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ABSTRACT

The objective of this paper is to propose the relationship between the corporate social responsibility disclosure (CSRD) of investors and the financial performance of the Shariah public listed companies in Malaysia. This paper examines the literature related to the relationship between the corporate social responsibility disclosure (CSRD) of investors and financial performance. This study is grounded on stakeholders' theory. The dimensions of the three newly constructed CSRD investors were derived from the pilot test of ten selected companies' annual reports for 2019. The paper proposes that there is a positive impact on CSRD investors' dimension and financial performance of Shariah in Malaysia before, during, and after Covid-19. The Shariah public listed companies can best benefit from investors' activities when it has a good reputation among major stakeholders. The stakeholders' theory asserts the need for Shariah public listed companies for continuity in meeting stakeholders' expectations in sustaining their social and financial performance during a crisis. This research contributes to the theoretical and practical contributions for future researchers to focus on more specific areas that will help to improve the financial performance of Shariah public listed companies. This paper adds to the body of corporate social responsibility literature by proposing the investors as one of the dimensions of corporate social responsibility disclosure of Shariah public listed companies in Malaysia.

1. Introduction

In Malaysia, issues related to corporate social responsibility are not new; Corporate Social Responsibility (CSR) has gained unprecedented global focus and attention from various sectors, particularly the business world. Such a development is due to increasing awareness among stakeholders, which eventually translates to continuous pressure on companies. Based on the 2002 European Commission report, Corporate Social Responsibility Disclosure (CSRD) is a concept whereby companies integrate social and environmental concerns into their business operations and their interactions with their stakeholders voluntarily. The purpose of CSRD is to encourage organizations to consider the interests of society by taking responsibility for the impact of their activities on their customers, employees, shareholders, communities, and the environment in all aspects of their operations. The benefits of engaging in CSRD are increased competitive advantage, enhanced reputation, improved profitability, strengthened stakeholder relations, enhanced employee morale, the ability to attract new talents, improved relationships with suppliers, governments, peers, customers, and the community, and continuous improvement (Feneir, 2021).

The basic definition of CSRD concerns the relationship between global corporations, governments, and individuals. Corporate Social Responsibility Disclosure refers to the initiatives taken by companies to demonstrate their concerns for society and the environments that are related to their business operations. It also gives a further definition of what is concerned with the relationship between the organisation and its stakeholders in terms of communicating or reporting the information in the financial statement. The main target of a company is to provide maximum profit to shareholders as well as comply with all laws and regulations that have been set. Additionally, CSRD is one of the methods of interaction between a company and its stakeholders. Corporate Social Responsibility Disclosure is a part of the dialogue used by a company to convey the ethics of their business operations to stakeholders to produce a positive corporate reputation (Ananzeh, 2022). Literature provides tangible evidence that CSRD plays an important role in increasing the value of the company (Jermsittiparsert, et al., 2019). Since the early 2000s, CSRD has gained decisively in importance at the company level (Stolowy & Paugam, 2018) and attracted considerable attention from policymakers. Corporate Social Responsibility Disclosure is regarded as a major determinant of corporate image and affects the financial performance of the firm (Michaels, 2018). In this regard, CSR activities can have a positive impact on the development of a company. Corporate Social Responsibility Disclosure was originally classified into three separate categories: social, environmental, and economic. Various aspects of CSRD have, in recent years, come together to shape a new way of doing business (i.e., internally, and externally) and to create a new paradigm of sustainability. The literature identified many reasons why companies voluntarily disclose information. These motivations range from satisfying stakeholders' needs (i.e., stakeholder theory) that have the most influence on organizations' survival to seeking to legitimize company activities (i.e., legitimacy theory). Other reasons are organizations' social responsibility, their desire to improve their reputation (i.e., risk management), relevant cultural differences, and institutional pressures (i.e., institutional sociology).

The number of studies on CSRD has been rising in academic literature. In particular, the relationship between CSRD and financial performance has received considerable attention. Corporate Social Responsibility Disclosure is the provision of financial and non-financial information relating to an organization's interaction with its physical and social environment, as stated in annual reports. According to the prior study, Corporate Social Responsibility Disclosure is a critical tool for businesses in providing relevant or appropriate information in their financial reports or on their website to meet the needs of stakeholders and shareholders, such as information on charitable activities (Aziz et al.,2021). Many empirical studies have been undertaken to investigate the content of annual reports for social and environmental disclosures and the effect on financial performance. However, there is a limited number of empirical studies on the CSRD of investors (Wang et al., 2020; Ifada et al., 2021; Bag & Omrane, 2022). Also, there is still a scarcity of literature on the CSRD of Shariah PLC especially in Malaysia. The prior studies were either focusing on the level of disclosure for a single year or less than ten years of observations, business nature, or type of industry (Lui et al., 2021; Said et al., 2018). The focus of this study is to determine the relationship between the CSRD and financial performance before, during, and after Covid-19, specifically the relationship between the CSRD of investors and financial performance. This study hypothesizes that investors as a new CSRD dimension significantly impact the financial performance of Shariah public listed companies in Malaysia before, during, and after Covid-19.

This study is expected to provide useful theoretical and practical contributions to help the companies to have a better plan for CSRD to gain a more competitive advantage in the field of corporate social responsibility and financial performance of Shariah-compliant publicly listed companies in Malaysia. This study will also offer a new perspective for firms, investors, and other stakeholders about portfolio investments and CSRD. By demonstrating the significance of investor identity, it can guide the formulation of more targeted corporate engagement policies. In particular, the investors who act as intermediaries appear to be the most sensitive ones in this respect. It also provides a perspective for executives and investment managers of multinational firms to consider if and how they can create social value next to investors' value. The study suggests that policymakers promote the transparency of investors' information as well as that of CSR performance. Other contributions of this study are providing understanding of the regulators and accounting policymakers on the corporate disclosure culture and behaviour in times of before, during, and after the pandemic, as well as helping managers to understand what disclosures are relevant for better transparency in terms of the CSRD of their firms in a crisis setting (Iddamalgoda, 2021). By focusing on voluntary financial reporting of disclosures under pandemics and crisis settings, policymakers can use the findings of the study to encourage annual report preparers to adjust their reporting policies for future events such as significant shocks, including pandemics.

2. Literature Review

2.1 CSRD of Investors and Financial Performance

In the past decades, CSRD has attracted increasing attention from investors (Cho et al., 2019). In the same way, other authors regarded CSRD as the integration of social and environmental concerns into firms' activities and paying attention to investors' preoccupations (Wang et al., 2020; Endrikat et al., 2020). Corporate Social Responsibility Disclosure aims to integrate various corporate practices with the concept of social welfare to improve stakeholders' (investors) benefits and promote the sustainable development of society (Qiu et al., 2021; Javeed & Lefen, 2019; Franco et al., 2020). Prior studies have examined the impact of firm-specific characteristics (D'Amato & Falivena, 2020; Welbeck et al., 2020) such as the ownership structure, which explains the firm's social engagement, but it still remains relatively underexplored (Chen et al., 2019; Zaid et al., 2020; Re & Li, 2021). Since different investors may have different motivations and time horizons for corporate decisions (Raimo et al., 2020; Hoskisson et al., 2002), there will be different attitudes toward CSR engagement. Given that, corporate social actions can be seen as a form of investment (McWilliams & Siegel, 2001). In this case, it is expected that key owners are likely to be engaged in the firm's strategic decisions about social investments, but not in the same form or to the same extent (Chabachib et al., 2020). Investors can reasonably be expected to play a central role in shaping firms' CSRD attitudes and behaviours (Zaid et al., 2020).

Corporate Social Responsibility Disclosure for investors is an increasingly important type of corporate disclosure that affects investor behaviour and hence the financial performance of organisations. Corporate Social Responsibility Disclosure of investor and individual investor characteristics that determine investor behavioural response to disclosed Corporate Social Responsibility Disclosure-related information correlate with the financial performance of the organisations (Katrin et al., 2018). Deegan & Rankin (1996) viewed CSRD practice from the standpoint of interaction through the communication of information between an organisation and its physical and social environment, including disclosures relating to human resources, community involvement, the natural environment, product or customer safety, and Corporate Financial Performance (CFP). From this perspective, many empirical studies have been undertaken to investigate the content of annual reports for social and environmental disclosures and the effect on CFP, and less empirical studies on the CSRD of investors. Thus far, the evidence obtained for CSRD categories and the overall CSRD and CFP of both developed and developing countries is inconsistent. According to Devie et al. (2019), there are three-dimensional (positive, negative, and neutral) arguments about the relationship between CSRD and CFP. Generally, it has been observed in developing countries that the extent of CSRD in annual reports is quite low compared to that in developed countries. Accordingly, the number of studies on CSRD has been rising in academic literature. In particular, the relationship between CSRD and financial performance has received considerable attention. However, there is no consensus on the results of these studies. Theoretically, neoclassical theory suggests that the relationship between CSRD and financial performance is negative because CSRD expenditures cause additional costs for the firms and divert funds from more profitable potential investments (Bird et al., 2007). This negative relationship is also confirmed by several empirical studies e.g., Moore (2001) and López et al. (2007). On the other hand, stakeholder theory suggests that companies should engage in good relationships with all stakeholders and that CSRD expenditures may improve financial performance through indirect benefits (Wu, 2006). A few empirical studies confirmed this prediction. For example, Chien (2012) and Li et al. (2019) investigated equity returns and showed that a portfolio consisting of the best CSR companies in the world generated positive abnormal returns. Still, other studies showed no significant association between CSRD and financial performance at all (Peloza, 2009). It has been argued that CSRD is context-dependent and different institutional structures and business systems observed in developing countries may lead to different expressions of CSR (Jamali & Neville, 2011).

Corporate Social Responsibility became a focus in Malaysia in 2006, when the former Prime Minister of Malaysia, Tun Abdullah Ahmad Badawi decreed that all Public Listed Companies (PLCs) must disclose evidence of their CSR activities in their annual reports. The Prime Minister intended to encourage all PLCs in Malaysia to become more engaged in being socially responsible, and to make CSR a part of their business processes. Several campaigns and initiatives, such as the National Annual Corporate Report Awards (NACRA), Malaysia Environmental and Reporting Awards (MERA), and the Kuala Lumpur Stock Exchange Corporate

Awards, were launched to encourage all Malaysian PLCs to disclose CSR information in their annual reports (Katmon et al., 2019). Despite these more recent forms of encouragement, there is a general perception that Malaysian corporations are hesitant to report their CSR activities in their annual reports(Sadiq et al., 2020).

Bursa Malaysia issued a CSR framework that was designed to encourage all PLCs in Malaysia to become more engaged in being socially responsible (Bursa Malaysia, 2006). Bursa Malaysia has also continuously taken a proactive role in driving the promotion of CSR in the Malaysian business environment. Various studies have examined the CSRD in Malaysia (see, for example, Abd Rahman et al., 2019; Abd Rahman et al., 2011; Abdul Hamid & Atan, 2011; Abdul Wahab et al., 2017; Amran et al., 2017; Esa & Mohd Ghazali, 2012; Esa & Zahari, 2017; Handayati et al., 2017; Hizam et al., 2019; Ibañez, 2013; Lui et al., 2021; Norhayati & Siti Nabiha, 2009; Rahim et al., 2016; Yusoff et al., 2018). These studies may seem different, but the findings of this research were quite similar. The number of CSRD studies in Malaysia has shown positive development, but it is still in its infancy, with only a low number of companies reporting CSR information in their annual reports (Sadiq et al., 2020). There is still a scarcity of literature on the CSRD of Shariah PLC especially in Malaysia. Prior studies on CSRD in Malaysia mostly focused on various types of companies and areas rather than Shariah companies, for example, Malaysian Government Linked Companies (Abd Rahman et al., 2019 Lui et al., 2021; Yusoff et al., 2018) and telecommunication (et al., 2020).

2.2 Financial Performance during Covid-19

Discussions on financial performance are not limited to one-period discussions because stakeholders will pay attention to any changes (trends) in the company's financial performance, which include changes in the statement of financial position, profit or loss, or cash flow. Stakeholders are also concerned about how Corporate Social Responsibility Disclosures (CSRD) affect the organization's profitability, both in the short and long term, with a particular focus on financial performance, particularly before, during, and after the Covid-19 pandemic. The company's financial performance is very dependent on policies, strategies, and actions implemented by management to realize organizational goals. According to Subramanyam (2014), financial performance is a condition that reflects the financial condition of a company based on predetermined goals, standards, and criteria. The pandemic's rapid spread profoundly affected economies and financial markets worldwide (Chen & Yeh, 2021). The entire world was forced to confront the Covid-19 pandemic, which inevitably resulted in significant upheavals in all spheres, from economics to social (Chen & Yeh, 2021; Piccarozzi et al., 2021). Across the globe, businesses were impacted by the Covid-19 epidemic, affecting practically every business sector and industry (Islam et al., 2020; Xu et al., 2021).

According to Trueman's theory, investors decide a firm's worth based on their assessment of the adaptability of management to the economic environment in which it works (Trueman, 1986), and provide opportunities for firms to manage relationships with investors. Additionally, investors want the substantial announcement of Covid-19 related information and how Covid-19 has impacted enterprises from a stakeholder viewpoint (Elmarzouky et al., 2021) such as performance, governance structure, liquidity, and leverage level. Thus, investor will be added as a new CSR dimension in this proposed study which is in line with the Shariah-compliant firms' emphasis on the relationship with society as posited in the stakeholder theory, especially during a crisis. Considering the Covid-19 pandemic, all organisations and industries may face either positive or negative financial performance. Companies may gain higher profits or will be in financial distress caused by the Covid-19 pandemic. The Covid-19 pandemic has negatively impacted various industries, where certain companies face a lot of debt with little or no revenue generated which will affect their profitability (Nor et al., 2020). For Non-Performing Firms (NPF) during the Covid-19 period, the ratio was not good, meaning there was a delay in financing payments from customers (Nur et al., 2022). The financial disclosure score has increased for all the industries from the pre-Covid year to Covid year, and the net profit margin has decreased for all the industries except the financial sector. The return on equity measures the profitability compared to shareholders' equity, which has decreased for all industries except for the financial and healthcare sectors (Iddamalgoda, 2021). During this crisis, the level of information disclosed by companies is essential for the investors and the annual reports' users while not encountering competitive disadvantages in the marketplace. In addition, the continuous uncertainty that arises due to Covid-19 has emerged optimistic to negative consequences for different sectors of the economy. Despite the economic implications, managers need to identify the impact of Covid-19 and report according to the level of significance.

Corporate Social Responsibility Disclosure plays a significant role in a firm's financial performance. Corporate Social Responsibility Disclosure has an impact on overall firm performance in terms of Financial Performance, Corporate Reputation, Employee Commitment, Earnings, Firm Value, Effective Tax Rates, Investment Decisions, Cost of Capital, and Liquidity (Shreedhar et al., 2022). Nowadays, CSRD plays a very important role in business and benefits the organisation at the same time to remain thriving, competitive, and stable for a long period of time. In addition, Corporate Social Responsibility Disclosure also provides and enhances the value and reputation of an organisation. Corporate Social Responsibility activities also help an organisation improve its business methods and strategies around the world. An organisation creates value by providing good financial performance value to a wide range of stakeholders. Therefore, the Shariah PLCs must have good financial performance as the basis for making investment decisions on behalf of the stakeholders. The conflicting evidence on the relation between CSRD and firm performance may influence an investor's decision to invest in CSR activities and an investor's decision to invest in a firm. Investors should understand that expectations of CSR performance evolve over time and that investors place higher valuations on the best-in-class CSR firms within an industry (Awaysheh et al., 2020).

The level of CSRD among Shariah PLCs in Malaysia is still at a low level which is 23.9% (Aziz et al., 2021). The Shariah companies in Malaysia are still not aware of the importance of disclosing CSR information, and the prior study revealed that transparency issues still exist among them. However, the authors also suggested that the Shariah PLCs in Malaysia have overlooked and are not adopting the CSR reporting standard, which is regulated by Bursa Malaysia. Supposedly, Shariah businesses are expected to be more socially responsible and to disclose all CSR information in their annual reports because of their "Shariah" status. It will show the stakeholders that Shariah companies are more accountable to society than non-Shariah companies, indicating transparency as part of their religious compliance. Therefore, Shariah PLCs are required to reveal all CSR details due to their duty to comply with Islamic ethical norms (Platonova et al., 2018). There are a few studies that provide a clear picture of Shariah-compliant PLCs' CSR reporting practices in Malaysia. In Malaysia, the level of CSR reporting has increased over time due to certain factors such as legislation enforcement, pressure groups' increased demand, ethical investors, the establishment of awards for good CSR practice by companies, increased economic activities and societal awareness; and politic leads better financial performance (Azid & Tahir,2019; Zahid et al., 2019). Thus, based on Aziz et al.'s work, the proposed study aims to investigate the relationship between CSRD based on the investor's dimension and a firm's financial performance before, during, and after Covid-19.

2.3 Stakeholder's Theory

Based on Freeman (1984), a stakeholder is described as a "group or person that may influence or is influenced by an organization's achievement of its goals" and recommended that companies should recognise their direct and indirect stakeholders. The use of stakeholder theory helps to explain the role of corporate social responsibility disclosure to provide information on social and environmental issues related to various stakeholders. The success of a company can be seen from its financial performance, which shows good conditions (Hassan, 2013; Sekhon & Kathuria, 2019). Financial performance is also a serious concern for stakeholders in various businesses because it is oriented to the health and survival of the company and to fulfilling its obligations to the owners of the company (Egbunike, 2021). According to Usman et al., (2015), the success and survival of the business largely depend on how well an organisation can balance its economic (profit maximisation) and non-economic (social performance) objectives.

Corporate Social Responsibility Disclosure helps firms to be well prepared for any crisis by setting several cooperation processes with the government, policymakers, and community for the good of the public (Selvi et al., 2010). In addition, it was found that in crisis time a great CSRD performance and a high reputation of firms should help it out to get over that crisis and be a good tool even to manage the crisis. Firms that always show a high CSR commitment can protect themselves from loss in a crisis. Many studies show that firms' past CSRD performance will lessen the loss in crisis times (Li et al., 2019). This long history of CSRD in firms shall foster a sense of intimacy between firms and the community, in which this intimacy will inspire the community to stand with and support those firms in times of crisis and help them to survive. In addition, a noticeable movement in adopting CSRD in a wide range and having a special team or committee has increased and this happened after the financial crisis (Fernandez et al., 2020). The community will always expect firms to act in a socially responsible way, and in response to that firms have been more aware of their social responsibility in all activities. Also, during abnormal times such as crises, people seem to evaluate firms' performance based on their CSRD level of commitment (Li et al., 2019).

Stakeholder theory offers a robust framework to explain the relationship between CSRD and FP. This theory views the company as a set of interrelated nexuses with stakeholders (Clarkson, 1995). It confirms that the company's continued success depends on its ability to meet stakeholders' demands and information needs (Nekhili et al., 2017). Corporate Social Responsibility Disclosure forms a significant part of the company's non-financial disclosure that provides additional information on the financial data (Li et al., 2018). It can benefit stakeholders to understand the company's CSR impact, thus reducing their expectation gap related to CSR issues (Li et al., 2018). Consequently, the company is likely to build good relationships with stakeholders, gain their support, and improve its reputation, enhancing its economic performance (Orlitzky et al., 2003; Choi et al., 2010). Corporate Social Responsibility Disclosure (creates a unique brand image and develops positive relationships with stakeholders as it addresses their social concerns (Malik, 2015). For example, CSR can attract consumers, ease government and regulator sanctions, improve employee productivity, alleviate the concerns of activists and NGOs, and increase intangible corporate assets (Liu & Zhang, 2017). According to Jan et al., (2022) based on the stakeholders' theory, the primary purpose of a firm is to maximize profit for shareholders in the short term while in a broader perspective, instrumental stakeholder theory supports the purpose of maximising shareholder value in the long run, by meeting the needs of some key stakeholders instrumentally to achieve the organisation's purpose. This theory focuses on the need for the firm to report adequate information, especially to the investors (Pavlopoulos, 2019, Villiers 2020), and the essential disclosure of the investor's information will help to increase the confidence level of the investors to bring the capital to the organisations. According to Bridoux et al, (2022), a company will perform activities and actions to meet its stakeholder demands. Even though the power of the various stakeholder groups is different, the company will not respond only to financial stakeholders such as investors, creditors, and shareholders, but will also respond to the demands of other stakeholders, such as employees, customers, society, and the community, the environmental lobby, and regulators. Based on stakeholder theory, it has been verified that the success and survival of business concerns largely depend on how well an organisation can balance its economic (profit maximisation) and non-economic (social performance).

The expectation of a shared benefit between companies and commitment to interested parties such that companies with better and stronger relationships with other interested parties can easily achieve their business objectives in its original manifestation, instrumental stakeholder theory is explicitly concerned with integrating ethical concerns into economic theorising (Jones, 1995). However, the theory is nowadays mostly associated with its central proposition: that an approach to managing stakeholders that aims for fair relationships that balance stakeholders' interests will positively affect a firm's performance (Donaldson & Preston, 1995; Jones, 1995). Following earlier work by Berman et al. (1999) and Hillman and Keim (2001), prior scholars have provided empirical evidence for a positive relationship between stakeholder orientation and various measures of firm performance, such as financial performance and survival (Vurro et al., 2021), and customer satisfaction and innovation (Flammer and Kacperczyk, 2016). Additional work has also qualified this relationship by identifying contingencies (Brulhart et al., 2019; Gras & Krause, 2020) and dimensions of firm performance for which the relationship is negative for example the distant search in employees' innovation activities (Gambeta et al., 2019). While such empirical work typically operationalizes a stakeholder orientation as giving equal importance to all stakeholders, researchers have also started investigating the impact of investing more in some stakeholder relationships than in others which is in line with stakeholder theory's argument that balancing stakeholders' interests (Garcia-Castro & Francoeur, 2016; Laplume et al., 2022).

Stakeholder theory has contributed to the development of CSRD in firms' practices and contributes to better financial performance, especially in the Shariah public listed companies in Malaysia (Mohd Razali et al., 2018; Ghazali et al., 2019; Aziz et al.,2021). The Islamic perspective of disclosure comprises two general requirements: full disclosure and social accountability (Baydoun and Willet, 2000; Haniffa, 2002). Corporate social responsibility reporting is a very important instrument to increase accountability for stakeholders (Chen & Wan, 2020; Gray et al., 2001; Sial et al., 2018). The strategic management of stakeholders, the important approach through which companies manage their relationships with customers, society, employees, shareholders, and even potential shareholders, is also becoming a critical characteristic of CSR. Garcia-Castro and Francoeur (2016) and Laplume et al. (2022) argued that the nature of CSRD initiatives of listed companies did little in comforting the host communities of the Niger Delta region due to their inability to incorporate environmental-related issues for example gas flaring and oil spillage into their CSR agenda. Similarly, studies conducted in the financial and telecommunication industry evidenced that Nigeria's populace perceived financial and telecommunication companies as capitalists for making huge profits from a dry economy without giving back to the society investigates the stakeholder's engagement approach and implications for CSR management and governance in Nigeria Tobacco (Ihugba (2012). The level of CSR engagement appears too controlled and lacks authenticity as such hinders balanced stakeholder participation and progressive CSR programmes. Thus, stakeholders play an important role in determining the quality of CSR disclosure such as diversity of stakeholders, corporate governance, level of corporate governance, and internal investors. It is important to have relevant information provided to the potential stakeholders amid the country's financial difficulties during the current Covid-19 pandemic, i.e., the motivation for this proposed study. Using the Stakeholders' theory as central management insight is very useful in managing relationships with a firm's stakeholders and creating value for the firm.

By engaging in CSRD, corporations will gain better recognition as responsible corporate citizens from the perspective of international and local investors. The traditional view of business is essentially to maximise profits. However, the traditional views are no longer accepted in today's business environment, where, as a result, corporations have adopted the concept of CSR, which is concerned with economic, environmental, and social performance. Of late, the broader concept of CSR has been introduced, where the corporation's concern is seen to be shifting to broader components of CSR, which includes stakeholders as one of the most important components while not forgetting effects on the environment or society.

2.4 Hypothesis Development

According to Alfinur (2016), an institutional investor is the founder or majority shareholder in a company. Shared ownership by parties in the form of institutions can reduce the influence of other interests in the company, such as the personal interests of managers and debt holders. There seems to be some evidence proving that institutional investors affect positively corporate financial performance (Purba & Africa, 2019). Previous studies have reported that good management practices increase firm financial performance (Shahrier et al., 2020; Rizwan et al., 2020). Institutional investors are seen as rational shareholders (Tsai & Gu, 2007) who evaluate firms based on all public information and do not necessarily disapprove of investments that may improve the firm's value in the long term. Some authors (Garca-Sánchez et al., 2020; Manogna & Mishra, 2020) pointed out that large institutional shareholders make better investment decisions because they tend to assess their alternatives more carefully. This may be because of the growing wealth of institutional investors, which enables them to achieve economies of scale in the evaluation process, thereby allowing them to possess better knowledge about the market (Black, 1992). However, other studies failed to establish this positive and significant relationship between institutional investors and financial performance (Drobetz et al., 2021; Gerged, 2021). By optimizing CSR disclosures, the firm will get a positive appreciation from the market, which is shown through an increase in the firm's stock price that in turn will increase the firm's value (Putra & Wirakusuma, 2015). Putra et al. (2017) stated that the implementation of CSR will benefit companies, namely, consumers will increasingly prefer the products of the firm, which will have an impact on the creation of a good image of the firm. Additionally, to many consumers, increasing profits will later increase firm value. Firm value can increase with the CSR activities carried out by the firm.

Thus, the increase in firm value will have an impact on encouraging investors to invest in the firm. In making investment decisions, in addition to considering financial factors, investors also tend to pay attention to companies that have good business ethics and show social responsibility with all stakeholders as a form of concern for environmental impacts due to firm activities. Based on stakeholder theory, it has been verified that the success and survival of business concerns largely depend on how well an organisation can balance its economic (profit maximisation) and non-economic (social performance). The expectation of a shared benefit between companies and commitment to interested parties such that companies with better and stronger relationships with other interested parties can easily achieve their business objectives in its original manifestation, instrumental stakeholder theory is explicitly concerned with integrating ethical concerns into economic theorising (Jones, 1995). However, the theory is nowadays mostly associated with its central proposition: an approach to managing stakeholders that aims for fair relationships. The balance of stakeholders' interests will positively affect a firm's performance (Donaldson & Preston, 1995; Jones, 1995).

According to Jan et al., (2022), based on the stakeholders' theory, the main objective of a firm is to maximise profit for investors in the short term and maximize shareholder value in the long run by meeting the needs of some key stakeholders to achieve the organisation's purpose. As has been mentioned so far, investors have a significant impact on corporate social performance, and CSR has a positive effect on financial performance. Therefore, the relationship is hypothesised as follows:

H1. There is a positive relationship between the CSRD of investors and financial performance before, during, and after covid-19.

The relationship between CSRD of investors and financial performance before, during, and after covid-19 is depicted in the following Figure 1. Return on Asset (ROA) is used to represent financial performance.

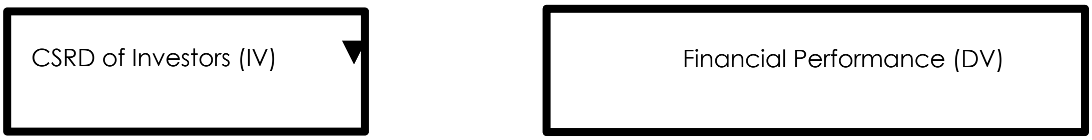

Figure 1: The relationship between CSRD of Investors and Financial Performance

3. Methodology

The study will use a longitudinal study in which the secondary data will be collected from the Securities Commission of Malaysia (SCM) database for the years 2019, 2020, and 2021. The financial performance i.e. Return on Assets will be obtained from the annual report of 200 Shariah Public Listed Companies (PLCS) in Malaysia and will be downloaded into PDF files from Bursa Malaysia's official website (www. bursamalaysia.com). All Shariah PLCs in Malaysia will be selected spanning the relevant years of before covid-19 (2019), during Covid-19 pandemic (2020) and after the Covid-19 crisis (2021). Previous studies by Jakpar et al. (2019), Jamaludin et al. (2018), and Abdullah (2016) used ROA as a proxy to measure firm performance. The measurements for Shariah Public Listed Companies' financial performance are as follows:

Return on Asset (ROA) = Net Income/ Average Total Asset

The model for the relationship between CSRD on Investor Disclosure and the firm's performance, the equation is as follows:

ROA= β0 + β1(INVDISC)) + e

Where:
INVDISC = Investors Disclosure
β0: the intercept or constant
β1: the regression coefficients for Investors Disclosure

e: error term or residual

Content analysis will be used to extract information about CSR initiatives disclosure. In accordance with previous studies, dichotomous scale is used to assess the items, where score 1 indicates presence of CSR information disclosure on each of the items of CSRD on Investor Disclosure and 0 if otherwise (Usman & Amran 2015). There are three newly developed items for the CSRD on Investor Disclosure, namely: 1) existence of investment awareness program, 2) incentive or reward to potential investors and 3) networking with potential investors local and international. These items are derived from the pilot test of ten annual reports for the year 2019 and as well with reference to the literature. (Li et al.,2021; Huet al., 2020; Ali et al.,2022). Corporate Social Responsibility Disclosure aims to integrate various corporate practices with the concept of social welfare to improve stakeholders' (investors) benefits and promote the sustainable development of society (Branco and Rodriguez, 2006; Huang et al., 2017; Qiu et al., 2021; Javeed and Lefen, 2019; Franco et al., 2020). Different investors may have different motivations and time horizons for corporate decisions, there will be different attitudes toward CSRD engagement (Raimo et al., 2020; Hoskisson et al., 2002).

4. Conclusions

This study is expected to provide useful contributions to the field of CSRD. Corporate Social Responsibility Disclosure is regarded as a major determinant of corporate image and affects the financial performance of the firm (Michaels, 2018). This study is expected to provide useful theoretical and practical contributions to the field of CSR, especially to help the companies have a better plan for CSRD to gain a competitive advantage in terms of financial performance. This study will also offer a new perspective for firms, investors, and other stakeholders about portfolio investments and CSRD. As find that it does matter who invests, corporate engagement policies can be directed much more effectively. In particular, the investors who act as intermediaries appear to be the most sensitive ones in this respect. Furthermore, the study helps stakeholders to direct their efforts more effectively. It also provides a perspective for executives and investment managers of multinational firms to consider if and if they can create social value next to investors' value.

This paper is not without limitations. Firstly, inconsistency in investor is the main concern. Different investors could have various CSR expectations from the firms they participate in. Several investors could focus on corporate governance, whereas others could concentrate on social impact or environmental sustainability. The inconsistency of investor choice causes challenges for firms to ensure their CSR disclosure meets the stakeholders' expectations. Secondly, there is concern about measurement issues. The CSR efforts associated with investors, for instance, responsible investment practices, possibly qualitative in nature, are not easy to measure. Evaluating the effectiveness of these initiatives and subsequently reporting in an impactful manner could be challenging for companies. This could happen when there is no availability of reporting guidelines. The third limitation is private and confidential issues. Several CSR efforts concerning investors, for example, engagement with activist shareholders could include susceptible information that firms possibly release in public. Considering the requirement for openness with privacy matters presents a challenge for firms in communicating with investors.

There are several future research opportunities. Firstly, categorizations of investor's priorities can be further explored. Future research could ascertain common patterns among investors related to CSR priorities. This may include distributing surveys to different investors to comprehend their preferences relating to environmental sustainability, social impact, corporate governance, and other CSR dimensions. In this way, firms could match their CSR disclosure strategies with the expectations of investors. Secondly, future research can assess the concept of materiality in understanding the investor CSR preferences. By doing so, the identification of the most relevant CSR issues to businesses and stakeholders could be performed. Hence, future research could determine in what way different investors comprehend the materiality of CSR issues. Additionally, future studies could explore by what means firms could concentrate on their CSR disclosure initiatives appropriately.

Finally, there is an opportunity for future research to promote active stakeholder engagement. Future studies could evaluate new methods of stakeholder engagement that permit firms to bring together responses from investors on their CSR reporting practices. This may include the use of various stakeholders' activism methods such as collaborative platforms and stakeholder dialogues to create cooperatively CSR disclosure frameworks that indicate the diverse priorities of investors.

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Authors Contributions

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Conflict of Interest

We certify that the article is the Authors' and Co-Authors' original work. The article has yet to receive prior publication and is not under consideration for publication elsewhere. This research/manuscript has not been submitted for publication, nor has it been published in whole or in part elsewhere. We testify that all Authors have contributed significantly to the work, validity, and legitimacy of the data and its interpretation for submission to Voice of Academia.

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