkRe*), being focused on reflecting the results already obtained, is significantly influenced by only one image component, namely AgeCEO. Stock performance is superior when companies are led by a mature CEO over 50 years old, compared to those led by a CEO under 50 years old ( $\alpha_{AgeCEO} = 0,148; 0,157$ ). This can be explained by investors' confidence in the expertise of mature, established managers.

Stock performance measured by the PBR indicator predominantly reflects growth prospects in terms of the value of the analyzed company. In this context, market image influences play a different role. All four

components of the image have a significant impact on PBR. Media image (the ratio of negative to positive news) shows a direct connection between favorable news and increased stock performance ( $\alpha_{MedImag} = 0,096; 0,121$ ). The presence of a Big4 auditor, due to its reputation, offers superior growth prospects compared to companies audited by non-Big4 auditors.

**Table 3. The influence of market image components on stock performance**

Independent variables	Dependent variable			
	$PBR_1$	$PBR_2$	$StkRet_1$	$StkRet_2$
<b>Constant</b>	0.886 (0.000)	0.634 (0.002)	0.931 (0.000)	0.073 (0.000)
MedImag	0.096 (0.009)	0.121 (0.050)	0.031 (0.406)	0.045 (0.287)
Big4	0.124 (0.034)	0.068 (0.018)	0.002 (0.417)	-0.023 (0.338)
GndCeo	0.149 (0.013)	0.167 (0.006)	0.056 (0.153)	0.054 (0.078)
AgeCeo	-0.156 (0.008)	-0.163 (0.008)	0.148 (0.048)	0.157 (0.012)
BoardInd		0.061 (0.116)		0.113 (0.048)
Size		0.072 (0.042)		0.061 (0.199)
FL		0.090 (0.030)		-0.023 (0.412)
Ind		0.005 (0.391)		-0.138 (0.033)
<b>N</b>	1800	1800	1800	1800
<b>Rsquare</b>	0.060	0.081	0.018	0.046
<b>Sig F change</b>	0.001	0.002	0.069	0.036

Note: the values of significance coefficients are presented between parentheses, with the study considering a 5% risk.

Source: own processing in SPSS 22.0.

The characteristics of the CEO are also included in investors' interpretations regarding the growth prospects of companies. In this regard, future stock performance is perceived as superior when companies are led by a woman ( $\alpha_{GndCeo} = 0,149; 0,169$ ), and when the CEO is under 50 years old ( $\alpha_{AgeCeo} = -0,156; -0,163$ ). Both the stability brought by female leadership and the growth potential and energy associated with a CEO younger than 50 years old are considered elements of efficiency.

From the perspective of control variables, there is a distribution of influences depending on each stock performance indicator. In correlation with PBR, *Size* and *FL* are significant, where an increase in assets and a balance of financing sources (stock market and indebtedness) contribute to improve growth prospects. Stock return (*StkRet*), as a current stock performance indicator, is significantly influenced by *BoardInd* and the industry domain (*Ind*). The absence of a majority shareholder provides premises for dividend distribution and consequently an increase in stock returns. Additionally, it is remarkable that in the services and commerce sector, stock performance (estimated by *StkRet*) surpasses that of companies in the industrial sector.

**Table 4. Sensitivity analysis regarding the combined effect of image components on comercial performance**

Independent variables	Dependent variable			
	<i>SalesGr<sub>1</sub></i>	<i>SalesGr<sub>2</sub></i>	<i>OpPerf<sub>1</sub></i>	<i>OpPerf<sub>2</sub></i>
<b>Constant</b>	0.297 (0.159)	-0.224 (0.000)	0.176 (0.000)	-0.080 (0.344)
MedImag	-0.042 (0.316)	-0.142 (0.047)	-0.076 (0.199)	-0.070 (0.252)
Big4	0.103 (0.294)	-0.176 (0.105)	0.005 (0.299)	-0.089 (0.201)
GndCeo	-0.154 (0.189)	-0.097 (0.254)	0.353 (0.028)	0.383 (0.018)
AgeCeo	-0.061 (0.176)	-0.142 (0.006)	0.034 (0.214)	0.046 (0.326)
AgeCeo*GndCeo	0.154 (0.026)	0.200 (0.025)	-0.223 (0.049)	-0.216 (0.041)
MedImag* GndCeo	0.181 (0.011)	0.077 (0.038)	-0.077 (0.220)	-0.136 (0.136)
MedImag*Big4	0.270 (0.008)	0.278 (0.046)	0.105 (0.136)	0.140 (0.214)
BoardInd		0.024 (0.325)		-0.051 (0.322)
Size		0.535 (0.000)		0.136 (0.046)
FL		0.035 (0.287)		0.044 (0.290)
Ind		0.092 (0.054)		-0.053 (0.220)
<b>N</b>	1800	1800	1800	1800
<b>Rsquare</b>	0.182	0.370	0.041	0.060
<b>Sig F change</b>	0.000	0.000	0.008	0.047

Note: the values of significance coefficients are presented between parentheses, with the study considering a 5% risk.

Source: own processing in SPSS 22.0.

The sensitivity analysis aims to deepen the study of the influences generated by market image on company performance. The information noted in *Table 4* reflects that an increase in sales is superior when companies are led by a mature woman (over 50 years old) ( $\alpha_{AgeCeo*GndCeo} = 0,154; 0,200$ ). Additionally, the impact of positive news on sales when companies have a female CEO is superior compared to when the CEO is male. The effect of positive news is similar when the auditor is a member of the Big4, with these two elements reinforcing each other compared to when the auditor is from the non-Big4 group. From the perspective of sales profitability, it is increased when companies are led by a female CEO under 50 years old ( $\alpha_{AgeCeo*GndCeo} = -0,223; -0,216$ ), highlighting their appetite for high profits, while female managers over 50 years old exhibit prudence and focus on possible low-price policies, which allow for stable company development.

**Table 5. Sensitivity analysis regarding the combined effect of image components on stock performance**

Independent variables	Dependent variable			
	$PBR_1$	$PBR_2$	$StkRet_1$	$StkRet_2$
<b>Constant</b>	0.727 (0.000)	0.388 (0.083)	0.888 (0.000)	0.756 (0.000)
MedImag	0.035 (0.293)	0.022 (0.322)	-0.025 (0.185)	0.005 (0.257)
Big4	0.163 (0.112)	0.081 (0.225)	-0.107 (0.119)	-0.108 (0.322)
GndCeo	0.428 (0.007)	0.460 (0.004)	0.054 (0.139)	0.115 (0.128)
AgeCeo	-0.155 (0.027)	-0.158 (0.025)	0.147 (0.034)	0.199 (0.009)
AgeCeo*GndCeo	-0.027 (0.124)	-0.018 (0.181)	-0.086 (0.086)	-0.135 (0.176)
MedImag* GndCeo	-0.305 (0.009)	-0.337 (0.005)	0.073 (0.145)	0.045 (0.209)
MedImag*Big4	-0.016 (0.323)	-0.005 (0.490)	0.121 (0.080)	0.103 (0.247)
BoardInd		0.036 (0.261)		0.118 (0.046)
Size		0.111 (0.042)		0.054 (0.168)
FL		0.100 (0.108)		-0.024 (0.305)
Ind		-0.019 (0.170)		-0.146 (0.027)
<b>N</b>	1800	1800	1800	1800
<b>Rsquare</b>	0.080	0.109	0.022	0.052
<b>Sig F change</b>	0.001	0.010	0.027	0.044

Note: the values of significance coefficients are presented between parentheses, with the study considering a 5% risk.

Source: own processing in SPSS 22.0.

Table 5 organizes the information resulting from the sensitivity analysis conducted in correlation with the stock performance of companies. Significant influences are noted in correspondence with PBR. Positive news, in the context of male management, influences investor decisions to a greater extent compared to when positive news is published in correspondence with the presence of a woman at the helm of the company ( $\alpha_{MedImag*GndCeo} = -0,305; -0,337$ ). This may reflect the presence of discriminatory perceptions regarding gender affiliation, still prevalent in the Romanian socio-economic space.

## Conclusions

Companies audited by Big4 firms experience a superior increase in sales compared to those not audited by Big4. This can be explained by the fact that business partners perceive the reputation of these firms as having superior value. Companies audited by Big4 experience rigorous audit processes and are required to adhere to international accounting regulations and standards. This level of compliance and transparency can inspire confidence in the performance and financial stability of the companies, which may stimulate demand for their products or services.

Companies with female CEOs experience higher sales growth than companies with male CEOs. This can be explained by the perception that women in leadership positions bring a greater degree of prudence and balance to the company's operations, which can inspire confidence among business partners and contribute to better sales performance. A greater presence of women in leadership positions can convey a message of diversity and inclusion, which may attract customers and business partners who value these aspects and may be more willing to do business with the company.

In contrast, aspects such as media image and CEO age are not considered significant in the context of commercial decisions. CEO age may be seen as a personal characteristic that does not necessarily have a direct correlation with leadership abilities or business success. And media image can be influenced by subjective factors or temporary events and may not necessarily reflect the actual performance or future prospects of a company. Therefore, business partners conduct deeper analyses and rely on other factors to substantiate their decisions, such as past financial performance, growth prospects, competitive position, and industry reputation.

The size of the company, measured by the total assets held, has a direct impact on sales growth and profitability. Larger companies tend to have higher sales and profitability, likely due to their extensive resources and capabilities, which allow them to achieve economies of scale and capture a larger market share.

Stock return (*StkRet*), which focuses on reflecting a company's past performance in the stock market, is strongly influenced by a single component of the image: CEO age (*AgeCEO*). It is observed that stock market performance is better when companies are led by mature CEOs, aged over 50 years. This can be explained by the confidence investors have in the expertise and experience accumulated by mature managers. Managers with a solid reputation are seen as having the necessary skills to navigate market challenges and changes, which instills confidence in investors that the company will have stable performance and invest in its stocks. Thus, CEO age becomes a significant indicator for assessing the future performance of the company in the stock market.

Stock market performance, assessed by the PBR indicator, primarily reflects growth prospects concerning the value of the analyzed company. All four components of the image significantly influence the PBR. Media image (the ratio of negative to positive news) reflects a direct connection of favorable news with the increase in stock market performance. Companies with positive media exposure may be preferred as safer and more promising investments, which can boost demand for their stocks and contribute to the growth of stock market performance.

The presence of a Big4 member auditor provides superior growth prospects, given its reputation, compared to the situation where companies are audited by non-Big4 firms. Opting for an auditor with a solid reputation can enhance investor confidence.

Future stock performance is perceived to be superior when companies are led by a CEO under the age of 50. These are interpreted as components of efficiency, both the balance provided by female leadership, and the potential for development and dynamism conferred by the CEO's age being under 50 years old. Investors may perceive younger CEOs as more agile and adaptable to rapid changes in the business environment. They may be more willing to embrace new technologies, implement changes, and to progress faster.

The absence of a majority shareholder provides the premises for dividend distribution and implicitly an increase in stock returns. Companies that regularly and consistently distribute dividends may be more attractive to investors. Investors may be interested in purchasing shares of a company that offers good returns through dividends.

At the same time, it is highlighted that in the services and trade sector, stock market performance (estimated by *StkRet*) is superior to that of companies in the industrial sector. Companies in the services and trade sector often have a more flexible and service-oriented business model, which can generate higher profitability compared to companies in the industrial sector, which must contend with higher costs associated with manufacturing and distributing tangible goods. Additionally, companies in the services and trade sector can be more agile and adaptable to economic and market changes, having the ability to quickly adjust their strategies and operations to respond to demand and capitalize on opportunities. On the other hand, industrial companies may be more affected by fluctuations in demand and raw material prices, which can impact their short-term performance.

The presented results are consistent with the findings of other authors such as Fondas, Salsalos, 2000; Eagly, Carli, 2003; Schubert, 2006; Aronmwan *et al.*, 2013; Taktak, Mbarki, 2014.

If we analyze the impact of the combined action of variables associated with the company's image on its commercial and operational performance, we obtain more complex results.

Sales growth is higher when companies are led by a female CEO, who is mature (over 50 years old), news is predominantly positive rather than negative, and the auditor is a member of the Big4.

Investor decisions are more strongly influenced by positive news when associated with male management, compared to when linked to the presence of a woman at the helm of the company. This may indicate the existence of discriminatory gender perceptions that still persist in the Romanian economic and social environment.

The general conclusion is that the impact of the company's image on commercial and operational performance is complex and influenced by a series of interdependent factors. This observation underscores the complexity and interconnectedness between the company's image and its leadership, highlighting the importance of a holistic and balanced approach in managing and promoting a positive organizational image.

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## KONKURENCINIO RINKOS ĮVAIZDŽIO ĮTAKA ĮMONĖS VEIKLOS REZULTATAMS

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*Santrauka.* Nors veiklos rezultatų maksimizavimas yra sudėtingas tikslas, jis išlieka daugelio lyderių ir organizacijų dėmesio centre, siekiant nuolat tobulinti veiklą ir pasiekti norimus rezultatus. Šiame straipsnyje siekiama įvertinti įmonių įvaizdžio įtaką jų komerciniams ir akcijų rinkos rezultatams. Ekonominiu požiūriu įmonės gali gerinti savo pardavimus ar komercinius rezultatus (veiklos pajamas / apyvartą), taip pat akcijų rinkos rodiklius, tokius kaip kainos ir balansinės vertės santykis (PBR) bei akcijų grąža. Tyrime taikyta koreliacinė analizė ir daugialypė regresinė analizė, apimanti 200 Bukarešto vertybinių popierių biržoje listinguojamų įmonių duomenis nuo 2014 iki 2022 m. Tyrimo rezultatai pateikia įtikinamų įrodymų, kad tokie veiksniai kaip žiniasklaidos formuojamas įvaizdis, generalinio direktoriaus lytis ir amžius bei auditoriaus reputacija gali paveikti pardavimų augimą, komercinį pelningumą ir investuotojų sprendimus. Šios išvados reikšmingos tiek ekonomikos teorijai, tiek verslo praktikai.

*Reikšminiai žodžiai:* komercinis veiklos efektyvumas; akcijų veiklos rodikliai; įvaizdis žiniasklaidoje; generalinio direktoriaus lytis; generalinio direktoriaus amžius; auditoriaus reputacija.