

RESEARCH ARTICLE



Investor Site Visits' Learning Mechanism: Assessing Its Impact on Capital Market Insight

Kelvin Agyemang¹ and Maliha Saleem²

¹Department of Management Studies Education, Akenten Appiah-Menka University of Skills Training and Entrepreneurial Development (AAMUSTED), Kumasi, Ghana.

²Department of Business Administration, GCW University Sialkot, Pakistan.

Correspondence:
Maleehasaleem98@gmail.com

Abstract

The study aims to investigate a prevalent and essential kind of data collection for corporate investors: site visits, which refer to visits made to the firms' production facilities and corporate headquarters. The study examined the impact of investors' site visits on the correlation of stock market prices and the effectiveness of profitability. The study has involved the analysis of data collected from the Kuala Lumpur Stock Exchange from 2005 to 2023. The methodology has used Potential Mechanisms tests, Endogeneity treatment tests, Synch index validity tests, and Robustness tests to analyze the research data. The results revealed that the investors' site visits have been found to reduce synchronization among stock market prices and improve profitability efficiency. The investors' site visits also have a stronger impact on organizations that have lower-quality information disclosure and weaker corporate management. The study presents the beneficial effects of investor site visits on enterprises, particularly highlighting their influence on market pricing efficiency.

KEYWORDS

Capital market pricing efficiency; Stock price synchronicity; Institutional site visits; Endogeneity treatment tests; Robustness tests

1 | INTRODUCTION

The study investigates the business site visits' stock value impact. Investors' site visits attend the corporation's base camp offices during site inspections, and during these visits, investors observe employees. The site visits incorporate useful data easily accessible through conventional financial research, which helps increase capital markets' efficiency. The number of patents issued to Malaysian firms is used as a proxy for corporate capital market pricing efficiency in the study to determine the effects of site visits by institutional investors. Investors, analysts, and other stakeholders visit a company's physical premises, such as its offices, production facilities, and operating areas. One of the most prominent private connections is corporate site visits, where the major participants are institutional investors. When investors or analysts visit companies, they speak with management and take note of actual production and operational operations (Al-Jaifi, 2017). Site visits by institutional investors assist firms in promoting corporate governance and information openness, two factors that eventually lower audit

expenses. The site visits of influential financiers assist firms in enhancing the readability of monetary reports and the frequency of voluntary disclosures (Antonakis et al., 2010). Corporate site visits help investors and firms make better-informed and thoughtful investment decisions. Company site visits by institutional investors are recognized as a crucial strategy for gathering data and improving company governance, but their effects on share pledging remain unknown (Basir Malan et al., 2015). Corporate site visits raise a company's visibility and reputation by displaying investor interest. Site visits by institutional investors help them make better-informed investment choices, which improve mutual funds' and hedge funds' performance. Managers can support stakeholders' rights and interests by engaging in socially responsible activities using corporate site visits as an educational (Bédard et al., 2016). Corporate site visits can significantly lower the incidence of corporate fraud and problems related to management (Bushman et al., 2004). Investors can better comprehend a business's present state and

possibilities for future hazards when they visit the company and learn about its internal management techniques (Carver et al., 2017). According to Chen et al. (2007), the site visits of investors have a positive impact on firm-specific corporate capital market price and efficiency. Institutional investors' visits to a company's operations positively impact its stock price (Cheung et al., 2005). The study uses data from Malaysia for two primary purposes: If media monitoring consistently gives investors more information and reduces stock price co-movement, it will be more effective than internal monitoring.

The firm's resilience capability suggests that to recover from disruptions strengthens its performance depends upon its ability. The study has applied Potential Mechanisms testing to explain the association between business site visits and capital market performance. The Endogeneity treatment test addresses problems when corporate site visits are linked with the error term and guarantees that the associations observed are not biased. The synchronization index validity test evaluates the effectiveness of capital market pricing about investor site visits, and robustness tests evaluate the reliability of research. The results represent a significant positive association between the frequency of site visits by institutional investors and the number of patents awarded to Malaysian firms. The firms with more site visits from institutional investors will also likely obtain more patents for efficient capital market pricing.

According to the paper's structure, Section 2 consists of a research literature review and hypothesis development; Section 3 covers research methodology, research design, and econometric equations; Section 4 describes the results and comments using tables and graphs; and Section 5 determines the conclusions.

2. Literature Review

Corporate site visits are becoming more important for institutional investors and financial experts (Christensen et al., 2014). Corporate site visits are becoming essential for investors to comprehend a company's activities, especially in countries like Malaysia (Claessens et al., 2000). The stock market's excessive price synchronization has a detrimental effect on asset valuation, economic effectiveness, and the operation of security market screening systems (Cronqvist et al., 2003). Investors connect directly with corporate spokespersons and learn about their personalities during site visits (Daske et al., 2007). Strong synchronization indicates a low-quality or high-quality to a positive connection between synchronicity and discretionary additions (Daske et al., 2008). Synchronization is a trustworthy sign of company-

specific information in the growing capital market of Russia (De Cesari, 2012). Due to Malaysia's opaque information environment, site visits are essential for investors to understand a company's activities (Durnev et al., 2004). Excessive price synchronization on the stock market will harm the operation of the security market screening mechanism, and it also harms economic efficiency (Durnev et al., 2003). During visits to the corporate headquarters, investors gain a better idea of the character of the company's representatives (Ferreira et al., 2011). Visits to corporate facilities improve investors' capacity for information absorption. The profitability and risk of a company affect managers' incentives to meet privately with investors (Galego et al., 2019). The entrepreneurial motivation also drives the search for external knowledge. Market share, cost of equity, and market-to-book ratio increased due to stock price synchronization, resulting in less private information being shared (Gaspar et al., 2005). Core expertise in information disclosure effectively reduces stock price synchronization. The impact of advertising on synchronization is stronger in firms with more information asymmetry and in the consumer products industry (Gutierrez et al., 2018). The fundamental competency of information disclosure has a stronger influence on decreasing stock price synchronization and helps to diminish it (Hasbrouck, 1993). Potential mechanisms were tested by exploring the underlying processes at work to explain the connection between business site visits and capital market performance (Hutton et al., 2009). An endogeneity treatment test ensures that any potential biases arise from the correlation between corporate site visits and the error term (Huyghebaert et al., 2004). The synchronization index evaluates investor site visits, and capital market efficiency is evaluated (Jensen et al., 1976). Robustness tests were applied to evaluate the stability and reliability of results to ensure the model specifications, assumptions, and parameters (Jiang et al., 2018). By visiting a company in person, investors can better understand its financial health, future goals, and nonpublic data like management skills, corporate culture, and employee motivation (Jin et al., 2006).

The integration of big data analytics capability helps entrepreneurs make informed decisions, optimize their enterprise risk management strategies, and improve supply chain performance. The study found that in-person investor contacts reduce stock price synchronization and improve capital market pricing. The first hypothesis is formulated accordingly:

H₀₁: Investors' site visits to listed firms will decrease the synchronization of capital market stock values.

Financiers frequently get the chance to interact with top management during their site visits. Securities analysts, institutional investors, and financial analysts comprise a significant portion of the investors visiting the business to address issues (Kachelmeier et al., 2019). According to the analysis for the study, business site visits do not provide investors access to the company's private information, and the hypothesis is defined as:

H₀₂: Investors' visits progress the synchronization of capital market pricing efficiency.

A publicly listed company shares information about its current operational and financial issues and other significant events with anyone interested by hosting investor receptions, analyst meetings, road shows, and other events.

3 MATERIAL AND METHOD

3.1. Sample and Data Collection Process

The research includes a compilation of manufacturing businesses listed on the Kuala Lumpur Stock Exchange (<https://www.bursamalaysia.com>) from 2005 to 2023. The selection of these manufacturing businesses for the study was based on three specific criteria. To begin with, the manufacturing industry is one of the most important economic sectors. Approximately 60% of listed organizations are comprised of manufacturing corporations, with the world serving as the epicenter of manufacturing. Furthermore, industrial enterprises are prone to encountering apprehensions from foreign investors. Furthermore, site visits provide investors with valuable insights into the operational aspects of organizations, enabling them to obtain pertinent information. The data related to investor site visits to determine the investor potential market variances has been collected from (<https://www.bursamalaysia.com>) and (<https://www.globaldata.com>). Some detailed data on institutions' site visitors is provided by the Malaysia Open Science Platform (MOSP) database (<https://mosp.gov.my.com>). Capital market pricing data is collected from the Malaysian Securities Commission's website (<https://www.sc.com.my>).

3.2. Variable synchrony index clarified (Synch)

The synchrony index is used in the study as a stand-in for the efficacy of capital market pricing for publicly traded corporations. Robustness tests have shown that a company's stock price synchrony declines as corporate information openness rises (Hasbrouck, 1993). A stock pricing metric, dubbed "price synchrony," is used as an indicator of pricing efficiency. The price synchrony index has used the market model and multiple regressions to figure out the monthly determination coefficient R^2 . To modify R^2 's coefficient

of determination and to transform it (0,1) logarithmically. A synchrony index (*Syind*) for each stock return has been calculated, and the indicator has a range of $(-\infty, +\infty)$, making it easier to track changes in publicly traded corporations' capital market pricing efficiency.

$$Return_{i,t} = \alpha_i + \alpha_1 Return_{m,t} + \alpha_2 Return_{j,t} + \epsilon_i \quad (1)$$

Using the SIC 1-digit system, $Return_{i,t}$ represents the daily stock return rate of the firm (i) at day (t), and $Return_{m,t}$ depicts the total market value at day (t) weighted average return of all markets. $Return_{j,t}$ depicts the firm's market value *j* at daytime (t) weighted average return, and the random error term is ϵ_t . The rate of return for the company's industry (denoted by *j*) is represented by *j*, *t*+1, and the rate of return for each is represented by *j*, *t*-1.

$$Syind_{i,t} = \ln (Return_i^2 / 1 - Return_i^2) \quad (2)$$

In model (2), $Return_i^2$ is what the research refers to as the correlation coefficient '1' of the regression model. According to King (1966), capital market efficiency can be evaluated at various pricing points through synchronization. The efficiency of price discovery is determined by the speed and accuracy with which the stock market adjusts prices in response to new information (Lean et al., 2015). Smaller Synch stock values are more influenced by firm-level information compared to market events (Lennox et al., 2018). High factors greatly influence market variables, while the stock price is impacted by the qualities of the company (*Syind*) (Leuz et al., 2000). Understanding firm-specific information and its impact on stock price volatility, as well as the importance of low synchronization values in capital market pricing, is crucial (Mak, 2006). Stock return synchronization measures the coordination of stock returns. Enhanced market transparency is achieved through synchronization and advanced stock pricing algorithms. Robust coordination and insightful stock prices minimize the imbalance of information. Market dynamics and information availability have a significant impact on financial analysis. The presence of SEO discounts and analyst coverage helps to mitigate the issue of synchronization (Morck et al., 1988).

3.3. Explanatory variables (Corporate Site Visits)

The number of visits is the number of times investors visit a firm monthly. The Malaysia Open Science Platform (MOSP) database (<https://mosp.gov.my.com>) lists all stock exchange site visitors as the statistic. The robustness test examines institutional investor and analyst firm site visits.

3.4. Control Variables

According to Morck et al. (2000), the approach of

controlling the number of enterprises in the industry (*IND*) and the industry's size is referred to as minimizing the impact of interference factors (*INDS*). The analysis looks at stock turnover (*STO*), top shareholder ownership (*TSO*), new investor ownership (*NIO*), company size (*COS*), and market-to-book value (*MB*) ratio. The focus also considers the standard deviation of resource returns over five years (*STN*).

3.5. Multiple Regression Model

To put the presented hypotheses to the test, a multiple relapse model has been implemented:

$$Syind_{i,t} = \alpha_0 + \alpha_1 VIS_{i,j,t} + \alpha_2 CONT_{i,t} + \alpha_{fe} + \epsilon_{i,t} \quad (3)$$

Stock return synchrony ($Syind_{i,t}$) is the meaningful variable, while site visits of financial promoters are shown as ($VIS_{i,j,t}$), control variables are presented as ($CONT_{i,t}$), and the group of industry regulates a series of fixed effects is presented as (α_{fe}), and ($\epsilon_{i,t}$) displays the error term.

4 | RESULTS AND DISCUSSION

4.1. Descriptive Statistics

Table 1 represents the results of descriptive statistics, and the KLSE's listed companies have more consistent stock return synchrony and stock cost values. Additionally, the Kuala Lumpur capital market has lower pricing efficiency, meaning stock prices appropriately represent available information.

The results reveal that for the corporate site visit, the average (middle) value is 1.829 (1.609), and the standard error of 0.943. The R^2 value in the model (1) is significantly higher at 0.473 (0.479) compared to the mean values of the other models, and the standard deviation for the ($Syind$) is -0.176 (-0.084).

4.2. Baseline Tests

Table 2 illustrates the detrimental effect of investor site visits on the accuracy of return estimates in capital markets. Baseline tests involve incorporating firm-specific control variables to consider their impact on the investors' site visits, along with simple regression models.

The results in column (1) show that the corporate site visits (*VIS*) have a high 1% coefficient of -0.115 ($t = -12.45$). Stock price synchronicity is positively correlated with ROA, STN, and (*IND*). The results indicate that firms have higher performance volatility, and competitors will have higher stock price synchronization. In columns 2 and 3, industry-level has been gradually incorporated, and (*VIS*) coefficients remain statistically significant. The results reveal that

with the increase in investors' site visits, the capital market evaluation is improved, and public business stock price synchronization has decreased significantly. The growth in investor site visits (*VIS*) lowers the investors' investment risk in the best organizations (Reeb et al., 2012).

4.2.1. Categorizing Tests

The study has applied the categorization test to assess the market research employed as part of the assessment procedures. The assessments assess cognitive talents, knowledge mastery, and perceptions, revealing how institutional investors process information and interpret investment environments. The study has been assigned Grades for information disclosure based on evaluation categories, including "excellent" (Grade 4), "good" (Grade 3), "Qualified" (Grade 2), and "Absolute" (Grade 1) since 2001. In addition to some categories' average Grade 3, the study provides a dummy variable, "Info dis," to show information quality differences. Table 3 illustrates the assessment of information disclosure quality by categorization testing.

The investors' site visit coefficients in columns 1 and 2 are -0.101 (t-value -6.13) and -0.121 (t-value -10.87) are significant at 1% level. The connections between the stock costs of public listed firms and site visitors are decreasing dramatically (Roll, 1988). Columns 3 and 4 have statistically significant negative (*VIS*) coefficients of -0.123 ($t = -9.39$) and -0.105 ($t = -8.14$). Investors disclose more private firm information on websites; low-quality disclosure groups affect stock price correlation more than high-quality (*VIS*).

4.3. Robustness Tests

The study has applied the Robustness tests to ensure the stability and reliability of its primary results concerning recurrence. Robustness tests have determined the sensitive results of the model's parameters and the data sample of the study.

4.3.1. Additional Significant Parameters

The objective of the study is to realize original clarifications and significances for "*Syind*" by using the models. To achieve synchrony between "*Syind* 1& *Syind* 2," the study checked the concept of "*Syind*" by referring to previous research literature (Rubin, 2007), (Sauerwald et al., 2016), and (Securities Commission Malaysia., 2000), and the organization's rate of return on investments regression equations (4) and (5) are designed as.

Table 1: Descriptive Statistics

Variable	N	Mean	Std.	P5	Q1	Median	Q3	P95
Age	35907	1.909	0.772	0.485	1.355	1.964	2.588	2.964
IND	35907	5.78	1.139	3.689	4.898	6.155	6.791	7.003
INDS	35907	28.57	1.318	25.79	27.79	28.69	29.7	30.19
LEV	35907	0.416	0.208	0.098	0.246	0.405	0.579	0.762
COS	35907	22.08	1.148	20.51	21.27	21.91	22.71	24.34
MB	35907	2.139	1.257	1.031	1.335	1.741	2.507	4.555
QFII	35907	0.112	0.459	0.000	0.000	0.000	0.000	0.804
ROA	35907	0.052	0.05	-0.002	0.023	0.046	0.076	0.14
STN	35907	0.027	0.033	0.004	0.01	0.018	0.031	0.08
Synch	35907	-0.176	1.218	-2.36	-0.881	-0.084	0.651	1.649
TSO	35907	34.63	14.76	13.97	22.7	32.73	44.67	63.0
STO	35907	2.512	1.781	0.545	1.191	2.063	3.36	6.084
VIS	35907	1.829	0.943	0.693	1.099	1.609	2.485	3.555
R ²	35907	0.473	0.23	0.086	0.293	0.479	0.657	0.839

Table 2: Represents the results of baseline tests

Variables	-1	-2	-3
VIS	-0.115*** (-12.45)	-0.115*** (-12.45)	-0.115*** (-12.45)
STO		-0.1 (-1.60)	-0.1 (-1.60)
TSO		0.008 -0.36	0.008 -0.36
QFII		-0.015 (-0.63)	-0.015 (-0.63)
COS		-0.482** (-2.24)	-0.482** (-2.24)
MB		-0.063 (-1.08)	-0.063 (-1.08)
LEV		-0.448 (-0.64)	-0.448 (-0.64)
Age		0.158 -0.18	0.158 -0.18
ROA		2.554* -1.81	2.554* -1.81
STN		1.026* -1.78	1.026* -1.78
IND			0.612* -1.87
INDS			-0.137 (-0.56)
Constant	0.045*** -2.71	10.518** -2.06	10.907 -1.43
Firm×Year F.E	Yes	Yes	Yes
N	35907	35907	35907
Adj. R ²	0.229	0.229	0.229

Note: *, **, and *** represent the p-values are significance at the 10%, 5%, and 1% levels, respectively.

$$Return_{i,t} = \gamma_i + \alpha_1 Return_{m,t-1} + \alpha_2 Return_{m,t} + \alpha_3 Return_{j,t-1} + \alpha_4 Return_{j,t} + \epsilon_{i,t} \quad (4)$$

$$Return_{i,t} = \alpha_i + \alpha_1 Return_{m,t-1} + \alpha_2 Return_{m,t} + \alpha_3 Return_{m,t+1} + \alpha_4 Return_{j,t-1} + \alpha_5 Return_{j,t} + \alpha_6 Return_{j,t+1} + \epsilon_{i,t} \quad (5)$$

Where " $Return_{i,t}$ " and " $Return_{m,t}$ " denote the average distinctive return rate of company "i" at day "t." The research is primarily concerned with redefining the variable "Synd," and it is influenced by the work of specifically their "enlarged market model

4 & 5." The market daily cost of return at time "t" is expressed as " $Return_{j,t}$," which indicates the total market value of the business's industry weighted average return (j) through (SIC 2-digits) at time "t," with " $\epsilon_{i,t}$ " is shown as an error term. $Return_{m,t+1}$ and $Return_{m,t+1}$ represent the weighted average return on the total market capitalization of the t-1 and t+1 business day. Correspondingly ($Return_{j,t-1}$) and ($Return_{j,t+1}$) infer that on business days (t-1) & (t+1), the manufacturing of firm (i) has resumed. The robustness test examines topic research since institutional investors and companies (experts) accounted for 97.17% of the site visits. The study redefines the explanatory variable based on the analysis above [(VIS) as (VIS_Ins)] and (VIS_Broker), how often analysts (brokers) visit a site monthly. Table 4 represents the results of the regression analysis for columns 1 to 5.

The results show that (Visit) regression coefficients Columns 1 and 4 are statistically negative at 1%, supporting the main regression results. The stock prices of "ST" and "IPO" findings in column 5 are supported by the fact that these firms see more substantial changes in their stock prices.

4.3.2. Fixed Effects Test

Fixed effect model analysis avoids excessive skewing in financial and statistical analysis. The linguistic distinctiveness of a company's management discussion and analysis section severely affects stock price synchronization when external information is sparse and in high demand (Rubin, 2007). The robustness test fine-tunes fixed effects and standard error clustering. Table 5 represents the fixed effects model and standard errors grouped by firm-year.

The results reveal that at 1% significance, the regression analysis variable "VIS" has a coefficient of -0.118, highly statistically significant (t = -12.57). Columns 1 and 2 show that corporate site visits cluster

standard mistakes and manage industry year-month fixed effects. Column 3 contains cluster standard errors for firm-level year and month-fixed effects. The investors' site visit coefficients in columns 1–3 are -

0.109 (-1478), -0.112 (-15.52), and -0.102 (-11.02). A 1% statistically significant result suggests that fixed effects and standard error clustering methods do not work (Sauerwald et al., 2016).

Table 3: Results of Categorizing test

	Data on divulgence quality high velocity rail opening			
	-1	-2	-3	-4
	<i>High</i>	<i>Low</i>	<i>Yes</i>	<i>No</i>
<i>Visit</i>	-0.101*** (-6.13)	-0.121*** (-10.87)	-0.123 (-9.39)	-0.105*** -8.14
<i>Cont.</i>	<i>Approve</i>	<i>Approve</i>	<i>Approve</i>	<i>Approve</i>
<i>Firm × Year F.E.</i>	<i>Approve</i>	<i>Approve</i>	<i>Approve</i>	<i>Approve</i>
<i>N</i>	9744	26157	16343	19564
<i>Adj_ R²</i>	0.263	0.215	0.205	0.247
<i>Diff</i>	0.02***			-0.018***

Note: *, **, and *** represent the p-values are significant at 10%, 5%, and 1% levels, respectively.

Table 4: Represents the substitute of significant variables

	-1	-2	-3	-4	-5
	<i>Synch1</i>	<i>Synch2</i>	<i>Visit Ins</i>	<i>Visit Broker</i>	<i>Substitute sample</i>
<i>Visit</i>	-0.101*** (-12.71)	-0.094*** (-12.50)	-0.114*** (-12.50)	-0.108*** (-10.96)	-0.118*** (-12.57)
<i>Controls</i>	Yes	Yes	Yes	Yes	Yes
<i>Firm×Year F.E.</i>	Yes	Yes	Yes	Yes	Yes
<i>N</i>	35907	35907	35907	35907	33940
<i>Adj_ R²</i>	0.217	0.193	0.229	0.228	0.23

Note: *, **, and *** represent the p-values are significance at the 10%, 5%, and 1% levels, respectively.

Table 5: Results of the fixed effects analysis

	-1	-2	-3
<i>VIS</i>	-0.109*** (-14.78)	-0.112*** (-15.52)	-0.102*** (-11.02)
<i>Controls</i>	Yes	Yes	Yes
<i>Province F.E.</i>	Yes	No	No
<i>Industry F.E.</i>	No	Yes	No
<i>Firm F.E.</i>	No	No	Yes
<i>Year×Month F.E.</i>	Yes	Yes	Yes
<i>N</i>	35907	35907	35907
<i>Adj_ R²</i>	0.278	0.286	0.34

Note: *, **, and *** represent the p-values significant at 10%, 5%, and 1% level, respectively.

Table 6: Represents the substitute provisions of fixed effects and clustering

Details	-1	-2	-3
<i>VIS</i>	-0.109*** (-14.78)	-0.112*** (-15.52)	-0.102*** (-11.02)
<i>Controls</i>	Yes	Yes	Yes
<i>Province F.E.</i>	Yes	No	No
<i>Industry F.E.</i>	No	Yes	No
<i>Firm F.E.</i>	No	No	Yes
<i>Year × Month F.E.</i>	Yes	Yes	Yes
<i>N</i>	35907	35907	35907
<i>Adj_ R²</i>	0.278	0.286	0.34

Note: *, **, and *** represent the p-values are significance at the 10%, 5%, and 1% levels, respectively.

4.4. Endogeneity Treatment

4.4.1. Propensity Score Matching (PSM)

Equation 3 is retested using propensity score matching (PSM) (Securities Commission Malaysia, 2000). By categorizing all instances into control variables, the anticipated internal problem and on-site visits are minimized. The function 'Treat' assigns the values '1' and '0' depending on whether the variable 'VIS' is greater than the sample median of '1'. Equation 3 represents the logit relapse in affinity score coordinating (PSM)'s first phase, utilizing comparable control conditions. Affinity scores are employed for matching, stratification, regression correction, and weighting (Securities Commission Malaysia, 2000). To achieve a match, employ the closest-neighbor coordination approach with a one-to-one ratio. Table 6 represents the substitute provisions of fixed effects and clustering of corporate site visits.

The study uses matching techniques to align observations in the treatment group (Treat = 1) and the control group (Treat = 0) to reduce biases. By matching inclination markers, which correspond to specific variables, the study lowers measureless factors and overcomes endogeneity problems, where the treatment variable is connected with the error term. This matching method makes treatment and control group comparisons more trustworthy and robust.

4.4.2. Instrumental variable method (IV)

The study utilized the instrumental variable technique (IV) by following the research of Sirois et al. (2018) to examine how company site visits by institutional investors contribute to increased environmental investment and improved financial

reporting quality, resulting in a reduction in environmental breaches. The study findings are modified as a result of these concerns by employing the instrumental variable approach, based on the research conducted by Thanatawee (2012) & Wurgler (2000), and the issue of endogenous reverse causality is presented in Equation 6.

$$INVIS_{i,t} = \sum_j (ISNSIZE_{i,j,t} / ISNSIZE_{i,j,t-1}) \times VIS_{i,t-1} \quad (6)$$

Where (INVIS) investor visits are the frequency investors visit a company's offices, (ISNSIZE) organization size is the investor the investigator serves, and (VIS) is the investor's physical location visiting frequency. The capital stock price synchronization of public industries will reverse causality. The study's result is more objective when *Synd_lag* is included in equation 3. Table 7

represents the endogeneity treatment effects for the variables of interest.

Column 1 represents the investor's site visits regression coefficient is -0.123 ($t = -11.56$), which is significantly negative at the 1% level, and investors' site visits still significantly reduce the stock price synchronicity. The results provide more evidence that the primary regression conclusion is sound, according to the findings of column (2) indicates the regression correlation coefficient equals *Synch_lag* to 0.033 ($t = 5.13$), positive time-series synchronization of listed enterprises' stock values is substantial at 1%. The correlation (*Visit*) coefficient is -0.112 ($t = -12.16$), statistically significant at the 1% significance level. The coefficient of *Visits* in the result of column (4) is -0.082 ($t = 5.75$), which is extremely negative at the 1% level.

Table 7: Denotes the results of the Endogeneity treatment

	-1	-2	-3	-4
	PSM	Lagged synchronicity	IV: Stage 1	IV: Stage 2
<i>Visits</i>	-0.123*** (-11.56)	-0.112*** (-12.16)		-0.082*** (-5.75)
<i>Synch_lag</i>		0.033*** -5.13		
<i>Expvisit</i>			0.346*** ($t = 84.93$)	
<i>Volatility</i>			13.895*** ($t = 8.29$)	
<i>Controls</i>	Yes	Yes	Yes	Yes
<i>Industry</i>	No	No	Yes	No
<i>Year</i>	No	No	Yes	No
<i>Firm × Year F.E.</i>	Yes	Yes	No	Yes
<i>N</i>	25413	35751	34063	34063
<i>Adj_R²</i>	0.217	0.23	0.46	0.13

Note: *, ** and *** represent the p-values are significance at the 10%, 5%, and 1% levels, respectively.

Results confirm that investors' site visits have significantly reduced stock return synchronization among open firms (Xing et al., 2011). The study presents the propensity scores were used to compare two groups: *Treat=1* and *Treat=0*. The propensity score matching (PSM) results are presented in Fig. 1 and 2. These scores reflect group disparities before matching.

After the matching operations, the propensity scores are spread more uniformly in both graphs, which enhances the comparability between the treatment and control groups and reduces bias. The horizontal axis represents propensity scores, which indicate the chance of receiving treatment, while the vertical axis represents the density of the scores. The propensity score discrepancies between the treatment and control groups have been greatly reduced due to the implementation of propensity score matching (PSM), hence increasing their comparability. The result affirms the researchers' expectations and shows that the matching technique improved the comparability of the groups. Fig 3 illustrates the effects of propensity score matching (PSM) on several parameters.

The graph illustrates that after implementing Propensity Score Matching (PSM), there are no differences over 5% in any of these attributes between the treatment and control groups.

4.5. Abnormal Trading Volume

Publicly traded corporations' stock prices are influenced by their trading practices due to investors' access to company-specific information. The irregular stock return rate index (AR) refers to the high rate at which certain equities alter to emphasize their monthly returns (Zhang et al., 2008). The research indicates that the calculation of the anomalous stock trading volume indicator involves taking the natural logarithm of the day trading volume and dividing it by the natural logarithm of the average monthly trading volume. Table 8 represents the approach employed by investors to acquire supplementary information during on-site inspections, which might influence the arrangement of stock prices.

Columns (1) and (2) had 0.003 ($t=8.28$) and 0.017

($t=8.64$) coefficients of Visit at 1% significance, indicating a boost in trading when an investor visits the company. Malaysian firms utilize informed trading to incorporate fresh information into stock prices, reducing price synchronization and improving capital market pricing. Investors also profited by trading at the proper time using freshly acquired firm-specific knowledge.

Table 8: Represents the abnormal trading volume and stock returns

	-1	-2
	AT	AR
VIS	0.003*** (8.28)	0.017*** (8.64)
Controls	Yes	Yes
Firm $\times$ Year FE.	Yes	Yes
N	35907	35907
Adj. R^2	0.004	0.015

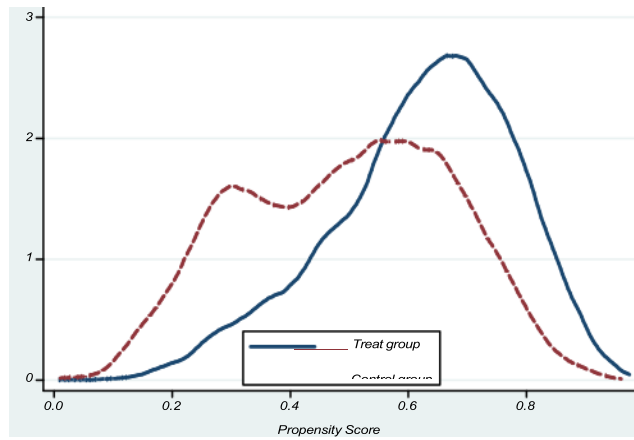


Fig. 1: Presents the propensity score in matching.

Note: *, ** and *** represent the p-values that are significance at the 10%, 5%, and 1% levels, respectively.

4.6. Synch Index Validity Test

The study has utilized various methods to assess the validity of the stock price synchronization index, and in Malaysia, the index has been tested. The largest shareholder's ownership is at its peak when it reaches 50% of the total shareholder ownership. Primary shareholders with government affiliations contribute to increased synchrony. There was also a correlation between Synchrony, foreign ownership, and audit quality. The study will utilize a distinctive test model, as depicted in Equation 7:

$$MAR_{i,t} = \alpha_0 + \alpha_1 NI_{i,t} + \alpha_2 NI_{i,t} \times DRsynch_{i,t} + \Sigma \alpha_k NI_{i,t} \times Control_{i,t,k} \text{ Industry} + \text{Dummies} + \text{Year Dummies} + \varepsilon \quad (7)$$

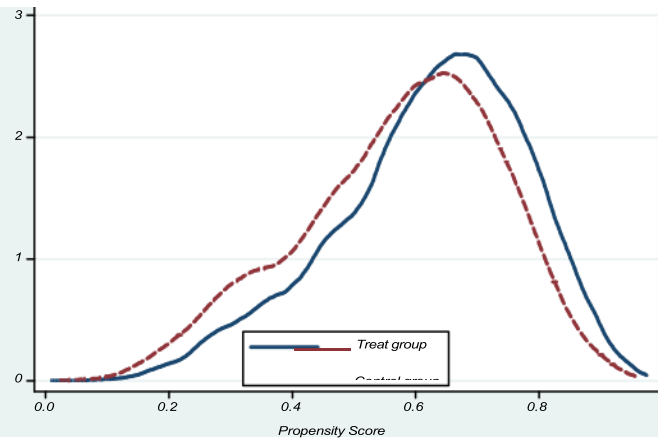


Fig. 2: Displays the propensity score in balancing.

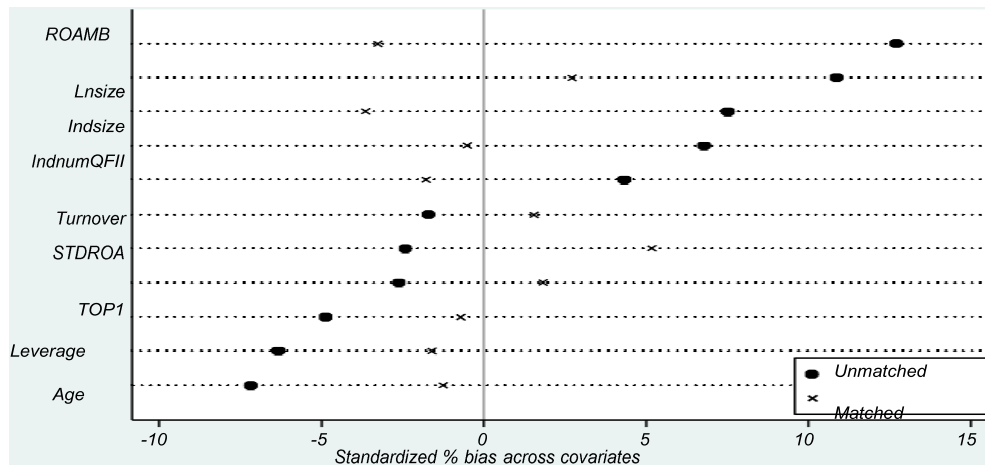


Fig. 3: Evaluates the impact of various factors on variables.

Where $MAR_{i,t}$ is a month-to-month net profit of a company i at t , between the monthly market return and the monthly stock return; $NP_{i,t}$ divides the equity market value by the net profit. Using the synchrony index $Synch$ in the (0, 1) range is now possible. Specifically, ($Syind$) to get a new variable $DRsyind_{i,t}$ with a range of 0 to 1.

Table 8 represents the results of the synchronization test for the abnormal trading volume and stock returns.

The coefficient of the contact time, $NP \times DRsynch$, is -0.999 ($t = -17.18$), which is quite risky at 1%. It is evaluating the efficiency of capital markets can be done using the stock cost synchrony file. When stock

return synchronization is strong, the stock cost incorporates less firm-specific data, resulting in reduced market-adjusted returns and company benefits awareness.

4.7. Analyzing the Stock Price's Industry

The study corresponds to the literature by independently calculating and assessing the industry evidence provided by the stock price. Additionally, it enhances the understanding of institutional site visits and the synchronization of stock costs by establishing a standardized measure of stock cost fluctuations. The procedure consists of the following steps: The $Return^2_diff$ pointer examines the intricate structure of models 8, 9, and 10.

Table 8: Represents the results of syind index validity tests

Details	MAR
NP	-0.264
	(-0.81)
$NP \times DR_Syind$	-0.999***
	(-17.18)
$NP \times MCAP$	0.036**
	-2.08
$NP \times LEV$	-0.069
	(-0.50)
$NP \times MB$	0.043**
	-2.03
IND FE.	0.018***
Year FE.	-15.26
N	35907
Adj-R ²	0.045

Note: *, **, and *** represent the p-values are significance at the 10%, 5%, and 1% levels, respectively.

$$Return_{i,t} = \alpha_i + \beta_1 Return_{m,t-1} + \beta_2 Return_{m,t} + \beta_3 Return_{j,t-1} + \beta_4 Return_{j,t} + \varepsilon_{i,t} \quad (8)$$

$$Return_{i,t} = \alpha_i + \beta_1 Return_{m,t-1} + \beta_2 Return_{m,t} + \varepsilon_{i,t} \quad (9)$$

$$Syind_{j,t} = \ln(r^2_{diff} / 1 - r^2_{diff}) \quad (10)$$

The study uses the above methods to measure the industry-level information content in listed stock prices by constructing the (R^2_diff) indicator. To study stock cost data, investors site visits' site visits to business data content are assessed. The study uses the assurance coefficients from models (8) and (9) to develop an index R^2_diff . The research utilizes model (10) to compute the stock price synchrony index by natural logarithmically transforming the R^2_diff index. R^2_diff and $Syind_{j,t}$ measures the proportion of industry-level information in a listed company's stock price. The greater the value of (R^2_diff) and ($Syind_{j,t}$), the more industry-level data is integrated into the company's stock cost. Further, the study employs the coefficients of determination derived by models (8) and (9) to derive R^2_diff . The R^2_diff index is transformed using the model (10) to calculate the stock price synchronicity index. Both (R^2_diff) and ($Syind_{j,t}$) analyze the industry-specific information's

effects on a company's stock price. Table 9 presents the results of the industrial information content of individual stocks by analyzing the stock prices.

Table 9: Shows the industrial information content of individual stocks.

	-1	-2
	R^2_diff	$Syind_{i,t}$
VIS	0.001	0.008
	-0.74	-0.89
Controls	Yes	Yes
Firm $\times$ Year F.E.	Yes	Yes
N	35907	35907
Adj-R ²	0.183	0.148

Note: *, **, and *** designate statistical significance at the 10%, 5%, and 1% levels, respectively.

The results indicate strong correlations between site visits ($t = 0.74$) and the explanatory variable, 0.008 ($t = 0.89$), in the regression equations for the 1st and 2nd columns, respectively. Investors' site visits have had no impact on the amount of industry-level information available on stock prices. Visits from investors have had a positive impact on firm-specific cost data in the securities exchange. It has led to a decrease in stock cost synchronization and an improvement in capital market evaluation.

4.8. Discussions

The findings indicate that conducting on-site visits to corporate locations has a significant impact on the stock prices of the companies listed on the Malaysian stock exchange. Investors are highly motivated by site visits, as they have high expectations for the benefits they will receive. They also have a critical demand for knowledge to accurately project the advantages of investing in the firms they visit. The findings reveal that when institutional investors conduct corporate site visits, it significantly improves the likelihood of firms achieving effective capital market pricing. The stock prices of these firms are significantly higher compared to those that investors do not regularly visit. These findings highlight the importance of conducting on-site visits to businesses to impact stock prices in the capital market and to decrease information imbalances among institutional investors. The effects of institutional visitors on firms' performance have replaced the impacts of corporate site visits by institutional investors. Endogeneity concerns and robustness testing results indicate that the educational levels of firms' managers have a significant impact on motivating corporate investors to visit the firms. However, the findings contradict a previous study that suggested a negative relationship between managers' education levels and the alignment of a firm's stock prices with capital market pricing efficiency. The findings indicate that conducting site visits by investors can help mitigate the cost stickiness of stocks, resulting in improved

adaptability to changes in the cost structures of these companies. Endogeneity tests require the adjustment of control variables' fixed effects. The websites of the industries are also crucial in building investor trust. Investing in computerized phases can be a complex process that requires coordination between various internal and external groups. Despite the extensive research on SCT and transparency, there is currently no empirical evidence on the impact of computerized stages and SCT on data health and EIM. The findings indicate that factors such as company size, age limit of workers, strength of board members, and freedom of speech also play a significant role in attracting investors. ISR in Pakistani Islamic banks is influenced by various factors such as company size, benefit, age, and board size.

5. Conclusions and Recommendations

The study underscores the vital role of investors' site visits in enhancing the stock prices of Malaysian firms. The study examines the investor site visits affect capital market pricing efficiency using data from 2005 to 2020 from listed firms on the Kuala Lumpur Stock Exchange (KLSE) in Malaysia. The study has applied potential mechanisms tests, endogeneity treatment tests, synch index validity tests, and robustness tests to analyze the data. The results reveal a significant reduction in the stock price synchronization index as a result of increased investor site visits to listed firms. The determinant model shows that when a business offers normal advantages and financial benefactors demand more data, they are more likely to visit it. The investors realized anomalous returns by incorporating firm-specific information into stock prices. The findings reveal that the investor site visits have the potential to contribute positively to the flourishing of the stock prices of Malaysian firms. The results also show that the investors have gradually acquired information through site visits, which has improved the capital market's ability to evaluate investments. The results show that site visits by investors site visits significantly contribute to the development of Malaysia's capital market. The assessment expanded on the increasing number of business site visits by directly examining their impact on capital market valuation expertise. Additionally, it enhanced the writing on the factors affecting stock development. The impact of corporate site visits on stock cost synchrony by the investors' site visits population and its internal elements went on to further illustrate the tool from the perspective of "gradual data." The site-visiting exercises by investors site visits have the potential to significantly enhance the capital market data atmosphere and provide substantiating proof of the necessity and soundness of Malaysia's capital data exposure system. The findings show that the age and size of the organizations also have an impact on the growth of market capital evaluation, as large companies

attract institutional investors to their locations, which improves the performance of their managers and workers. The destination visits of the investors' site visits also effectively promote the steady improvement of the social economy and the capital market. The research represents a pioneering effort to thoroughly explore the impact of business site visits on stock return synchronization. It improves the existing body of knowledge regarding factors influencing stock return co-movement, thereby expanding the scope of research on the influence of site visits on the capital market.

5.1. Future Research Suggestions

The future research suggests examining the economic effects of corporate site visits on firm performance and examining how firm governance affects these visits. Analyzing how management's answers during these site visits affect results. By examining these possibilities, researchers want to learn more about investor site visits, business behavior, and performance.

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