

CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE AND SHARIAH FIRM PERFORMANCE

DIVULGAÇÃO DE RESPONSABILIDADE SOCIAL CORPORATIVA E DESEMPENHO DE EMPRESAS COMPATÍVEIS COM A SHARIAH

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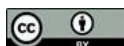
Abstract

Shariah-compliant listed companies in Malaysia promote accountability and transparency to stakeholders, urging corporate social responsibility disclosure associated with ethical governance and sustainability. Based on Islamic principles and Stakeholder Theory, this study examines the relationship between corporate social responsibility disclosure (investor, community, environmental, employee, and product) and financial performance and analyzes whether board gender diversity moderates this relationship. Utilizing stratified sampling, data were collected from 200 Main Board companies' annual reports within three periods: 2019 (pre-pandemic), 2020 (pandemic), and 2021 (post-pandemic), and examined using hierarchical regression. The results found that only employee-related disclosure is positively associated with financial performance in 2019 and 2020, while other disclosure dimensions reveal no significant relationship. Board gender diversity does not moderate these relationships. The results suggest that firms should prioritize employee-related disclosures, providing implications for policymakers pursuing to strengthen transparency in Shariah-compliant firms.

Keywords: Corporate Social Responsibility Disclosure. Financial Performance. Shariah-Compliant Companies. Board Gender Diversity.

Resumo

As empresas listadas compatíveis com a Shariah na Malásia promovem a responsabilidade e a transparência perante os stakeholders, incentivando a divulgação de responsabilidade social corporativa associada à governança ética e à sustentabilidade. Com base nos princípios islâmicos e na Teoria dos Stakeholders, este estudo examina a relação entre a divulgação de responsabilidade social corporativa (investidor, comunidade, meio ambiente, colaboradores e produtos) e o desempenho financeiro, e analisa se a diversidade de gênero no conselho modera essa relação. Utilizando amostragem estratificada, os dados foram coletados a partir dos relatórios anuais de 200 empresas do Main Board em três períodos: 2019 (pré-pandemia), 2020 (durante a pandemia) e 2021 (pós-pandemia), e analisados por meio de regressão hierárquica. Os resultados indicam que apenas a divulgação relacionada aos colaboradores está positivamente associada ao desempenho financeiro em 2019 e 2020, enquanto as demais dimensões não apresentam relação significativa. A diversidade de gênero no conselho não exerce efeito moderador nessas relações. Os resultados sugerem que as empresas devem priorizar a divulgação relacionada aos colaboradores, oferecendo implicações para formuladores de políticas que buscam fortalecer a transparência em empresas compatíveis com a Shariah.



Palavras-chave: Divulgação de Responsabilidade Social Corporativa. Desempenho Financeiro. Empresas Compatíveis com a Shariah. Diversidade de Gênero no Conselho.

1 INTRODUCTION AND PURPOSE OF STUDY

Corporate Social Responsibility Disclosure (CSR) is very important because it positively impacts the development and progress of an organization. A well-managed CSR contributes to good governance practices as organizations can enjoy its positive benefits to remain competitive in the future. Companies with strong and stable financial performance are more likely to become successful in the future. This can be seen when the company succeeds in profiting from its business activities so that the company becomes one of the benchmarks for financial performance. The important reason for analyzing financial performance is to identify the company's financial condition, to predict the company's financial difficulties early on, and to measure the achievements and successful of the company. Financial performance is a major concern of every company, especially the stakeholders, as it reflects the success and sustainability of the business in a long run period. Stakeholder Theory used as the underpinning theory examining the effects of various risk events to be within the stakeholders' targets or tolerance of the risk. This provides the foundation for this study which aims to investigate the relationship between CSR and a firm's financial performance before (2019), during (2020), and in recovery period (2021).

A firm listed as Shariah compliant in Malaysia has the advantage of attracting investors who are looking for ethical or Islamic investments, including the Islamic equity and investment securities. Shariah-compliant companies differ from their conventional counterparts as they focus on protecting the interests of all stakeholders (including their shareholders), through CSR and not just on maximising shareholder value but following Shariah rules and regulations. These companies have dual responsibilities, which are to satisfy the SAC criteria of Shariah-compliant companies, and to fulfill the expectations of various stakeholders. Ensuring Shariah compliance also includes extra costs of hiring

Shariah members, the Shariah audit team and Shariah compliance team to ensure the validation and acceptance of the companies. Investment opportunities are also limited to only Shariah-compliant investments, as compared to non-Shariah-compliant companies that can invest without such restriction. It is put forward that the Shariah-compliant companies are doing their best to realize investors' expectations, especially during the pandemic crisis, by performing transactions according to Shariah and avoiding non-permissible activities, which further enhance the value of companies. In the past decades, CSR has attracted increasing attention of the investors and investors CSR is an increasingly important type of corporate disclosure which affects investor's behaviour as well as the financial performance of the organizations. Investor CSR disclosure and individual investor characteristics significantly determine investor behavioural response to CSR activities and the firm's financial performance of the organizations. Therefore, investors CSR is a new dimension used in this study.

Although earlier research has offered meaningful insights into the direct association between CSR and FP, several studies have fallen short in terms of considering moderating variables such as board gender diversity, which may influence the CSR-FP relationship. The concept of board diversity should reflect community structure and represent gender, ethnicity, and professional background. The concept of board diversity refers to the women's position as the directors who have the obligation to carry out the operational activities of the shariah-compliant public listed companies.

The increased focus on the women participations in the corporate sectors has also been examined in the context of CSR studies and its relation to firm performance. The women directors' involvement on board influences firm performance in Malaysia and the low number of female directors may be insufficient to influence the board's decisions. From the prior studies, when examining the impact of the number of women on board, found a positive relationship between the CSR and firm performance, with the presence of women directors in the organizations. These results indicate the importance of female directors in providing new perspectives and insights to the Shariah-compliant public listed companies. This study adds values because it is among the first few studies to explore the moderating effect of BGD on the relationship between CSR and Shariah firm performance using the Stakeholder Theory. In line with the objectives of the thesis, the role BGD as moderating variable used in this study to examine the relationship

between CSRD and firm performance of Shariah-compliant public listed companies. Due to inconsistent findings in previous studies relating to the effect of the independent variable on the outcome, there is a strong case for testing a moderator of board gender diversity. The study utilizes the moderating factor, board gender diversity to investigate whether these factors lead to reductions or increase corporate financial performance.

2 LITERATURE REVIEW

2.1 Corporate social responsibility disclosure and financial performance

In Malaysia, issues related to CSR are not new; CSR has gained remarkable concern from various industries, worldwide. The CSRD initiatives of the organizations placed a great focus by the management due to the increasing concern among the relevant stakeholders. The companies are required to fulfil the demands and interest of the stakeholders to stay relevant and competitive in the market. Based on the 2002 European Commission report, CSRD of a company is mainly a corporation of two elements of disclosures: social and environmental voluntary disclosures of information to the related group of stakeholders. The purpose of CSRD is to encourage organizations to consider the interests of society by taking responsibility for the impact of their organization's activities on their internal and external parties such as customers, employees, shareholders, and communities. Based on the Accounting Research Institute and Islamic Banking and Finance Institute Malaysia (2013), among the benefits of engaging in CSRD are increased future benefits to the organizations such as competitive advantage, increased profitability, strengthened the relationship of management and relevant stakeholders, improved the productivity of the employees, and enhanced products brand and images, through continuous improvement of the CSRD of the firm. Successful companies represent a key ingredient for developing nations. Many economists consider them like an engine in determining their economic, social, and political development (Pillai et al., 2020). To survive in a competitive business environment, every firm must maintain strong and sustainable performance (Farida & Setiawan, 2022). Nowadays, firm performance has become a relevant concept in strategic management research and is frequently used as a dependent variable. Although it is a very common notion in the

academic literature, there is hardly a consensus about its definition and measurement (Akpa et al., 2021). The organizational performance can be defined as the capability and ability of an organization to effectively use the limited resources to achieve organizations' objectives in short or long period of time, and useful to its internal and external users (Peterson et al., 2003). Verboncu and Zalman (2005) found that performance is a particular result obtained in management, economics, and marketing that gives characteristics of competitiveness, efficiency, and effectiveness to the organization and its structural and procedural components. Siminica (2008) asserted that a firm can be considered successful only when it achieves both efficiency and effectiveness simultaneously.

A complete evaluation of a company's financial performance can be assessed through its overall performance in respect of assets, liabilities, equity, expenses, revenue, and overall firm's profitability (Nguyen et al., 2020). It is measured through various business-related formulas that allow users to calculate exact details regarding a company's potential effectiveness. For internal users, financial performance is examined to determine their respective companies' well-being and standing, among other benchmarks. For external users, financial performance serves as a critical indicator for assessing potential investment opportunities and determining the firm's attractiveness and viability as an investment prospect. Before calculations can be made on certain financial indicators that establish overall performance, a financial statement analysis must be conducted (Goyal & Kumar, 2021). Through a financial performance analysis, specific financial formulas and ratios are calculated, which, when compared to historical and industry metrics, provide insight into a company's financial condition and performance (Olayinka, 2022).

The basic definition of CSRD focuses on the relationship between the relevant stakeholders such as government, investors, customers, policymakers with the organizations. Corporate social responsibility disclosure (CSRD) refers to the activities or initiatives taken by companies to show their commitment to the investors, society, and other relevant stakeholders in their business operations in order to improve the profitability of the organization and also to enhance the business image and reputation across the industries. Additionally, CSRD is one of the methods of communications between a company and its' stakeholders. Corporate social responsibility disclosure

(CSR) is one of the mediums used by a company to portray their ethical behaviours by following standards and policies to the stakeholders, and to produce a positive image and reputation of the organization. There are literature providing strong evidence that CSR plays an important role in determining the outcomes of the value of the company especially to enhance the profitability (Colleoni, 2013; Jermsittiparsert, et al., 2019; Michelin, 2011; Michelin, Pilonato, & Ricceri, 2015; Shifa & Harto, 2024). Since the early 2000s, CSR reporting has both become critically important in an organizations and main priority in the decision making (KPMG, 2017; Shifa & Harto, 2024; Stolowy & Paugam, 2018), thus receiving growing interest from policy makers. It also provides further definition on the relationship between the organization and its stakeholders. The organization has to convey and report the information on the CSR in the annual report to satisfy the needs of the stakeholders. The main aim of a company is to provide maximum profit to shareholders by conducting the business in an ethical manner and following the laws and regulations, as well as standards and policies.

In this regard, CSR activities comprising ethical, social, and economic responsibilities can positively influence the firm's financial performance company. Corporate social responsibility disclosure (CSR) dimensions were originally measured individually in three separate categories: social, environmental, and economic (Feneir, 2021). The disclosure on the CSR information comprises companies' initiatives and these companies' financial performance. Various aspects of CSR 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 (Gallardo et al., 2019). The literature identifies 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 legitimise 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). Another underlying rationale is the redistribution of organizations' wealth and power throughout society, as conceptualised by Theory of Political Economy (Md Zaini et al., 2018).

Numerous studies have shown different findings on the relationship between CSR and financial performance, including a positive, neutral, or negative relationship.

Patten (2002) argued that the existing literature on CSRD has generated controversy for different reasons such as small samples or limited performance measures. Many researchers found evidence for a positive relationship between CSRD and financial performance. According to these studies, higher performance levels can foster greater CSRD when company directors seek to send out signals of their competency to investors. Eriqat et al. (2024) and Orlitzky et al. (2003) also suggested that companies with higher voluntary CSRD activities experience better financial performance. Al-Tuwaijri et al. (2004) and Itan et al. (2023) found that business with more environmental concerns creates high voluntary disclosure in comparison with other businesses. Clarkson et al. (2013) demonstrated that voluntary environmental reporting provides useful information to those seeking to forecast companies' financial performance. The authors' findings further indicated that a proactive environmental strategy can improve companies' stock prices. These results can help CSR practitioners convince company managers that proactive strategies combined with transparent disclosure are extremely valuable. According to Cho et al. (2019) and Wang and Li (2024), there is a positive correlation between CSRD and financial performance. The CSRD must meet the needs of the company to achieve good financial performance.

The concept of CSRD has been perceived by different levels of management team and related stakeholders, each offering different opinions and perspectives. Corporate social responsibility disclosure (CSRD) is very important nowadays because it has a positive impact on the development and progress of an organization. Corporate social responsibility disclosure (CSRD) emphasizes the concept in which organizations try to report the adopting and carrying out activities for the betterment of society and nature and report the CSRD on the annual report of the organizations. In general, the public is of the opinion that having a well-managed CSRD will contribute to good governance practices and help safeguard employee rights (Darus et al., 2018). There are scholars who define CSR as an act or action that provides social benefits, not just for an organization, but also beyond its own interests, while adhering to legal requirements (Al Halbusi & Tehseen, 2017). By having more disclosure of CSR activities, the organization will benefit in terms of its financial performance. The concept of CSRD initiatives demonstrates the positive relationship between organization and community. Corporate social responsibility disclosure is vital to ensure the organizations gain the competitive advantages and survive

in long run. In addition, CSRD also provides for and enhances the value and reputation of an organization. Corporate Social Responsibility Disclosure (CSRD) also helps an organization improve its business methods and strategies around the world. This is because the ways and strategies of business as well as the value of CSRD influence the success of an organization on the global stage. Some studies found a significant positive relationship between firm's financial performance and CSRD (Tagesson et al., 2009), whereas some found otherwise (Lai et al., 2010; Reverte, 2009).

Prior studies have shown the contribution of CSRD practices in relation to the dissemination of the CSRD information between the organization and its stakeholders. It involves the CSRD on social, environmental, employees, and product safety, innovation and productivity, with the corporate financial performance (Deegan & Rankin, 1996). From this perspective, many empirical studies have been undertaken to investigate CSRD on social and environment and the relationship with the firm's performance. The evidence obtained thus far indicates consistent findings for both developed and developing countries regarding the relationship between CSRD and firm performance. According to Devie et al. (2019) and Jahateh (2023), findings on the relationship between CSRD and CFP can be divided into three categories: positive, negative and neutral relationships. Generally, in developing countries, it was found that the level of CSRD of social and environmental in the company's report is quite low compared to that in developed countries.

There is a rising concern on the relationship between CSRD, and financial performance based on the prior studies conducted. Based on the empirical studies there is inconsistencies in the findings of these studies. Theoretically, prior studies identified that there was a negative relationship between CSRD and financial performance. This negative relationship is also being supported by a prior study of (Salehi et al., 2019). On the other hand, Stakeholder Theory emphasises the importance of good relationships with all stakeholders, including investors and that any costs related to CSRD initiatives may produce better firm's financial performance (Wu et al., 2006). A few empirical studies confirmed this prediction e.g., Huang et al. (2012) and Le at al. (2024) found that companies those involved with an investment with voluntary CSRD activities contributed with positive returns. However, other prior study had identified there was no significant association between CSRD and firm's financial performance (Chijoke et al., 2020).

2.2 Board gender diversity and financial performance

Board gender diversity is found to have an impact on the companies reporting. The role of women's representation at the decision-making level has received special attention from the Malaysian government (Guizani & Abdalkrim, 2022). In Asia, the involvement of women on board in the organization still at minimal level. This is because, in Asian cultures, women are perceived as the full-time housewives and supporting the husband's roles (Cicchello et al., 2021). Traditionally, in the Asian families, men are expected to be breadwinners in the family (Zuo & Bian, 2001). Abdul Samad et al. (2019) and Rojas and Yahaya, (2024), found that the presence of female directors brings about greater transparency in the reporting of CSRD due to differences in culture. The Malaysian government itself has set the year 2020 as the target year for publicly listed companies to have 30 percent women on their boards. Alazzani et al. (2017) argued that the presence of females on boards affects social and environmental performances differently, because of cultural factors. In a culture where the community has a significant humane orientation, such as Malaysia, female directors are likely to pay much more attention to social issues than environmental ones. According to Katmon et al. (2017) and Rojas and Yahaya, (2024), there is evidence that board gender diversity enhances CSRD in Malaysia.

National and international research on corporate boards on companies that the increase in the gender balance and diversity on boards results in better financial performance (Lim et al., 2019; Martínez & Rambaud, 2019; Rossi et al., 2017). From the research, it is found that companies with more women directors tend to outperform their competitors on a few measures, including return on equity, return on sales and return on capital, share performance and stock price growth. The researchers found that companies with at least one woman on the board, showed a higher return on equity (16%) than companies without any women members (12%) fared better during the economic recession than companies with no women board directors (Rossi et al., 2017). Women directors are seen to be more sensitive to the customers' demands (Galia & Zenou, 2013), more responsible and knowledgeable in decision making (Byron & Post, 2016), and more effective in managing the operations of the business (Khan et al., 2017). Arun et al. (2015) also found that women directors are more ethical, polite, calm and good in decision

making. In addition, women director is more focus and detail in fulfilling the demand by the regulators (Gunawan, et.al, 2019). Using a total of 100 non-financial companies listed on the Malaysian stock exchange, the study by Abdullah and Ku Ismail (2013) reported a negative association between gender diversity and both Tobin's Q and ROA, consistent with the findings of Jayaraman et al. (2025). Several arguments have been put forward to justify the need for board gender diversity. Most previous studies examined the direct impact of board gender diversity to the financial performance of the firm. There are also mixed results on the relationship between the board gender diversity and financial performance (Brahma et al., 2021; Martinez et al., 2020; Opstrup & Villadsen, 2015). This study introduces BGD as a moderating variable because of the inconclusive and mixed results of previous studies on the relationship between women directors and financial performance of the organization.

2.3 Theoretical framework

Stakeholder Theory is used to explain the development of CSR activities in firms, which supports better financial performance of Shariah PLCs in Malaysia (Aziz et al., 2021). According to prior studies Jan et al. (2022), the Stakeholder Theory suggests that the primary purpose of a firm is to maximise profit for shareholders in the short term and in the long run, by aligning all the stakeholder needs with the organization's strategic objectives. Theories such as Stakeholder Theory, Agency Theory, Legitimacy Theory and Institutional Theory are used widely to explain the relationship between corporate social responsibility disclosure and firm's financial performance. However, this study only focuses on the important of the underpinning theory which is the Stakeholder Theory. Based on Freeman (1984), stakeholders involve a group or person that are affected by the decision of the firm in terms of achieving the objectives and goals of the companies, and vice versa. The companies should have a strong network with the relevant stakeholders of the companies, internal and external parties. The use of Stakeholder theory helps to explain the relationship of the CSR on the social, environmental, community, and products to the firm's financial performance (Hassan, 2013; Sekhon & Kathuria, 2019). The success of a company is reflected by its financial performance, which indicates strong financial conditions. Financial performance is also a major concern for stakeholders in

the organizations because it shows the stability and sustainability of the businesses and at the same time portrays good image and reputations of the business worldwide (Egbunike, 2021). According to Omoyebagbe et al. (2023) and Usman et al. (2015), sustainability of a business mostly depends on how well an organization can balance between two main objectives: economic and social obligations.

In Nigeria, external pressures, in addition to those from existing stakeholders in the organizations, compel organizations to use limited resources to achieve business objectives while simultaneously satisfying stakeholder needs and improving financial performance (Crisostomo et al., 2009). However, prior studies found that CSRD in Nigeria primarily focuses on community and environmental disclosures, with minimal legal standards and obligations. The organizations fail to focus on the needs of the business stakeholders; and neglected the on the employees and products disclosures (Eweje, 2007; Ejumudo et al., 2012; Ebiringa et al., 2013).

Corporate social responsibility disclosure (CSRD) helps companies to be ready and prepared for any future crisis by having good connections or relationship with the relevant stakeholders; government, policymakers, investors, consumers and society or community (Selvi et al., 2010). In addition, the good CRD initiatives taken by the companies will help them to get through the difficulties period, especially during Covid-19 pandemic. Companies that always demonstrate a high CSR commitment can avoid higher costs and negative returns during the crisis. Many studies show that companies' past CSRD performance reduced the loss of the companies during Covid-19 crisis (Li et al., 2019). The establishment of CSRD in companies should build a strong relationship between the companies and the stakeholders in times of crisis and help them to survive and sustain in the long run.

After the financial crisis, it is found that many organizations have formed their special teams to handle the CSRD initiatives of the organizations (Fernandez et al., 2020). The community always expect companies to act in a socially responsible way and when Covid-19 crisis comes, people seem to evaluate companies' performance on their CSRD level of commitment (Li et al., 2019).

In Malaysia, the level of CSRD reporting has been increasing over the years and it contributes to the improved of the firm's financial performance. The factors include laws and regulations, different institutional investors groups, Islamic and ethical

requirements, increased in CSRD especially on economic and societal activities; and political situation (Azid & Tahir, 2019; Nasir et al., 2015; Zahid et al., 2019). Stakeholder theory is used to explain the development of CSRD activities in companies, which supports better financial performance of Shariah-compliant PLCs in Malaysia (Mohd Razali et al., 2018; Ghazali et al., 2019; Aziz et al., 2021). The Islamic perspective of disclosure comprises two general requirements, namely full annual report CSRD activities and community disclosures (Baydoun & Willet, 2000; Haniffa, 2002). The concept of social accountability is related to the principle of full disclosure with the objective of serving the public interest.

A company's continuing existence and success is dependent on the constant support from the stakeholders (Ullman, 1985). It is, therefore, important for the management to identify, evaluate and disseminate information related to social and environmental information according to the demand of the stakeholders (Mohamed Zain, 1999) and this is consistent to Gray et al., (1987). Freeman (1984) highlighted the obligation of companies to act in a socially responsible manner, alongside maximising profits. To operate in a socially responsible manner, companies are expected to be able to boost economic growth while protecting the environment and promoting social responsibility (Carroll, 1991). The responsibility of a company is not only limited to the shareholders but extends to its wide range of stakeholders (Clarkson, 1995).

Stakeholder Theory offers a comprehensive model to explain the relationship between CSRD and firm's financial performance. This theory views the company as a set of integrated relationships with various stakeholders (Clarkson, 1995). The companies stay competitive and sustainable when they have the ability to meet the stakeholders' needs with regard to CSRD initiatives (Nekhili et al., 2017). Sound corporate social responsibility disclosure (CSR) practices contribute positively to the business in terms of the companies' non-financial disclosure; economic, social and community (Li et al., 2018). The stakeholders can understand better the relationship between company's CSR and the firm's financial performance, and they are able to assess the benefits of the CSR practices (Li et al., 2018).

Consequently, the company involved in CSR activities is likely to build good business bonding and networking with stakeholders, and hence it will improve its business image and reputation, and improve the company's performance (Orlitzky et al.,

2003; Choi et al., 2010). Corporate social responsibility disclosure (CSR) related to community or social awareness creates a unique business image and reputations and produces good bonding with the stakeholders (Malik, 2015). For example, CSR activities can attract consumers, community, management and government and regulatory bodies to improve the CSR initiatives and increase the reputation and image of the companies by dealing with limited resources (Liu & Zhang, 2017). Accordingly, Coppola et al. (2020) indicated that companies or businesses with lower CSR initiatives will affect the business financial performance's profitability with lower returns.

According to Jan et al. (2022), the Stakeholder Theory suggests that the primary purpose of a firm is to maximise profit for shareholders in the short term and in the long run, by aligning all the stakeholder needs with the organization's strategic objectives. This theory focuses on the need for the organization to produce adequate report on CSR specially to the investors (Pavluopolous, 2019; Flower, 2015; Villiers, 2020). The significance of the CSR disclosure of the investor's information will help the companies to strengthen the confidence level of the investors and to attract more potential investors in the future. According to Bridoux et al. (2022), a company's main focus is to perform CSR activities to meet its stakeholder needs and demands. The company will have to respond to all categories of stakeholders, including the investors, creditors, and shareholders, employees, customers, society and the community, and the regulators.

Based on the Stakeholder Theory, it has been proven that the success of the business depends largely on the ability to harmonise its economic (profit maximisation) and non-economic (social performance) objectives. Stronger relationships between the companies and other interested parties or stakeholders can enable the achievement of their short-term and long-term business objectives and improve the sustainability of the organizations. The Stakeholder Theory is mainly concerned about incorporating ethical dimensions into economic theory (Jones, 1995). However, the theory is now primarily focused on managing stakeholders in order to create good relationships between companies and stakeholders, which in turn will affect the firm's financial performance (Donaldson & Preston, 1995; Jones, 1995).

Building on earlier work by Berman et al. (1999) and Hillman and Keim (2001), prior studies have provided empirical evidences for a positive relationship between a commitment to the stakeholders interest and the firm performance, such as financial

performance (Choi & Wang, 2009; Henisz et al., 2014), survival (Vurro et al., 2021), and also focused on buyers satisfactions and products innovation (Flammer & Kacperczyk, 2016). Additional work has also qualified this relationship by identifying potential initiatives such as employees' innovation activities (Brulhart et al., 2019; Garcia-Castro & Francoeur, 2016; Gras & Krause, 2020) and other aspects of firm performance which give negative relationship; see Gambeta et al., 2019). While such empirical studies typically concern the abilities of the organizations in giving equal attention to all stakeholders, other prior studies also started to focus on the impact of enhancing and improving the relationship with certain selected stakeholders than in others (Garcia-Castro & Francoeur, 2016; Laplume et al., 2022). These works are in line with Stakeholder Theory which advocates the fulfilment of the stakeholders' interests.

To exemplify, Garcia-Castro and Francoeur (2016) and Laplume et al. (2022) argued that the CSRD of listed companies did not sufficiently meet the concerns of Niger Delta communities, particularly due to minimal disclosure of environmental issues such as gas flaring and oil spillage into their CSRD reporting initiatives. Similarly, studies conducted in financial and telecommunication industry evidenced that Nigeria, the public perceived financial and telecommunication companies as profit-driven organizations that gained from the economy without contributing back to the society or community (Eweje, 2007; Achua, 2008). The level of CSR engagement or activities was found to be minimal, lacking transparency and limiting the relationship between stakeholder involvements and CSRD programmes, as evidenced by the findings from Nigeria Tobacco (Ihugba, 2012). Thus, stakeholders play an important role in determining CSRD. The use of Stakeholder theory helps to explain the relationship between the CSRD and the social, environmental, community, and products to the firm's financial performance (Hassan et al., 2013). The success of a company can be seen from its financial performance, which shows good conditions.

2.4 Hypotheses development

The risks that arise due to Covid-19 pandemic has influenced the performance of the companies of different sectors, i.e. positive or negative impacts (Priya et al., 2021). This section explains testable hypotheses to examine the relationship between CSRD

(investors, community, environmental, employees, and products) and financial performance of Malaysian Shariah public listed companies before, during, and after the Covid-19 crisis. As well, the indirect hypothesis involving the moderating effect of BGD on the relationship between CSRD and financial performance is explained.

Specifically, previous research has demonstrated a positive relationship between investor CSRD and financial performance (Jan et al., 2022; Aziz & Haron, 2021; Awang et al., 2024). Similarly, studies such as Mahmud et al. (2020) and Aryani & Zuchroh (2023) provide supporting evidence for the positive impact of community disclosure on financial performance. In addition, empirical studies have highlighted the role of environmental CSRD in strengthening firm performance (Usman & Amran, 2015; Adams & Abhayawansa, 2022). Employee-related disclosure has also been shown to enhance financial outcomes by improving trust, retention, and organizational performance (Xiao et al., 2020; Dong et al., 2024). Moreover, product disclosure is found to positively influence consumer trust and firm performance, further supporting a directional expectation (Arsad et al., 2014; Dacin et al., 2022). The directional hypothesis shows the focus on theoretical and empirical studies on the relationship between CSRD and financial performance of Shariah-compliant PLCs in Malaysia.

2.5 Investors

Stakeholder Theory suggests that Shariah PLCs that increase the transparency through CSRD of investors and meet the expectations of the stakeholders, including investors gain long-term trust and support (Aziz et al., 2021). Before the Covid-19 crisis, CSRD contributed to building investor confidence and attracting Shariah-conscious investors (Bougatef et al., 2022). During the crisis, increased transparency in CSRD helped reduce uncertainty and risk, which in turn stabilised the financial performance (Mussanadah, 2024). After the Covid-19 crisis, sustained CSRD efforts continued to build investor trust and enhance the company's image, resulting in ongoing investment inflows and improved market-based performance (Awang et al., 2024). Therefore, the relationship is hypothesized as follows:

H1 : There is a positively significant relationship between investor CSRD and financial performance before, during and after Covid-19.

2.6 Community

The community provides firms social licenses to operate their business operations in societies by assuming that firms deliver numerous benefits through their social initiatives to offset the adverse effects of their business operations in the community (Mahmud et al., 2020). Shariah PLCs emphasis on the ethical and socially responsible practices, which aligns well with stakeholder values (Azam et al., 2019).

Before the Covid-19 crisis, increased in community disclosures helped build strong stakeholder relationships and enhanced corporate image and reputation (Loughran et al., 2023). During the Covid-19 crisis, greater focus on community support programmes, such as health and safety initiatives, boosted stakeholder trust and investor confidence during uncertainty (García-Monleón et al., 2024). After Covid-19 crisis, maintaining and improving the community disclosures sustained positive stakeholder perceptions, contributing to long-term financial growth (Bressan et al., 2023). Based on the argument, it is hypothesized that:

H2. : There is a positively significant relationship between community CSRD and financial performance before, during and after Covid-19.

2.7 Environmental

Stakeholder Theory suggests that Shariah PLCs which transparently communicate their environmental responsibilities effectively address stakeholder concerns, building trust, loyalty, and long-term investment (Al-Shaer, 2018). Shariah PLCs in Malaysia, which emphasise on ethical governance and proactive environmental disclosure, aligns with stakeholders' values (Jan et al., 2022). Before the Covid-19 crisis, environmental disclosures enhanced corporate reputation and stakeholder engagement with public, positively influencing financial performance (Kaakeh et al., 2022). During the Covid-19 crisis, continued environmental disclosure evidently demonstrated the commitment of Shariah PLCs to sustainable practices, maintaining investor confidence and stakeholder trust (Kaakeh et al., 2022). Consistent environmental disclosure contributes to the long-term financial stability and growth of companies following the Covid-19 crisis (Adams et al., 2022). Based on the argument, it is hypothesized that:

H3. : There is a positively significant relationship between environmental CSR and financial performance before, during and after Covid-19.

2.8 Employees

According to Xiao et al. (2020), when the organizations focus on the employees' welfare, and carry out good CSR on employees, it creates good relationship between the management and the teams, and at the same time retaining the employees in the organizations. However, Lima et al. (2011) found a negative relationship between CSR employees and firm's performance. On the contrary, according to Ayu et al. (2020), the environmental and social costs disclosure significantly affects financial performance which is in agreement with Stakeholder Theory.

Stakeholder theory suggests that transparent communication on employees' disclosure, such as well-being, safety, and development, increases trust, loyalty, and satisfaction among employees, and enhance financial performance (Omran et al., 2015). Based on arguments, the relationship is hypothesized as follows:

H4. : There is a positively significant relationship between employees' disclosure and financial performance before, during and after Covid-19.

2.9 Products

Stakeholder Theory suggests that product disclosures build trust, satisfaction, and loyalty among consumers and investors, positively influencing financial performance in 2019 (pre-Covid-19) crisis, in 2020 (during covid-19) crisis and in 2021 (post- Covid-19) crisis (Waheed et al., 2022). For Shariah PLCs, which emphasise ethical governance and social responsibility, comprehensive product disclosures demonstrate a commitment to product integrity, safety, and quality, aligning with stakeholders' values of transparency and accountability (Arsad et al., 2022). In accordance with the studies, the relationship is hypothesized as follows:

H5. : There is a positively significant relationship between products CSR and financial performance before, during and after Covid-19.

2.10 Board gender diversity

This study introduces BGD as moderating a variable to examine the moderating effect of BGD on the relationship between CSR (investors, community, environmental, employees and products disclosure) and financial performance of the Malaysian Shariah PLCs before, during, and after the Covid-19 crisis. Boards directors are conventionally composed of only male gender members but the presence of women on the board leads to gender diversity. Hindasah and Harsono (2021) noted that it is widely accepted that female gender board members are more independent because they are not part of the “old boys” network. The implication is that the presence of women on the board could be perceived by shareholders as radical change which results in the increased in the financial performance. Several arguments have been put forward to justify the need for board diversity. While most previous studies examined the direct impact of board gender diversity on the financial performance, the positive relationship between women directors and financial performance remains inconclusive. The differences in the findings of the gender diversity influence on firm’s financial performance are often attributed to differences in the countries from which data were collected, as these countries may have distinct board structures, sample sizes, and methodological approaches (Ku Ismail et al., 2017). The differences in culture, legal, social and economic environment also contributed to the different results.

From a stakeholder perspective, it is argued that larger boards increase the diversity of board composition. A larger board size enhances a company’s ability to understand and address the diversity of various stakeholders’ interests (Welford, 2007), which ultimately leads to greater transparency and more information disclosure and enhances financial performance. Triana et al. (2014) termed BGD as a double-edged sword or produced mixed findings that can either improve or hinder firm’s performance when involved women on boards. The results of the studies by Chapple and Humphrey (2014) and Hazaea et al. (2023) revealed no direct impact of BGD on financial performance of the companies. Post and Byron (2015) in their meta-analysis guided by the upper echelon’s theory found that the relationship between gender diversity and firm performance varies by companies’ normative and sociocultural contexts, whereby the relationship is positive in the context of greater gender parity, and negative in the context

of low gender parity. However, Kahloul et al. (2022) and Campbell and Mínguez (2008) found significant positive impact of gender diversification as having more female directors can enhance critical board processes including analysis and decision making. This positive impact of women on boards can improve the financial performance of the companies (Kahloul et al., 2022; Terjesen et al., 2016). Although earlier research has offered meaningful insights into the direct association between CSRD and financial performance, several studies lack in terms of not considering the indirect relationship of the moderating variables such as board gender diversity, which may influence the CSR disclosure and financial performance relationship. Further analysis suggests that BGD positively moderates the effect of CSRD on firm financial performance measured by return on assets (ROA). The findings suggest that board gender diversity enhances the effect of positive CSR performance on firm value. The term of ‘board gender diversity’ refers to the female representation on corporate board (Li et al., 2022). The findings of Li et al. (2022) also suggested that board gender diversity enhances the effect of positive CSR performance on firm value.

Thus, this study suggests the following hypotheses:

H6a : Board gender diversity moderates the relationship between investors CSRD and financial performance before, during and after Covid-19.

H6b : Board gender diversity moderates the relationship between community CSRD and financial performance before, during and after Covid-19.

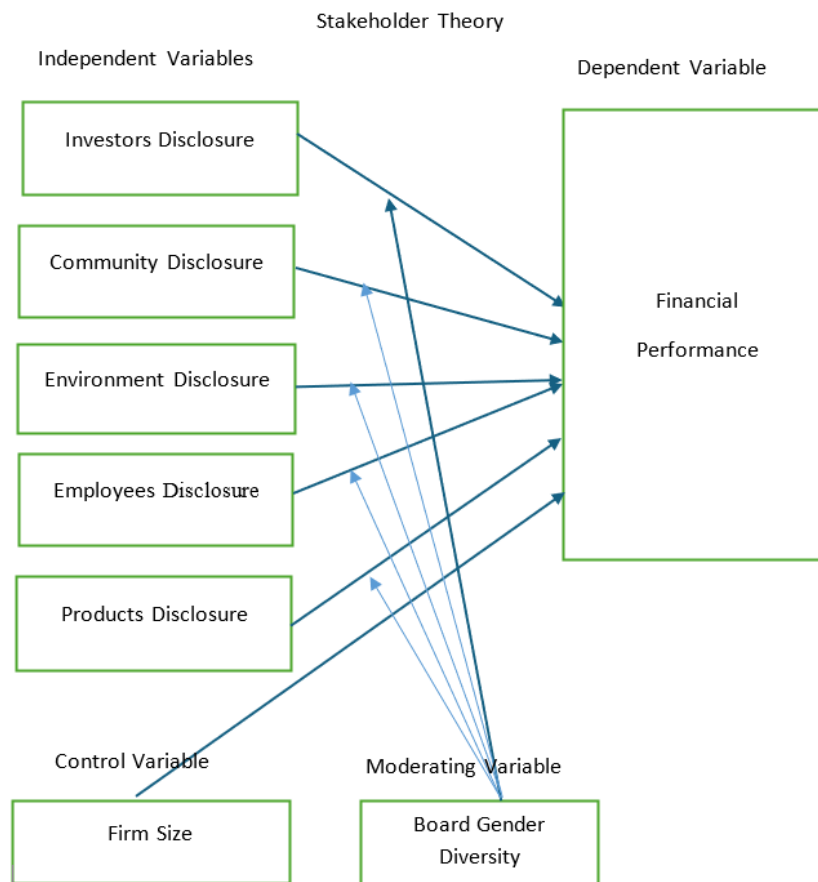
H6c : Board gender diversity moderates the relationship between environmental CSRD and financial performance before, during and after Covid-19.

H6d : Board gender diversity moderates the relationship between employees’ CSRD and financial performance before, during and after Covid-19.

H6e : Board gender diversity moderates the relationship between products CSRD and financial performance before, during and after Covid-19.

The research framework of this study is presented below. Figure 1 shows the relationship between the independent variables and the dependent variables, and the hypothesized directions based on Stakeholder Theory. These relationships are moderated by the BGD, controlling with the firm size.

Figure 1
Research Framework



3 METHODOLOGY

3.1 Sample

The sample consisted of 200 Shariah PLCs selected by probability sampling method of proportionate stratified sampling to have a representative sample across the total population consists of different sectors listed on Bursa Malaysia.

Variables Measurement

The variables in this study are categorized into four namely, dependent, independent, moderating, and control variables as shown in Table 1. In this study, Tobin's Q was used as a measurement for Malaysian Shariah PLCs financial performance as it reflects the total market performance of the firm in long period of time (Arena et al.,

2015). Market-based measurement is characterised as forward-looking, and it reflects the shareholders' expectations of the firm's future performance. Prior study Abdullah (2016) used Tobin's Q as a market-based measurement to measure firm performance. Table 1 shows the summary of variables used in this study.

Table 1

Summary of Variables

Categories	Variables	Measurement
Dependent Variable	Tobin's Q	The market value of ordinary shares plus book value of liability / Total Asset
Independent Variables (CSR Disclosure)	Investors Disclosure Community Disclosure Environmental Disclosure Employees Disclosure Products Disclosure	Available Information = Score '1' Not Available = Score '0'
Moderating Variable	Board Gender Diversity	Percentage of women = number of women / total number of directors.
Control Variable	Firm's Size	Total Assets (Current Assets & Non-Current Assets)

Content analysis helps the organizations to evaluate the level of the CSRD of Shariah PLCs in Malaysia. It is a widely used method to systematically identify CSRD in company reports, allowing the organizations to assess the extent of CSRD initiatives by firms (Hossain et al., 2021). Data collected from annual reports of the Shariah PLCs. In accordance with previous studies, score 1 indicates presence of CSR information disclosure on each of the items of CSRD, and 0 if otherwise.

Content analysis is a systematic research method used to identify or extract the CSRD initiatives by the organizations in the annual reports or websites, using binary score of '0' and '1' (Baier et al., 2020; Branco & Rodrigues, 2006; Usman & Amran, 2015). Consistent with previous studies, score '1' indicates presence of CSR information disclosure on each of the items of CSRD on investor disclosure, community involvement disclosure, environmental disclosure, employees' disclosure and products disclosure and '0' if otherwise (Usman & Amran, 2015). This was also used by other prior studies such as Branco and Rodrigues (2006) and Haniffa and Cooke (2005).

Content analysis helps the organizations to make comparison of their CSR practices across the industries and at the same time to evaluate the level of the CSRD of

Shariah-compliant PLCs in Malaysia. It is a widely used method to systematically identify CSRD in company reports, allowing the organizations to assess the extent of CSRD initiatives by companies (Haniffa & Cooke, 2005; Hossain et al., 2020). Dichotomous score was used to assess each of the item. The items from each of CSRD were then classified as score '1' indicates presence of information and score '0' indicates otherwise.

3.2 Hierarchical regression

In this study, a hierarchical regression analysis is used to examine the relationship between CSRD and financial performance, and the moderating effect of BGD on the relationship between CSRD and financial performance of Shariah PLCs, before, during and after Covid-19. The analysis is carried out based on the following models, i.e. Model 1, Model 2, Model 3 and Model 4. By employing a hierarchical regression analysis, the study presents the result in four models. Regression Model 1 was used to analyze the relationship between the control variable (firm size) and the dependent variable, financial performance (Tobin's Q). Meanwhile, Regression Model 2 was adopted to examine the relationship between the independent variables (investors disclosure, community disclosure, environmental disclosure, employees' disclosure, and product disclosure) and dependent variable with considering the control variable. Regression Model 3 was adopted to examine the relationship between the independent variables (investors disclosure, community disclosure, environmental disclosure, employees' disclosure, and product disclosure), control variable and dependent variable with considering the moderating variable. Finally, Regression Model 4 was adopted to determine the moderating effect of board gender diversity on the relationship between independent variables and dependent variable. The regression analysis was used for Tobin's Q for the three periods of time: 2019 (pre-Covid-19), 2020 (during Covid-19) and 2021 (recovery period).

Hierarchical Regression Model 1:

$$\text{Tobin's Q} = \beta_0 + \beta_1 \text{FSIZE} + \varepsilon \quad (1)$$

Hierarchical Regression Model 2:

$$\text{Tobin's Q} = \beta_0 + \beta_1 \text{INVST} + \beta_2 \text{COMM} + \beta_3 \text{ENV} + \beta_4 \text{EMPLY} + \beta_5 \text{PDCT} + \beta_6 \text{FSIZE} + \varepsilon \quad (2)$$

Hierarchical Regression Model 3:

$$\text{Tobin's Q} = \beta_0 + \beta_1 \text{INVST} + \beta_2 \text{COMM} + \beta_3 \text{ENV} + \beta_4 \text{EMPLY} + \beta_5 \text{PDCT} + \beta_6 \text{FSIZE} + \beta_7 \text{BGD} + \varepsilon \quad (3)$$

Hierarchical Regression Model 4:

$$\text{Tobin's Q} = \beta_0 + \beta_1 \text{INVST} + \beta_2 \text{COMM} + \beta_3 \text{ENV} + \beta_4 \text{EMPLY} + \beta_5 \text{PDCT} + \beta_6 \text{FSIZE} + \beta_7 \text{BGD} + \text{BGD} * \text{INVST} + \text{BGD} * \text{COMM} + \text{BGD} * \text{ENV} + \text{BGD} * \text{EMPLY} + \text{BGD} * \text{PDCT} + \varepsilon \quad (4)$$

Whereby:

Tobin's Q	=	Tobin's Q Ratio; proxy for financial performance using market measure
INVST	=	Investors Disclosure
COMM	=	Community Disclosure
ENV	=	Environment Disclosure
EMPLY	=	Employees' Disclosure
PDCT	=	Products Disclosure
BGD	=	Board Gender Diversity
BGD*INVST	=	Interaction term between BGD and INVST
BGD*COMM	=	Interaction term between BGD and COMM
BGD*ENV	=	Interaction term between BGD and ENV
BGD*EMPLY	=	Interaction term between BGD and EMPLY
BGD*PDCT	=	Interaction term between BGD and PDCT
FSIZE	=	Firm Size
β_0	=	Constant (Intercept)
ε	=	Error term

FINDINGS

Corporate Social Responsibility Disclosure and Financial Performance

As shown in Model 1 of Table 2, firm size (LOGFSIZE) was significantly and negatively related to LOGTobin's Q with coefficient of -0.526 (p-value < 0.05) in 2019 (pre Covid-19), -0.152 (p-value < 0.10) in 2020 (during Covid-19), and -0.163 (p-value < 0.05) after Covid-19 in 2021 (after Covid-19). The results indicate that across all periods, the smaller the firm size, the higher the financial performance in terms of market valuation, as measured by Tobin's Q.

Table 2

Hierarchical Regression Result for the Year 2019, 2020 and 2021

Model	Variables	Log Tobin's Q (Year 2019)			Log Tobin's Q (Year 2020)			Log Tobin's Q (Year 2021)		
		Coefficient (β)	t-value	Sig.	Coefficient (β)	t-value	Sig.	Coefficient (β)	t-value	Sig.
1	(Constant)	4.362	10.753	0.000	1.081	1.631	0.104	1.163	1.779	0.077
	LOGFSIZE	-0.526	-11.339	0.000**	-0.152	-1.951	0.052*	-0.163	-0.148	0.036**
2	(Constant)	4.129	9.377	0.000	0.457	0.500	0.617	1.089	1.319	0.189
	LOGFSIZE	-0.52	-	0.000**	-0.142	-1.747	0.082*	-0.165	-2.114	0.036**
			10.856							
	INVST	-0.685	-2.641	0.009**	-0.16	-0.478	0.633	-0.032	-0.097	0.923
	COMM	0.220	1.090	0.277	0.305	0.516	0.607	-0.381	-0.65	0.516
	ENV	-0.316	-1.519	0.130	0.060	0.139	0.890	0.576	1.370	0.172
	EMPLY	0.758	2.807	0.006**	0.676	1.928	0.055*	0.170	0.495	0.621
	PDCT	0.154	0.755	0.451	-0.029	-0.062	0.950	-0.08	-0.181	0.857
3	(Constant)	4.183	9.082	0.000	0.501	0.542	0.588	1.018	1.222	0.223
	LOGFSIZE	-0.519	-	0.000**	-0.139	-1.696	0.092*	-0.169	-2.151	0.033**
			10.828							
	INVST	-0.699	-2.667	0.008**	-0.147	-0.436	0.663	-0.031	-0.093	0.926
	COMM	0.236	1.146	0.253	0.285	0.477	0.634	-0.342	-0.58	0.563
	ENV	-0.332	-1.565	0.119	0.050	0.115	0.909	0.557	1.322	0.188
	EMPLY	0.75	2.764	0.006**	0.668	1.897	0.059*	0.185	0.536	0.592
	PDCT	0.153	0.745	0.457	-0.039	-0.085	0.932	-0.082	-0.185	0.853
4	BGD	-0.178	-0.411	0.682	-0.201	-0.370	0.712	0.348	0.668	0.505
	(Constant)	3.851	5.614	0.000	-0.108	-0.079	0.937	2.605	2.061	0.041
	LOGFSIZE	-0.515	-	0.000**	-0.132	-1.599	0.112	-0.160	-1.960	0.051*
			10.491							
	INVST	-0.559	-0.78	0.436	-1.07	-1.347	0.180	0.244	0.296	0.768
	COMM	0.319	0.748	0.456	0.948	0.71	0.479	0.316	0.214	0.831
	ENV	-0.772	-1.416	0.158	0.994	0.925	0.356	-0.965	-0.895	0.372
	EMPLY	1.15	1.372	0.172	-0.149	-0.198	0.844	-0.373	-0.446	0.656
PDCT	0.43	0.924	0.357	0.725	0.67	0.504	-1.275	-1.252	0.212	
BGD	1.067	0.589	0.557	2.118	0.465	0.642	-7.806	-1.804	0.073*	
BGD*INVST	-0.612	-0.226	0.821	4.154	1.263	0.208	-1.301	-0.392	0.696	

Model	Variables	Log Tobin's Q (Year 2019)			Log Tobin's Q (Year 2020)			Log Tobin's Q (Year 2021)		
		Coefficient (β)	t-value	Sig.	Coefficient (β)	t-value	Sig.	Coefficient (β)	t-value	Sig.
	BGD*COMM	-0.499	-0.262	0.794	-3.124	-0.598	0.551	-2.800	-0.467	0.641
	BGD*ENV	1.835	0.85	0.396	-4.182	-0.971	0.333	7.088	1.608	0.110
	BGD*EMPLY	-1.618	-0.506	0.613	4.016	1.217	0.225	2.931	0.837	0.404
	BGD*PDCT	-1.127	-0.66	0.510	-3.513	-0.805	0.422	5.622	1.359	0.176

Notes: *** significant at p-value <0.01 level; ** significant at p-value <0.05 level; *significant at p-value <0.10

Two out of five independent variables were found to be significantly related to LOGTobin's Q, which were investors disclosure, (INVST) and employees' disclosure (EMPLY) at different periods of crisis. In year 2019 (pre-Covid-19), there was a negative and significant relationship between investors disclosure (INVST) and LOGTobin's Q with a coefficient of -0.685 (p-value < 0.05), and a significant positive relationship between the employees' disclosure (EMPLY) and LOGTobin's Q with a coefficient of 0.758 (p-value < 0.05). Furthermore, in the year 2020 (during Covid-19), the employees' disclosure (EMPLY) was significantly and positively related to LOGTobin's Q with a coefficient of 0.676 (p-value < 0.10). However, in the year 2021 (post-Covid-19), all CSRD which consist of investors disclosure (INVS), community disclosure (COMM), environmental disclosure (ENV), employees' disclosure (EMPLY) and products disclosure (PROD) were insignificantly related to LOGTobin's Q. H1 is supported for year 2019 (pre-Covid-19) and H4 is supported, for year 2019 (pre-Covid-19) and for year 2020 (during Covid-19) whereas H2, H3 and H5 are not supported for all the three consecutives' years, 2019, 2020 and 2021. The firm size was found to be significantly and negatively related to LOGTobin's Q for 2019, 2020 and 2021 with the presence of the five CSRD considered. Specifically, smaller Shariah PLCs exhibited higher LOGTobin's Q values, while larger firms recorded lower values during the same periods (2019, 2020 and 2021).

In Model 3, board gender diversity (BGD) demonstrated no significant relationship with LOGTobin's Q, consistently across the years 2019 (pre-Covid-19), 2020 (during Covid-19) and 2021 (post-Covid-19). With the presence of BGD, the significant relationship between CSRD and LOGTobin's Q remain the same as Model 2. The firm size was found to be significant and negatively related to LOGTobin's Q for 2019, 2020

and 2021, with the presence of BGD and CSRD. Hence, this shows that the relationship between and Tobin's Q is significantly controlled by the firm size with the presence of BGD. Smaller-sized Shariah PLCs were associated with higher LOGTobin's Q values, whereas larger firms exhibited lower LOGTobin's Q across all three periods: 2019 (pre-Covid-19), 2020 (during Covid-19), and 2021 (post-Covid-19) regardless of the percentages of women in BGD.

The results from Model 4 implies that BGD had no significant moderating effect on the relationship between the five predictor variables i.e. investors disclosure (INVST), community disclosure (COMM), environmental disclosure (ENV), employees' disclosure (EMPLY), products disclosure (PROD), and LOGTobin's Q in 2019 (pre-covid-19), 2020 (during Covid-19) and in 2021 (post-Covid-19).

Table 3 on the research hypotheses and summary of results for the relationship between CSRD and Tobin's Q.

Table 3

Research Hypotheses and Summary of Results for Tobin's Q

Hypotheses	Result: Supported/ Not Supported		
	Before Covid-19 2019	During Covid-19 2020	After Covid-19 2021
H1: There is a positively significant relationship between investors' disclosure and financial performance before, during and after Covid-19.	Supported	Not supported	Not supported
H2: There is a positively significant relationship between community disclosure and financial performance before, during and after Covid-19.	Not supported	Not supported	Not supported
H3: There is a positively significant relationship between environment disclosure and financial performance before, during and after Covid-19.	Not supported	Not supported	Not supported
H4: There is a positively significant relationship between employees' disclosure and financial performance before, during and after Covid-19.	Supported	Supported	Not supported
H5: There is a positively significant relationship between product disclosure and financial performance before, during and after Covid-19.	Not supported	Not supported	Not supported

3.3 Investors disclosure

Investors' disclosure refers to the extent of information provided to stakeholders. Based on this study, investors' disclosure consists of three items namely existence of awareness program (investors roadshow in Malaysia and overseas and site visits for investors), incentive or reward to potential investors, and networking with potential investors local and international. Investors' disclosure transparency builds trust, reduces information asymmetry, and mitigates risks, leading to better financial performance.

Based on Table 3, this study found that investors' disclosure was negatively and significantly related to financial performance, measured using Tobin's Q, before Covid-19 crisis in 2019. The investors' disclosure was not significantly related to financial performance, Tobin's Q, during and after the Covid-19 crisis. Prior study Zragat et al. (2021) found that investors' disclosure often shows an insignificant or negative relationship with Tobin's Q. This is due to investors' perception that the investors' disclosure does not immediately improve the market value, Tobin's Q, in short-term period but may vary in long-term financial performance (Zragat et al., (2021).

The investors' disclosure was not significantly related to financial performance, Tobin's Q, during and after the Covid-19 crisis imply that Shariah PLCs in Malaysia focus more on stability and risk mitigation, which can result in conservative market performance, but not align with short-term profitability expectations (Hassan et al., 2021). It was found that Shariah PLCs engaged in CSR activities benefited in term of strengthened stakeholder relations and transparency, but these practices did not always result in significant improvements in Tobin's Q (Hassan et al., 2021). There was a negative and significant relationship between investors' disclosure and financial performance, Tobin's Q of Shariah-compliant PLCs in Malaysia in 2019 (pre-Covid-19) and insignificant relationship in 2020 (during Covid-19) and in 2021 (recovery period).

3.4 Community disclosure

Community disclosure based on this study involves eight items of disclosure, namely provision for disabled person, donations, support for education, support for health

care services, water supplies, skills acquisition training, sponsoring for recreational facilities and combating corruptions and scholarships.

The relationship between the community disclosure and Tobin's Q showed an insignificant relationship before, during and after Covid-19 crisis. Based on Table 3, there was no significant relationship between community disclosure and Tobin's Q before, during and after Covid-19 crisis due to immediate costs or pressures on profitability when the firms increased their community disclosure. An extensive community disclosure may signal increased in costs or non-core expenses, potentially lowering market-based measures, Tobin's Q (Boubaker et al., 2022). Wang and Sarkis (2021) asserted that community disclosures can negatively impact short-term financial metrics, as the stakeholders put more efforts on community disclosure, diverting the resources away from the core operational activities. Furthermore, Abbasset al. (2023) stated that Shariah-compliant PLCs often experience volatility in Tobin's Q due to shifts in market conditions.

Stakeholder Theory does not support the relationship between community disclosure and financial performance (Tobin's Q) before, during, and after the Covid-19 crisis, due to some limitations. Community disclosures typically focus on ethical and social contributions, such as donations, provision for disabled person, education and scholarship, which may not directly affect financial performance. Stakeholder Theory does not support the relationship between community disclosure and financial performance (Tobin's Q) before, during, and in recovery period of Covid-19, due to some limitations. Community disclosures typically focus on ethical and social contributions, such as donations, provision for disabled person, education and scholarship, which may not directly affect financial performance, Tobin's Q. These disclosures often lead to intangible benefits such as good image, reputation and trust, which may not be revealed into measurable financial performance within the short period of time. During the Covid-19 crisis in 2020, stakeholders prioritized disclosures related to operational activities such as employee safety, and governance rather than community engagement. Consequently, as noted by Min et al. (2023), community disclosure may have been given less consideration in the financial decision-making of Shariah-compliant PLCs in 2019 (pre-Covid-19), 2020 (during Covid-19), and 2021 (recovery period).

Shariah-compliant PLCs emphasize on the ethical conduct, societal well-being, and equitable resource allocation. However, these Shariah principles may not directly enhance financial performance of Tobin's Q. Shariah-compliant PLCs often prioritize to comply with the Islamic principles such as avoiding Riba and operating with halal certificates over the community disclosures. The Covid-19 crisis forced many Shariah-compliant PLCs to allocate the resources to critical areas, such as employee welfare and operational continuity, which are more directly linked to financial performance. Community disclosures may have been less prioritized, leading to reduction in their potential financial gain. This focus on benevolent rather than profit-driven motives may reduce the direct relationship between community disclosures and financial performance, Tobin's Q. The lack of a significant relationship could stem from different set of priorities, long term benefits, and operational challenges, particularly during and in recovery period of Covid-19.

There was no significant relationship between community disclosure and financial performance (Tobin's Q) before, during and in recovery period. Therefore, H2a, H2b and H2c are not supported.

3.5 Environmental disclosure

Environmental disclosures help Shariah-compliant PLCs to identify and mitigate risks related to regulatory compliance, climate change, and resource scarcity. By addressing these risks, companies protect their assets and operations, ensuring stable financial performance. Stakeholders value this proactive approach as it enhances the company's overall value. Based on Table 3, there was no significant relationship between the environmental disclosure and Tobin's Q in 2019. This perception may be viewed as a financial burden by the market, leading to negative reactions and a decrease in Tobin's Q. there was no significant relationship in 2019 (pre-Covid-19), in 2020 (during Covid-19) and in 2021 (recovery period), between the environmental disclosure and Tobin's Q. These findings do not align with Stakeholder Theory and Shariah principles, possibly due to factors such as external pressures, shifting stakeholder priorities, and changing market dynamics, which may have contributed to the lack of a significant relationship between environmental disclosure and Tobin's Q throughout the Covid-19 crisis period. While

Shariah principles and Stakeholder Theory promote ethical and sustainable practices, the lack of immediate financial recognition by markets during Covid-19 crisis may explain the insignificant relationship between environmental disclosure and Tobin's Q across all three years. The main reason is attributed to industries with high compliance costs, such as Shariah-compliant PLCs, where increased environmental disclosure signals higher operational costs or potential future liabilities. This perception may be viewed as a financial burden by the market, leading to negative reactions and a decrease in Tobin's Q (Bose et al., 2024).

3.6 Employees disclosure

Referring to Table 3, the relationship between the employees' disclosure and Tobin's Q showed positive and significant relationship in 2019 (pre-Covid-19) and 2020 (during Covid-19) and insignificant relationship in 2021 (after Covid-19). The positive and significant relationship between the employees' disclosure and financial performance in 2019 (pre-Covid-19) and in 2020 (during Covid-19) is in line with the Stakeholder Theory. Integrating employee well-being into a firm disclosure initiative, in alignment with Stakeholder Theory, produced positive and significant impact to on the financial performance, Tobin's Q of Shariah-compliant PLCs in Malaysia. High employees' disclosures particularly during Covid-19, showed that the Shariah-compliant PLCs took the proactive steps in employee welfare, thus enhanced the company's reputation and image. For Shariah-compliant PLCs, this alignment with ethical and social values strongly reflects stakeholders' priority toward corporate social responsibility disclosure (Mukhtar & Bahormoz, 2022). This alignment increases Tobin's Q, as it signals successful and ethical corporate practices. Studies exploring the relationship between CSR and financial performance in Shariah-compliant PLCs in Malaysia specify that an emphasis on ethical practices drives stakeholder trust and enhances financial performance (Ali et al., 2017; Rahman et al., 2018).

Stakeholder Theory argues that companies are more resilient and profitable when they consider the interests of all stakeholders. By focusing on employee well-being, Shariah-compliant PLCs in Malaysia can increase stakeholders trust, investors' confidence and enhanced corporate reputation, which contribute to positive Tobin's Q in

the long run (Freeman et al., 2021; Harrison et al., 2019; Harrison & Wicks, 2022; X. Zhao et al., 2020). Thus, in a critical period, like the Covid-19 crisis in 2020, employers and employees should establish a strong relationship long before the crisis. According to Xiao et al. (2020), through the employees' disclosure initiative, companies are able to establish good morale with employees and recruit and retain good employees. During the Covid-19 crisis, Shariah-compliant PLCs that provided clear communication on employees' disclosure especially on the welfare were seen as more resilient and adaptable. This initiative serves as evidence to investors seeking more stable and sound investments, especially during periods of economic instability. As a result, the market value of these companies reflects confidence in their resilience (Xiao et al., 2020). However, in year 2021 (recovery period), there was an insignificant relationship between employees' disclosure and Tobin's Q. Tobin's Q in recovery period declined as businesses stabilised and investors shifted their focus to profitability and efficiency rather than employees-related disclosure. This shift in investor expectations may have weakened the perceived market value of companies, leading to a decline in Tobin's Q (Atayah et al., 2022). The relationship between employees' disclosure and Tobin's Q was positively significant before and during Covid-19, therefore H4a and H4b are supported. Whereas, H4c is not supported, due to insignificant relationship between employees' disclosure and Tobin's Q in recovery period.

3.7 Products disclosure

According to prior study Dincer et al. (2023), it was found that products disclosures, could have positive effects on Tobin's Q, especially for companies with high level of CSRD information. However, it contradicts on this study's finding. Referring to Table 3, there was an insignificant relationship between products disclosure and financial performance, Tobin's Q, in 2019 (pre-Covid-19), in 2020 (during Covid-19) and in 2021 (post-Covid-19). The main reason of the findings can be attributed to the changing of investor priorities and uncertainties of economic conditions influenced the relationship of products disclosures on market-based performance.

Li et al. (2021) found that market responses to CSRD shifted significantly during the Covid-19 crisis, evidently shows how economic volatility affects companies'

preferences. Similarly, Adams and Abhayawansa (2022) stated that during the crisis, Shariah-compliant PLCs concerned more on corporate adaptability and employees-related disclosure over product disclosure initiatives. In stable times of 2019 (pre-Covid-19), product disclosures had insignificant relationship with financial performance, Tobin's. Furthermore, during Covid-19 crisis in 2020, increased products disclosure had no impact on the market-based measure, Tobin's Q. Tobin's Q may remain unchanged due to external economic uncertainties (Harun et al.,2020). In recovery period 2021, Shariah-compliant PLCs that continued aligning with stakeholder interests through consistent products disclosures maintained financial performance but faced challenges in reassuring investors about long-term market value of the companies (Alotaibi, 2020). This study found there was no positive significant relationship between products disclosure and financial performance, Tobin's Q before, during and in recovery period. Therefore, H5a, H5b and H5c are not supported.

3.8 Board gender diversity

The Malaysian government's 2020 target for 30% women directors' representation on boards of publicly listed companies originates from several policy initiatives those were announced in the Malaysian Code on Corporate Governance (MCCG) introduced by the Securities Commission Malaysia in 2017. The percentage of women directors' participation in the corporate board of Shariah-compliant PLCs indicates that they remained underrepresented in 2019 (pre-Covid-19) and in 2021(recovery period). However, the percentage of women directors on board increased in 2020 (during Covid-19) to 36.75% fulfilled the target above 30%.

Furthermore, the Shariah-compliant PLCs expect increased BGD will enhances the positive effect of CSR on financial performance, as investors associate it with greater transparency and higher-quality CSR reporting (Alazzani et al., 2019; Rao & Tilt, 2016; Zhang, 2014). This aligns with the ethical standards valued by investors in Shariah-compliant PLCs in Malaysia, where authenticity and adherence to ethical principles are vital (Alazzani et al., 2019). Board Gender Diversity was acknowledged and treated as a moderating variable consistent with prior studies (Li et al., 2022; Kahloul et al., 2022; Alodat & Hao, 2025). Corporate social responsibility disclosure (CSR) enhances

corporate financial performance through the positive moderating role of gender diversity on the board in French companies (Kahloul et al., 2022).

Previous studies have proven that having women directors on board is advantageous as they positively influence an organization's financial performance (Khuong et al., 2022; Najaf et al., 2024; Nguyen, 2020; Perera et al., 2023), offer ethical oversight, support stakeholder interests (Huang, 2024; Li et al., 2022; Rouse et al., 2024), and improve risk management, board dynamics, and decision-making (Ahmad et al., 2024; Arnardottir et al., 2023; Tashfeen et al., 2023). Therefore, H6a–H6e propose that BGD moderates the relationship between CSRD and financial performance of Shariah-compliant PLCs in Malaysia before, during, and in recovery period of Covid-19. As the moderating variable of this study, board gender diversity is expected to have an impact on the CSRD and improve the financial performance (Liu et al., 2020). The findings related to the hypotheses are summarised in Table 4.

Table 4

Research Hypotheses Summary for Board Gender Diversity as a Moderating Variable

Hypotheses	Result: Supported/ Not Supported		
	Before Covid-19 2019	During Covid-19 2020	After Covid-19 2021
H6a: Board gender diversity moderates the relationship between investors disclosure and financial performance before, during and after Covid-19.	Not Supported	Not Supported	Not Supported
H6b: Board gender diversity moderates the relationship between community disclosure and financial performance before, during and after Covid-19.	Not Supported	Not Supported	Not Supported
H6c: Board gender diversity moderates the relationship between environmental disclosure and financial performance before, during and after Covid-19.	Not Supported	Not Supported	Not Supported
H6d: Board gender diversity moderates the relationship between employees' disclosure and financial performance before, during and after Covid-19.	Not Supported	Not Supported	Not Supported
H6e: Board gender diversity moderates the relationship between product disclosure and financial performance before, during and after Covid-19.	Not Supported	Not Supported	Not Supported

Referring to hierarchical regression results of Model 4 from Table 2 and Table 4 on the research hypotheses and summary, board gender diversity has no effect on

moderating the relationship between CSR and Tobin's Q. Hence, it can be concluded that H6a, H6b, H6c, H6d and H6e are not supported for these three periods of crisis.

Based on Stakeholder Theory, BGD is often expected to strengthen stakeholder engagement and improve corporate governance and improve the financial performance. In Malaysia, cultural norms and structural challenges may still limit the decision-making power of women directors, reducing their moderating effect between CSR and financial performance, Tobin's Q (Zainal et al., 2024). Board gender diversity's role in moderating the relationship between CSR and Tobin's Q relationship in Shariah PLCs remains insignificant due to the strong ethical foundations, governance mechanisms, and investor priorities within these firms (Arsad et al., 2022).

4 CONCLUSIONS

There was a positive and significant relationship between employees' CSR and Tobin's Q in 2019 (pre-Covid-19) and during Covid-19 crisis in 2020. In year 2019 (pre-Covid-19), there was a negative and significant relationship between investors' CSR and Tobin's Q in 2019 (pre-Covid-19). The study showed no positive and significant relationship between investors' CSR and Tobin's Q during and after Covid 19. The study also showed no positive and significant relationship between other CSR (community, environmental and products disclosures) and financial performance, Tobin's Q, before, during and after Covid-19. Based on market measurement Tobin's Q, there was no moderating effect of board gender diversity on the relationship between CSR (investors, community, environmental, employees and products) disclosure and Tobin's Q before, during and after Covid-19 crisis.

This study contributes the accounting literature and body of knowledge on the CSR of Shariah public-listed (PLCs) companies in Malaysia. The main contribution of this study is that the study introduces BGD as a moderating variable to examine the influence of women directors on the relationship between CSR and financial performance of Shariah PLCs. The study provides valuable insights for the government and policymakers in shaping strategies to enhance CSR initiatives among Shariah PLCs in Malaysia. This study implies that Shariah PLCs should enhance the quality and transparency of their CSR reporting and practices in annual reports. This study

contributes the accounting literature and body of knowledge on the CSRD of Shariah-compliant PLCs in Malaysia. This study is one of the earliest studies that examine the relationship between CSRD and financial performance using Stakeholder Theory. This study highlights how Islamic principles align with the fundamentals of this theory. Specifically, Shariah principles emphasise accountability, transparency, and the responsibilities of stakeholders, including employees, investors, and the community. These values inherently guide Shariah-compliant PLCs to adopt effective and reliable CSRD practices that reflect their commitment to ethical governance, social justice, and sustainable economic growth. By integrating Islamic principles with Stakeholder Theory, this study highlights the distinctive role of Shariah-compliant PLCs in increasing stakeholder trust and enhancing financial performance, before, during and in recovery period.

The second contribution of this study is that the study introduces BGD as a moderating variable to examine the influence of women directors on the relationship between CSRD and financial performance of Shariah-compliant PLCs in Malaysia, before, during and in recovery period. In year 2019 (pre-Covid-19) and in 2020 (during Covid-19), the BGD did not moderate the CSRD and financial performance, Tobin's Q. The third contribution of this study is the introduction of new CSRD dimension which is investor CSRD with three disclosure items: Item 1 (existence of investment awareness program which investors relation roadshows in Malaysia and overseas and site visits for investors), Item 2 (incentive reward to potential investors), and Item 3 (networking with potential investors local and international). Board gender diversity (BGD) did not moderated the relationship between investors CSRD and Tobin's Q in 2019 (pre-Covid-19) and in 2020 (during Covid-19). The study provides valuable insights for the government and policymakers in shaping strategies to enhance CSRD initiatives among Shariah-compliant Public Listed Companies (PLCs) in Malaysia. Before the Covid-19 crisis, the significant relationship between investors disclosure and employees' disclosure and financial performance (Tobin's Q) highlighted the importance of promoting sustainability as a cornerstone to good corporate governance, leading to better financial performance.

During the Covid-19 crisis, the findings revealed the enhanced CSRD efforts and suggested the government to prioritize the development of reliable policies such as global

reporting initiative (GRI) standards and guidelines, environmental, social, and governance (ESG) disclosure framework and business continuity plans (BCPs) that require companies to disclose their strategies for managing social and economic uncertainties. By doing so, government and policymakers can ensure that businesses remain accountable and resilient during Covid-19 crisis. Furthermore, CSRD can contribute to companies' stability by mitigating the risks of Covid-19 crisis. The government and policymakers can encourage more voluntary or mandatory CSRD practices through incentives such as tax relief and funding support.

In the recovery period, the study highlighted the potential for sustained CSRD practices by integrating the broader economic recovery plans and emphasising the role of Shariah-compliant PLCs in fostering sustainable development. At the same time, to attract more investors and drive long-term financial growth. These measures not only align with Malaysia's sustainable development goals but also position Shariah-compliant PLCs as role models for ethical and responsible business conduct, attracting local and international investment. Additionally, by aligning these frameworks with international best practices, Malaysia can strengthen its position as a hub for ethical and sustainable investment, driving economic recovery while promoting good CSRD practices.

The study provides empirical evidence that CSRD particularly investors, employees, and community disclosure, functions as a resilience mechanism during Covid-19 crisis. By highlighting how Shariah-compliant PLCs maintained stakeholder trust through transparent reporting during the Covid-19 crisis, this study offers a framework that can be applied to future crisis, including climate-related or geopolitical crisis. In doing so, the findings reinforce the strategic importance of integrating CSRD into corporate risk management and business continuity planning, ensuring sustained stakeholder confidence even in times of uncertainty.

This study implies that Shariah public-listed companies should enhance the quality and transparency of their CSRD reporting and practices in annual reports. Investors tend to favor companies demonstrating high transparency, strong ethical adherence, and superior CSRD practices. Furthermore, with these findings, stakeholders will find it easy to read and evaluate financial performance of Shariah-compliant PLCs and suits with each stakeholder's decision making. Even though the firm's annual report and CSRD vary in contents, style, and complexity, but they adhere to strict Shariah

compliances policies, avoided interest-bearing debt those had affected the market valuation (Tobin's Q) of the companies before, during, and in recovery period. Furthermore, the findings of this study offer a practical contribution to the business owners, board of directors, executives and managers, to make well-informed decisions and good practices of CSRD for survival and growth in a competitive corporate world and to add more women on board as following the MCCG 2021 policies, to enhance the decision making and better financial performance in long term period.

These findings also contribute to the field of Islamic finance by demonstrating how CSRD practices rooted in Shariah principles can strengthen the credibility and attractiveness of Shariah-compliant PLCs to both Muslim and non-Muslim investors. This supports Malaysia's position as a leading hub for Islamic capital markets and shows how effective CSRD can enhance compliance with standards such as those of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Bank Negara Malaysia's Shariah governance frameworks. By linking CSRD practices to internationally recognised Islamic governance standards, this study underlines how Shariah-compliant PLCs can improve transparency, ethical oversight, and investor confidence, thereby expanding their access to global Islamic finance markets.

This study highlights the importance of CSRD as a critical tool in shaping investor behaviour and ensuring corporate resilience in changing economic conditions. Enhanced CSRD specifically on the investors' disclosure plays a critical role in fostering investor trust by demonstrating transparency and adherence to ethical business practices. Investors are more attracted to Shariah-compliant PLCs with strong CSRD practices, detailed disclosures especially regarding employee safety, community support, crisis management support during Covid-19 crisis and the resilience and adaptability of the companies in navigating unpredictable challenges. The sustained and enhanced CSRD in recovery period are expected to encourage more long-term investments with ethical operational practices.

Stakeholder Theory is still considered relevant as an underpinning theory to explain the theoretical framework of this study, particularly on the monitoring functions of the stakeholders (employees, customers, community, investors) as CSRD mechanism for financial performance. The Stakeholder Theory explains that companies exist not solely to maximise shareholder wealth but also to fulfil the interests and needs of various

stakeholders, including employees, customers, communities, and investors. Shariah-compliant PLCs in Malaysia, guided by Islamic principles and framework, are expected to demonstrate ethical conduct and accountability. It reveals that stakeholder expectations in Shariah-compliant PLCs contexts include not only economic returns but also adherence to principles of justice, trust, and accountability, thus broadening the scope of Stakeholder Theory in emerging markets. By emphasising Stakeholder Theory within an Islamic finance environment, the study provides a more inclusive understanding of how ethical governance and disclosure practices can drive long-term financial performance and stakeholder loyalty. Theoretical implications indicate that employees' CSRD and community CSRD have a positive and significantly relation with financial performance of Shariah-compliant PLCs. This is in line with the Stakeholder Theory which focuses on the interests of all stakeholders, not just shareholders, but also the employees in their decision-making processes.

It shows that women directors on board help to improve the financial performance, of Shariah-compliant PLCs. The notion that women promote better governance and ethical disclosure decision-making aligns with Stakeholder Theory and Shariah principles of beliefs, values, and ethical guidelines derived from the Qur'an, Sunnah (Prophetic traditions), Ijma' (scholarly consensus), and Qiyas (analogical reasoning). The Islamic principles of Adl (Justice), Ihsan (Excellence and Benevolence), Amanah (Trust) and Mas'uliyah (Accountability), Shura (Consultation and Collective Decision-Making), Sadaqah (Charity) and Zakat (Mandatory Almsgiving), and Haqq (Rights and Responsibilities) were emphasised in the operation of Shariah PLCs, before, during and in recovery period. Hence, by improving investor disclosure, community disclosure and employees' disclosure, and compliance with Islamic principles, Shariah-compliant PLCs highlight stakeholder concerns related to transparency, social justice, and environmental sustainability, thereby fostering trust and loyalty. Shariah-compliant PLCs with more detailed CSRD practices strengthen the relationships with stakeholders. The Stakeholder Theory aligns the Shariah-compliant PLCs with Islamic values and principles, emphasising fairness and ethical considerations. Therefore, successful CSRD can enhance Shariah-compliant PLCs reputation and stakeholder trust and maintain competitive advantage in the Malaysian market. Aligned with Stakeholder Theory, Shariah-compliant PLCs can better understand and manage the impact of their CSRD

initiatives on financial performance, creating value for both the Shariah-compliant PLCs and its diverse stakeholders. However, in terms of market-based measurement, Tobin's Q, women directors have no significant impact on the relationship between all types of CSR (investors, community, environmental, employees, and products disclosures) and Tobin's Q. Although women directors are perceived to enhance financial performance through improved CSR, these effects tend to manifest over the long term rather than within a short period.

This study has covered new perspectives on CSR on the financial performance of Shariah-compliant PLCs in Malaysia, before, during and in recovery period. However, the findings are still subject to various limitations. Future research suggestions and recommendations are also provided to overcome these limitations. The first limitation is that this research only covered sample size of 200 Shariah-compliant PLCs on the Main Board of Bursa Malaysia. Hence, the findings are only applicable to selected Shariah-compliant PLCs in Malaysia in this study. Therefore, future study can be improved by examining the relationship of CSR and financial performance for total population of 747 Shariah-compliant PLCs and non-Shariah-compliant PLCs in Malaysia. Furthermore, the study can be expanded to other countries with different cultures, economic conditions, corporate governance, political issues, laws and regulations.

The second limitation lies in its restricted time frame, covering only a three-year period—2019 (pre-Covid-19), 2020 (during Covid-19), and 2021 (recovery period). To investigate the relationship between CSR and financial performance (Tobin's Q). This study adopted a longitudinal approach by collecting data from the same Shariah-compliant PLCs over a three-year period. However, such a limited timeframe restricts the ability to conduct a comprehensive trend analysis of financial performance. A more extended observation period would provide deeper insights into the long-term implications of CSR on Shariah-compliant PLCs in Malaysia. The study can be extended to a longer timeframe or broader numbers of years involved to have more robust and comprehensive outcomes aligned with the research objectives, especially to investigate the impact of the CSR on the financial performance, Tobin's Q for long durations of time.

The third limitation is that this study only focused on Tobin's Q to measure financial performance which based on market-based measurement perspective., Tobin's

Q results will assist in predicting the value of investing in a firm. Hence, Return on Equity (ROE) is another proxy that can be considered to measure the profitability of a firm in generating income in relation to shareholders' equity. Return on Equity (ROE) reflects how efficiently a company uses investors' funds to generate profit. The results will assist investors in predicting how their investments generate income in the future. Earnings Per Share (EPS), total shareholder return (TSR), return on investment (ROI), dividend yield, and a price-earnings ratio also can be used as a dependent variable to gain different results and findings and acquire a broader perspective of financial performance measurement based on accounting-based and market-based measurements.

The fourth limitation is that this study was based on secondary data, relying heavily on the quantitative-based research approach. This study mainly used data of companies' annual reports from the website to examine the relationship between CSRD on the financial performance of Shariah-compliant public listed companies in Malaysia. The outcomes were solely based on the CSRD activities and financial performance reporting provided on the annual report. Therefore, future research could expand this study by using qualitative-based research approaches such as interviews.

The final limitation is that this study focused on the five items of CSRD (investors, community, environment, employees and products) disclosure. For future research, more specific types of investors and stakeholders could be considered to strengthen the understanding of the relationship between CSRD and financial performance. Different types of investors such as institutional investors (e.g., Takaful companies, Islamic mutual funds, Employees Provident Fund (EPF), Tabung Haji, Khazanah Nasional Berhad, and PNB), retail investors (e.g., High-Net-Worth Individuals (HNWIs, individual investors and young investors) and foreign and activist investors could be the centre of focus in the future research. In this study, the focus was more on specific types of stakeholders (investors, community and employees). Therefore, future research could consider regulators and policymakers, supply chain partners and business networks, as additional categories of stakeholders to enhance the understanding of the relationship between CSRD and financial performance

For future research, firstly, future study can be improved by examining the relationship of CSRD and financial performance for total population of 747 Shariah PLCs and non-Shariah PLCs in Malaysia. This study only focused on the Tobin's Q to measure

financial performance. Meanwhile, Tobin's Q results will assist in predicting the value of investing in a firm. Return on Assets (ROA) and Return on Equity (ROE) are other proxies that can be considered to measure the profitability of a firm in generating income in relation to shareholders' equity. This study mainly used data of firms' annual reports to examine the relationship between CSRD on the financial performance of Shariah public listed companies in Malaysia. The outcomes were solely based on the CSRD activities and financial performance reporting provided on the annual report. Therefore, future research could expand this study by using qualitative-based research approaches such as interviews.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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