

**THE IMPACT OF CSR DISCLOSURES ON MALAYSIA
INDIVIDUAL INVESTORS' INVESTMENT DECISION**

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Investors' Investment Decision

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2. No portion of this research project has been submitted in support of any application for any other degree or qualification of this or any other university, or other institutes of learning.
3. Genuine and authentic efforts and inputs have been made by the author in completing this research project.
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DEDICATIONS

UNIVERSITI TUNKU ABDUL RAHMAN

Dr. Low Mei Peng

The Respondents

Family and Friends

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LIST OF ABBREVIATIONS

BM	Bursa Malaysia
CA	Companies Act 2016
COVID	Coronavirus Disease
CSR	Corporate Social Responsibility
MASB	Malaysian Accounting Standards Board
MBA	Master of Business Administration
M&A	Mergers and Acquisition
NGO	Non-Governmental Organisation
SPM	Sijil Pelajaran Malaysia (Malaysian Certificate of Education)

ABSTRACT

Corporate social responsibility (CSR) is increasingly valued as a strategic tool for sustainable business development and addressing ethical issues. However, research and understanding of CSR's impact on Malaysian individual investors' investment decisions are limited. Thus, this paper aims to propose an exploratory study to understand individual investor's investing decisions in relation to the impact of CSR disclosures of companies in Malaysia. More precisely, this paper uses an exploratory qualitative approach to develop a ground understanding of the individual investors' evaluation of their perceptions towards a company's CSR position during the investment decision-making process, particularly in the Malaysian context. Semi-structured in-depth interviews were conducted using open-ended interview questions as the main instrument for the richer and descriptive data collection on in-depth individuals' experiences. Subsequently, the result analysis detailed the attitudes and perceptions of Malaysian individual investors towards the CSR disclosures, actual impact of CSR disclosures on the investment decision, the significance of annual reports in communicating CSR information factors that contribute to the use of the annual report for CSR information, and the types of CSR activities favoured by the Malaysian individual investors.

Furthermore, this study is valuable in revealing specific issues and interests related to CSR disclosures and investment decisions that had not been previously identified in the existing research. Public listed companies in Malaysia could also consider the findings when promoting the CSR agenda or development programs that adhere to the CSR requirements set by Bursa Malaysia. Although this study is particularly suited for the Malaysian context, the outcomes could shed some light on the CSR initiative and its impacts on the individual investors' investment decisions in other countries, since CSR adoption status in publicly listed companies overall does not significantly differ between countries.

CHAPTER 1: INTRODUCTION

1.1 Research Background

In recent years, individual investors have started to value the importance of a company's responsibility to other stakeholders rather than focus solely on shareholders. This emphasis brought about the role and importance of corporate social responsibility (CSR) in the individual investor's investing decisions. Therefore, it becomes increasingly popular for a company to publish CSR information as part of its corporate governance disclosures. This CSR disclosures do help investors to make more informed decisions on their investment portfolios. As of date, research is quite mixed on the importance of CSR measures and its impact on corporate financial performance (Kim et al, 2018; Moser & Martin, 2012; Nollet et al. 2010).

Investment decisions under the conditions of uncertainty, especially stock, is a complicated process (Hood et al, 2014). For example, investors need to make predictions about stock prices, economy, and future outcomes using immediate and readily available information (Camargo and Azzoni, 2016; Sarkar & Sahu, 2018). In general, individual investors are different in their approach to investment decisions (Seetharaman et al, 2017). The baseline argument for these differences is that individual investors are not just solely investing their money for financial sake. There are individual investors invest in attaining some personal goals and non-financial goals (Shan, 2019; Chaurasia, 2017). On this basis, they require and utilise different types of information to help them make investing decisions. Moreover, Rubaltelli et al, (2016) and Li et al (2017) and documented that investment decisions are generally driven by the individual investors' social class, wants, and preferences. For example, some individual investors seek to generate immediate and short-term financial returns for other commodities, while some are focusing on long-term investment to plan for their retirements or educational plans for children.

Furthermore, the modern corporate environment is surrounded by intense public scrutiny from various stakeholder groups and shareholders that demand businesses to accept accountability for the social and environmental implications of their operations (Schaltegger et al, 2017; Hizam et al, 2019). The changing and globalised business environment, coupled with the growing varieties of stakeholder groups and shareholders demographic, encourage companies to undertake socially responsible activities to establish social values and public trust

(Rim & Dong, 2018; Lins et al, 2017). The emergence of new media and tighter regulations on the CSR also push forward for new values adoption in the perceptions of investors (El Ghouli et al, 2019).

Although such scrutiny formerly existed in the economically developed nations, recent empirical studies had shown an increasing trend of corporate social responsibility (CSR) practices and related disclosures in the annual reports of companies in the developing countries. In particular, Malaysia is one of the fastest-growing economies where CSR initiatives have received much attention in recent times (Hizam et al, 2019; Sadou et al, 2017). Studies have demonstrated that the CSR disclosures in Malaysia, which is a reflection of CSR activities have been increasing significantly over the years (Mamun et al, 2017; Ismail et al, 2015; Ahmad et al, 2017). This increase in the CSR disclosures showcases the importance of CSR activities as perceived by the Malaysian stakeholders and shareholders (Jamil et al, 2002; Ismail et al, 2015; Yusoff & Adamu, 2016).

In addition to traditional accounting measures, CSR reporting represents an important area which firms and directors should pay attention to when managing the disclosures that their firms make. In particular, CSR reporting represents an important source of non-financial disclosure which investors rely on to help them make investment decisions. While a few studies have investigated the investment decisions of individual investors in Malaysia (Mohamad & Perry, 2015; Jaiyeoba & Haron, 2016), with few exceptions, especially the ones that employ a qualitative method, if any, have addressed the individual investor's investing decisions in relation to the impact of CSR disclosures of companies in Malaysia. In response to the research gaps, it is necessary to explore the impact of CSR disclosures on the investment decisions of individual investors in Malaysia. In addition, most researches conducted in both Malaysia and other countries that investigated the factors influencing individual investors' decisions has been quantitative. Thus, qualitative research is methodologically ideal for contributing to the formation of ground understanding on the impact of CSR disclosures on the individual investors' investing decision when the relationships between the variables in this particular context have not been solidly proven, as evidenced in Jaiyeoba et al (2018), Zhou and Xu (2020), and Damianakis and Woodford (2012).

This qualitative study will contribute to: First, the results will provide a better understanding about how individual investors in Malaysia make their investment decisions. Second, fresh insights into the individual investors' investing decisions in relations to the

impact of CSR disclosures in Malaysia. Third, this study can offer practical solutions to financial advisors to make better investment decisions for their retail investors' clients. Also, it can serve as a basis or reference for individuals, financial managers, stockbrokers, fund managers, academic and non-academic researchers, investment advisors and others who could be involved in the investment decision making process.

1.2 Research Problems

First, changes have taken place in the regulatory framework for financial reporting in Malaysia since the financial crisis in 1997. Efforts from the regulatory bodies to enhance corporate accountability and transparency are expected to further improve the credibility of annual reports and accordingly the usefulness and importance of annual reports in the investment decision-making process (Cohen et al., 2017; Ahmad et al, 2017). Tighter regulations have also been put in place to ensure the CSR disclosures in the annual report to stakeholders and shareholders, as well as to elevate the conviction that CSR activities do determine a firm's business sustainability (Sadou et al, 2017; Mamun et al, 2017). While CSR is understood to be generally linked to firm value, there are limited previous researches exploring how CSR disclosures affect individual investors' investment decision in the context of Malaysia. There are numerous other international studies investigating the link between CSR and companies' financial performance; for instance, the investors' perception and attitude towards different types of CSR disclosures vary across different demographics. These studies mainly focus on a mixture of stakeholders, institutional and individual investors from countries outside of Malaysia too (Elliott et al, 2017; Rokhayati et al, 2019; Cohen et al, 2017; Chen & Gavius, 2015).

Second, the age and educational level of the individual investor also seems to matter. Cheah et al. (2011) and Dorfleitner and Nguyen (2016) suggest that younger investors are more favourable to CSR disclosures and are likely to invest in sustainable and responsible investment (SRI) funds. Investors with high educational levels are also found to view firms that invest in CSR with positive perception and deem the firms can be as favourable as those profitable ones (Liivamägi, 2016). The current literature also lacks findings to show whether these positive perceptions will translate into actual investment decisions. There are also not enough findings on the attitudes of individual investors towards firms' CSR disclosures, particularly in Malaysia context where cultural difference is significant (Ahmad et al, 2018). This leaves an avenue for exploration due to perceptions can variably and ultimately contribute to investment

decision and behaviour (Sarkar & Sahu, 2018). Investors' perception is different among different countries (Cahan et al, 2016; Cohen et al, 2017) and therefore, it is of interest to investigate this further in Malaysia.

Third, the existing literature has shown conflicting theories regarding whether CSR affects companies' financial performance and stock prices. Some studies have shown a negative or a positive relationship between CSR and financial performance, whereas other studies have shown an unknown or varied relationship depending on CSR activity (Bénabou & Tirole 2010; Moser & Martin, 2012; Kim et al, 2018; Nollet et al, 2016). The extent to which individual investors perceive the usefulness of CSR disclosures is unclear in Malaysia (Mamun et al, 2017; Ismail et al, 2015). Furthermore, the effect of the rising global awareness towards firms' investments in environmental and human rights causes have positive influences on the investors' perception towards these firms (Husted et al, 2015). Investors are now looking for non-financial information such as CSR disclosure to help assist them in making a judgement on the sustainability of the firms' business operations (Hamid & Atan, 2011; Giannarakis, 2014). As opposed individual investors, institutional investors stand on the advantage of having mass resources to evaluate a firm's financial and non-financial performance based on the recommendation from buy- and sell-side analyst in forming their investment decisions (Li et al, 2017). Thus, this gives incentives to further investigate the impact of CSR disclosures on the investment decision of individual investors who have comparatively lesser resources in the evaluation of the firm performance.

1.3 Research Questions

1. What are the perceptions towards CSR disclosures among Malaysian individual investors from different educational backgrounds?
2. How do Malaysian individual investors perceive the relationship between CSR disclosures and the potential return on their investment?
3. What type of CSR initiative is perceived by individual investors as significant and relevant in making their investment decision?
4. What are the factors that motivate and discourage the use of annual reports for CSR information from the individual investors' perspectives?

1.4 Research Objectives

The study aims to explore the impact of CSR disclosures by companies on Malaysian' individual investors' investment decisions. In order to achieve the above aims, this study is set to achieve the four following objectives:

1. To understand Malaysian individual investors' perception towards the use and effectiveness of annual reports in communicating and disclosing CSR initiatives.
2. To understand the perception of individual investors from different educational background towards firms' CSR disclosures.
3. To explore the intention of Malaysian individual investors in using CSR information as a guide to their investment decision.
4. To explore the types of CSR initiatives preferred by the Malaysian individual investors to form their opinions towards the companies.

CHAPTER 2: LITERATURE REVIEW

2.1 The Definition of CSR

In this study, CSR is viewed from three dimensions: social, economic and environmental. The environmental dimension is regarded as environmental friendly actions taken by corporates. A corporate is environmentally friendly if it minimises its negative impact on the environment, including minimising the effects on global warming and defending the ecosystem on earth. The social dimension is regarded as actions caring for social concerns and contributing to a better society. A corporate is socially sustainable if it respects human rights and creates chances for individuals to attain a better life. The economic dimension is regarded as actions caring for sustainable use of resources without destroying the living standards of people or the environment (Kloppers & Kloppers, 2018).

Davis' (1973) definition of a corporate's engagement in CSR includes engagements beyond regulations and constraints. Davis argues that social responsibility begins where the law ends. McWilliams et al (2006) also share this view on CSR as they believe that a corporation must not operate under its own interest, but rather focus on improving the society. In contrast, Friedman & Heinle (2016) argues that the real purpose of a corporation is to generate as high profit as possible, and that a corporate's engagement in CSR is caused by the potential profits from it.

2.2 Definition of Individual Investors

Individual investors are non-professional market participants who generally invest smaller amounts than larger, institutional investors (La Torre & Chiappini, 2019). Individual investors are argued to have lesser knowledge, resources, skills, and informed technical information than institutional investors. Despite their lack of institutional resources, the retail investment space is enormous with individuals investing through retirement accounts, brokerage firms, online trading accounts, and stocks agent (Tan, 2017). Individual investors in Malaysia are also found to invest much smaller amounts than large institutional investors, such as mutual funds, pensions, and classes of stocks, and trade less frequently (Lai et al, 2013). However, wealthier individual investors can now access alternative investment classes like private equity and hedge funds through the diversified variety of stock market products (La Torre & Chiappini, 2019).

Besides, due to their small investment amount, individual investors often have to pay higher fees on their trades, as well as marketing, commission, and other related fees to service agent or firms where their trading take place (Jamaludin et al, 2012). By definition, Bursa Malaysia considers individual investors as uncomplicated and unguarded investors, who are entitled to certain protections and prohibited from making certain risky and complex investments (Tan, 2017). The individual investors are said to be vulnerable to behavioural biases and may underestimate the forces of manipulation and non-transparent trading that drive the market. However, individual investors do have a significant impact on market sentiment. Herd behaviour, which is behavioural similarity based on individuals' investors interaction that leads to a consolidation of action (Hirshleifer & Teoh, 2003), is one of the most important behavioural biases that are more likely to occur during periods of market stress when individual investors prefer to follow the market consensus, but reluctant to follow their own knowledge or beliefs (Li et al, 2017).

2.3 Individual Investors' Decision-Making Process

Historically, investors have concentrated on using financial performance information from the company's purpose financial statement reports as the basis for making investment decisions. Information is deemed useful if it is relevant and reliable to allow individual investors to project future net cash inflows in order to make efficient capital allocation decisions. However, in recent studies, researchers have considered whether and how investors use the information beyond mandatory financial reporting in their decisions such as voluntary disclosures containing nonfinancial information, that includes disclosures of information on CSR activities (Cohen & Simnett, 2015).

In fact, CSR disclosures also have been found to serve as vehicles for impression management of a company (Hickman & Cote, 2019). Cheng et al. (2015) examines how strategic factors influence the use of CSR information by individual investors. They found that nonprofessional investors such as individual investors are more willing to invest in companies engaged in CSR activities if those activities are linked to a company's strategy and if the information is accurate and carry assurance. Their results also suggest that if CSR information is perceived as both relevant and reliable, then investors will use that information in their decision making. These perceptions and anticipation are due to several reasons.

First, it is possible that the disclosures of a sustainability report will show individual investors that firms are involving in sustainable development and that this involvement could lead to sustainable operations and increased sales. Second, it is also possible that investors see the reports as communication tools intended to develop a competitive advantage, improve the corporate image (O'Dwyer, 2002; Brown et al., 2010), manage public relations (Reverte, 2009) or as an opportunity to participate in the voluntary or mandated disclosure on CSR initiatives (Buhr, 2007).

Mercer (2004) found that attribution theory is useful for explaining how investors may assess the usefulness of disclosures. However, she argues that investors may discount overly positive news as being provided to bolster the attractiveness of a company. Moreover, Coram et al. (2009) found in a balanced scorecard-related task that individual investors do pay attention to positive information only when they received some assurance of the reliability of the information through an assurance report. Enhancing the assurance and reliability of the CSR information documented to increase the value of the CSR disclosures to individual investors, especially when the CSR information is positive (Brown-Liburd & Zamora, 2015).

Moreover, Elliott et al (2014) found investors do pay attention to overall CSR performance when it is presented along with other information when making investing decisions. However, this effect is diminished when the potential investors are asked to explicitly consider the CSR disclosures in their actual investment behaviour. Elliot et al. (2014) argue that when investors are given CSR information but are not asked to assess CSR explicitly, they tend to use their affective reactions to CSR when making investment judgments. Prior literature also supported that investors will find the CSR disclosure to be useful in decision-making by examining how the financial markets react to the CSR disclosures. For example, Dhaliwal et al. (2011) find that companies that voluntarily disclose CSR initiatives attract dedicated institutional investors and experience a decrease in the cost of equity capital.

2.4 Demographic Differences and Investors' Attitude

Age was found to be a relevant factor as younger investors were shown to have a greater interest in CSR investments (Cheah et al, 2011). Schueth (2003) performed a study focusing on the U.S and showed that socially responsible investors tend to be younger, which suggests a link between age and investors' attitude towards CSR. Further, Cheah et al. (2011) found that younger investors tend to regard socially responsible companies as at least as profitable as other

companies. Investors with high incomes were shown to most likely believe that companies should be as responsible to their shareholders as to the broader society.

Vyvyan et al. (2011) investigated the attitudes of individual investors in Australia and found that women have a more favourable attitude towards CSR than men. However, this favourable attitude is not shown in their actual investment decisions. They found that even though women claim that they value CSR highly, their investment decision-making criteria do not differ from men, as both bases their decisions on traditional criteria such as past performance to a larger extent. Tippet and Leung (2001) have also previously compared socially responsible investors to ordinary investors in Australia, and found some demographic differences between them. Their findings suggested that socially responsible investors are predominantly females with small portfolios and are relatively younger and highly educated. Further, Rosen et al. (1991) conducted a survey with 4,000 individual investors in two mutual funds that incorporate social screens in their investment decisions. They found that socially responsible investors are younger and have higher educational levels compared to other investors. However, the majority of respondents were unwilling to sacrifice financial return for socially responsible corporate behaviour (Hill et al, 2006; Rosen et al, 1991).

2.5 CSR-related Reputation and Investor Judgments

As firms increasingly participate in more CSR activities and publicly disclose more information about their CSR programs, investors now routinely consider a firm's CSR reputation, in combination with traditional financial performance measures when making investment decisions (Elliott et al. 2014). Bird et al. (2007) investigated which CSR activities the market values most. They found that CSR initiatives such as employment strengths and environmental concerns had the most consistent results. The market value of companies that meet the environmental regulatory standards was found to be higher than those who did not.

In addition, the market rewarded good CSR practice in the diversity area (Menz, 2010). An area that the market did not reward was found to be community issues (Bird et al, 2007). The market appeared not to value philanthropic activities and did get concerned when a public company conflicted with the community (Bird et al, 2007). Although the study has shown that the market expected companies to meet regulatory standards regarding the environment, it did not value when companies voluntarily went beyond meeting these minimum standards. Cellier and Chollet (2016) studied the effect of CSR ratings on the market value of European firms.

The results suggested that CSR disclosures gave a positive market reaction, regardless of a good or bad rating. This shows that the market care for the knowledge of CSR rating of companies. Further, they discussed that the market values certain CSR activities higher than others. Environmental CSR activities had a positive impact on the market value, whereas community involvement was found to be value-diminishing (Cellier & Chollet, 2016; Pelozo & Shang, 2011).

In general, existing literatures have also documented a positive relationship between a firm's CSR reputation and investor judgments. For example, Jizi et al. (2016) examined the effects of CSR disclosures by commercial banks in the US on their stock price, and found a positive relationship between a bank's CSR disclosures and stock price. Consistent with the notion that more CSR disclosures lead to better CSR-related reputation, which in turn leads to a positive influence on investors, Rodgers et al. (2013) examined how investors respond to firms' commitment to CSR and found a positive link between a firm's CSR-related reputation and its firm value (represented by stock price). This study suggests that, in general, investors perceive a firm's CSR initiatives positively when making investment decisions.

Elliott et al. (2014) also find that CSR information influences the investors' fundamental value estimation and willingness to invest. Further, Cohen et al (2015) and Brown-Liburd et al (2011) used survey responses to explore whether investors consider CSR information in their investment decisions. They found that professional and nonprofessional investors consider CSR information and express an increasing interest to incorporate CSR information into future investment decisions. Cheng et al. (2015) also found that investors pay more attention to CSR information if the CSR information fits in with the strategic direction of the firm. Chen and Gavius (2015) further showed that there are more informed investors regard firms that adopt a CSR policy as good actors in the industry. However, it is also revealed that M&A investors and long-term institutional investors seem to believe that CSR initiatives do not necessarily offer a firm any real profit potential.

On the other hands, some studies have shown that companies investing in CSR activities will have a competitive disadvantage (Aupperle et al, 1985; Walley & Whitehead, 1994; Hassel et al, 2005). According to the study, this is due to the resources needed to focus on CSR. The investments needed to improve CSR efforts would only increase costs and lower profits and market values. This results in a negative relationship between CSR and stock prices. However, this study did not take into account the possible increased revenues when CSR

activities improved. If consumers value CSR, they might increase their consumptions in socially responsible companies. The result of this study may not be true in today's society since people are trying to make more sustainable investment decisions (Chaudry et al, 2016).

In summary, studies examining company reputation and investors decisions have moved from financial to nonfinancial information, of which CSR disclosures is a central piece. Further, the literature generally finds support that CSR information is useful to investors as it reduces information imbalance and helps project future performance and sustainability. Therefore, in addition to traditional financial measures, CSR disclosures is an important area in which company should pay attention to when managing the performance disclosures that their firms make. In particular, CSR reporting represents an important source of non-financial disclosure which investors rely on to help them make investment decisions.

2.6 The Regulatory Framework for Financial Reporting in Malaysia

The legal and regulatory frameworks for financial reporting in Malaysia are governed by the Companies Act (CA) 2016, accounting standards issued by the Malaysian Accounting Standards Board (MASB) and the Bursa Malaysia (formerly known as the Kuala Lumpur Stock Exchange) Listing Requirements. The accounting profession (the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants) plays an important role in ensuring that their members follow the code of professional conduct in the preparation of financial statements (Jamil et al., 2002).

From January 2006 onwards, to be in line with the International Accounting Standards Board (IASB) convergence program, the MASB has been adopting the standards issued by the IASB and renumbering its accounting standards to correspond with the numbers of the relevant IAS standards issued by the MASB. The standards were renamed Financial Reporting Standards. The Bursa Malaysia (BM), established in 1973, is a self-regulatory organisation that governs the conduct of its members and member stock- broking companies in securities dealing. Companies listed on the BM are also required to abide by the BM Listing Requirements in addition to approved accounting standards issued by the MASB. The revised Listing Requirements, announced in January 2001, make it mandatory for all public listed companies to include CSR disclosures in their annual reports.

2.7 CSR in the Bursa Market Listing Requirements.

Bursa framework for CSR reporting highlights four major dimensions such as; *Environment*, which includes climate change, waste management, biodiversity, energy and endangered wildlife; *Community*, which includes employee volunteerism, education, youth development, underprivileged, graduate employment and children; *Market Place*, which includes green products, shareholder engagement, ethical procurement, supplier management, vendor development, social branding and corporate governance; and *Work Place*, which includes employee involvement, workplace diversity, gender issues, human capital development, quality of life, labour rights, and health & safety (Bursa Malaysia, 2018).

In Bursa's interpretation, corporate social responsibility ("CSR") is a concept that focuses on open and transparent business practices that are based on ethical values and respect for the community, employees, the environment, shareholders and other stakeholders. In essence, corporations shall integrate socially responsible behaviours into their business operations. For instance, this can range from making charitable donations or enhancing employee welfare to aligning or modifying the corporation's operations to ensure that it is more environmentally friendly. These are limited examples as there is no singular model on how to approach CSR. Each corporation, based on the nature of their business and resources may choose to undertake the CSR activities that are more suitable for them at that point in time.

Pursuant to item 29 of Part A, Appendix 9C, listed issuers are required to set out in their annual report, a description of the CSR activities or practices undertaken by the listed issuer. However, Bursa Securities does not prescribe the contents of what the listed issuers should disclose. A listed issuer must, however, ensure that the disclosure complies with the requirements of paragraph 2.18 of the Main Listing Requirements. Where a listed issuer has not undertaken any CSR activities for a particular year, pursuant to item 29 of Part A, Appendix 9C, a negative statement must be inserted.

The practice of CSR is completely voluntary and at the discretion of listed issuers. The requirement for disclosure of CSR activities is for enhanced transparency and to encourage listed issuers to bear in mind CSR when undertaking their business and operations. Nonetheless, Bursa does set out to the degree which investors should refrain from investing in a company if it involves in these four activities: child labour, poor working conditions, excessive hazardous environmental emissions and non-sustainable use of natural resources.

2.8 Characteristics of Companies That Voluntarily Disclose CSR.

Existing studies have examined the types of companies that are likely to voluntarily disclose their CSR activities. Overall, the findings suggest that '*larger firms*' (Casey & Grenier 2015; Simnett et al. 2009), '*firms with greater CSR strategic alignment*' (Roberts, 1992), '*firms with higher systematic risk*' (Trotman & Bradley, 1981), '*firms with CSR corporate governance committees*' (Cowen et al, 1987), '*firms with high cost of equity capital*' (Dhaliwal et al., 2011), '*firms with higher audit engagement*' (Chen et al, 2016), and '*firms in environmentally-exploitive industries*' (Casey & Grenier, 2015) are more likely to disclose CSR initiatives. In the comprehensive firm characteristic study, Casey and Grenier (2015) find that past CSR performance (positive or negative), multinational companies, liquidity, cost of capital, market competition, and advertising intensity are predictors of CSR disclosures by the U.S. companies.

In a longitudinal study done by Harjoto and Jo (2011), they found that firms with stronger corporate governance tend to engage in more CSR activities than a matched sample of firms with weaker governance. They also found that overall, Tobin's Q, a measure of firm's value, is positively associated with CSR activities. In addition, Matsumara et al (2014) showed that investors do consider the voluntary disclosure of carbon emissions data by S&P 500 firms in their investment decisions when the market reacts negatively as emissions levels increase. However, Cohen and Simnett (2015) stated that although the results on the relationship between CSR and firm value suggest that CSR information should be used by investors, the intention to use the CSR information is complicated by reliability problems, or perceived reliability problems.

Stockholder Theory versus Stakeholder Theory

Stockholder theory and stakeholder theory are two theories covering business ethics and CSR. Both include how corporate managers should act in their organisations, but each has its own view on approaches. Stockholder theory stresses that the stockholders' interest must be the first priority, whilst the other emphasises that stakeholders must be the first priority when managers make business decisions (Friedman, 1970; Freeman et al, 2010).

The stockholder theory suggests that a company should mainly use its resources and engage in activities that increase its profits. In other words, the management should only act in the interest of the shareholders. Friedman (1970) argues that a corporate executive is an employee of the owners of the business. The executive has a direct responsibility to her or his

employers, which is to conduct the business in accordance with their requirements. In general, the paramount requirement is to make as much profit as possible. The key point is the view on the manager who is seen as an agent of the people who own the corporation, and his or her primary responsibility is to them. In other words, only the shareholders are the ones the company should act socially responsible for. Therefore, CSR activities are not seen as necessary in the realm of stockholder theory. For instance, a company donating to a community suffer from a natural disaster is an example of a CSR engagement that will not increase the profit and thus do not increase the shareholder value. Instead, the shareholders should be the ones to decide the types of CSR initiatives to be taken instead of the company. This theory also suggests that investments in CSR activities prevent the company from focusing on increasing the value to shareholders as such activities will lead to a decrease in the stock price (Friedman, 1970).

In contrary, the stakeholder theory suggests that the shareholders or the owners of the company are not the only important stakeholders. Instead, other stakeholders such as employees, customers, suppliers, financiers and communities play an important role in the company. The managers or executives should be responsible for maximising the benefit of all stakeholders. This implies that companies should act responsibly towards society as a whole. On this basis, CSR initiatives are able to help companies in obtaining necessary resources or stakeholder supports. These efforts may not only reduce the company's environmental footprint but also attract new customers and help the company to gain competitive advantage (Freeman et al, 2010). An example supporting the stakeholder theory is that if a company does not value the relationship with its employees due to the higher costs it may imply, it could lead to decreased productivity. In the end, this can be detrimental to the company's profit. Moreover, responsible companies should have a higher market value according to the stakeholder theory.

The Importance and Usefulness of Corporate Annual Reports

Legitimacy theory suggests that companies must emerge to be considering the rights of the public at large, not only those of the investors. If the companies does not appear to function within the boundaries of that behaviour which is considered appropriate by the society, then the society will take suitable action to mitigate the companies' right to continue its operation (Brown & Deegan, 1998; Deegan, 2002; Mousa & Hassan, 2015). Modern business world is increasingly organised by news media, new media, annual reports and other official publications (Mousa & Hassan, 2015). They further stated that as most company activities are

unobservable, and the external public relies on words and number in the annual reports and financial statements published by the company. Therefore, companies should use the information provided in annual reports as a medium to ascertain their legitimacy and the mode of managing public impression, that includes CSR disclosures.

In developed or developing countries, such as Malaysia, companies are using their corporate website as an efficient and low-cost distribution medium for the distribution of annual report (AbuGhazaleh et al, 2012). Besides, electronic annual report allows the firms to reach unidentified consumer, unlike paper-based annual report which only targeted selected group (Khan & Siang, 2014; Dâmaso & Lourenço, 2011). Preparer and user of annual report are believed to have different points of intention as previous study has shown that preparers tend to read the income statement thoroughly, whereas users prefer to focus on the cash flow statement (Stainbank & Peebles, 2006). In the context of Malaysia, the majority of users still rely on the annual report as their primary source of information, although the amount of information provided by annual reports is perceived to be insufficient (Homayoun et al, 2011; Ghazali, 2010). The imbalance of information may be caused by the preparers and users' different approach towards information disclosed from a different point of departure. Thus, the main point is the perceived usefulness and perceived quality of annual report from a user's perception (Stainbank & Peebles, 2006).

The CSR Assurance

The increasing global concern on CSR initiatives has demanded that organisations be more responsible in respect of the impact of their business activities on the community and the environment (Darus et al, 2014). The demands by stakeholders for companies to be responsible corporate citizens have resulted in the government of Malaysia in 2007 requiring all public-listed companies to disclose their CSR activities in their annual reports, or to make a statement to indicate that there is no CSR activity undertaken by the companies. Such an effort by the government is to ensure that Malaysian companies undertake CSR activities and to integrate such activities as part of their corporate strategy. This mandatory requirement has resulted in an increase in CSR information disclosed in companies' annual and sustainability reports (Ghazali et al, 2010).

The above phenomena is in line with the legitimacy theory where companies are required to integrate the representation of their company's performance in terms of both

financial and non-financial results, and stakeholders will be depending on third party verification for non-financial information provided by companies in their demand for greater corporate accountability. Given the demands from stakeholders for a balanced and complete corporate reporting of information, it is important for non-financial information such as corporate social responsibilities (CSR) and sustainability reports to be verified through assurance practices. This is to enhance the credibility of information reported (Pflugrath et al., 2011). While most financial information are already subject to audit review by professional auditors as mandated by regulators, the assurance of non-financial information such as CSR disclosures is currently undertaken at the discretion of the company (Darus et al, 2014). This is because such assurance practices on CSR disclosures are not mandatory in Malaysia (Sawani et al, 2010).

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

As this study aims to understand the thinking and perception of individual investors towards the CSR disclosures by companies rather than to estimate magnitudes and generalise to a larger population, qualitative methodology seems to be most appropriate as it seeks to evaluate patterns in a data set such as ‘how’ and ‘why’ rather than ‘what’ (Hammarberg et al, 2016).

The decision to adopt qualitative research method is also propounded and guided by Zhou and Xu (2020), Foster and Warren (2016), Öhman et al (2013), Sahi et al (2013), and Jaiyeoba et al (2018). These studies had previously used qualitative method to investigate the investing decision of investors in correspondence to other factors, and had obtained exploratory data and interpret the respondents’ experience and factors that influence their investing decision.

Moreover, qualitative methods are considered most helpful to examine situations if there are alignments and differences between the claimed attitudes and actual behaviour (Hammarberg et al, 2016), and where a real-life context is important (Sinkovics et al. 2005). More precisely, this paper uses an exploratory qualitative approach to develop a ground understanding of the individual investors’ evaluation of their perceptions towards a company’s CSR position during the investing decision-making process.

3.2 Sample Size

Generally, the sample sizes used in qualitative research are not justified (Marshall et al, 2013) even though researchers are concerned about using the right sample size (Dworkin, 2012). The sample size should be large enough to sufficiently describe the phenomenon of interest, and address the research questions at hand. There are also no well-established published guidelines or priori to allow formal estimation of sample size for qualitative research (Malterud et al., 2015). Besides, the general goal of the sample size in qualitative research is the attainment of saturation. Saturation occurs when adding more respondents in the data collection does not result in additional perspectives or information. Malterud et al. (2015) and Guest (2006) asserted that 6 to 12 interviews with experienced informants should establish sufficient and needed information in a qualitative-based study. Therefore, a total number of 6 respondents will be selected to participate in the study.

The respondents of this study will be sourced using purposive sampling (Robinson, 2014; Etikan et al, 2016). Similar to Jaiyeoba and Haron (2016), the pre-requisites or inclusion criteria for the selection of respondents is:

- a. must have not less than one-year experience as an individual investor and must currently be investing in the stock market
- b. has access to and peruse information about the firm's CSR initiatives and disclosures
- c. must be a Malaysia citizen.

The respondents should also be of different educational levels and backgrounds in order to suffice the needs of the research questions. The snowballing technique is adopted where the respondents will be sourced through the referrals of other respondents (Streeton et al, 2004). The respondents sourced by snowballing technique will subsequently be screened and selected based on the inclusion criteria. Precedented by Roberts & Henneberry (2007), this study deems that the snowballing technique is able to constitute respondents who are most likely to engage directly in relevant investment decision-making. This will guide the selection of respondents and also enable reflection on the validity of the sample.

3.3 Data Collection

Semi-structured interviews will be conducted using open-ended interview questions that were created in order to be bias free and to allow any kind of narrative that respondents could express for each questions, as well as to facilitate the fluency of narratives about their experiences (Creswell, 2012; Bell & Waters, 2014). The decision of conducting semi-structured interviews is based on the several similar studies which had used semi-structured interviews to investigate stock market investment decision behaviours (Jaiyeoba & Haron, 2016; Jaiyeoba et al, 2018; Maditinos et al., 2007; Mohamad and Perry, 2015). In addition, a semi-structured interview is an important qualitative data collection approach owing to its accessibility and flexibility to secure vital and hidden facets of individuals' behaviours and experience (Qu & Dumay, 2011).

In line with the objective of the study, this approach will allow the researcher to explore the in-depth individuals' experiences, and not focus on the ability to generalise the individual investors' experiences to a larger population. The adoption of the semi-structured interview with open-ended questions will allow the respondents a degree of freedom to explain their thoughts and to highlight areas of particular interest and experiences that they felt they had, as

well as to enable certain responses to be questioned in greater depth, in order to bring out justifications and explanations for their responses (Horton et al, 2004; Qu & Dumay, 2011). This form of interviewing is valuable in revealing certain issues and interests that had not been previously identified and which can be followed up in further questioning as well as be investigated empirically in the future researches (Horton et al, 2004). Hence, richer and highly descriptive data can be obtained.

Respondents will be told at the beginning of the interview that audio-recordings are to be used and the practice must be consented. If the audio-recording practice might bias the respondent's subsequent behaviour, handwriting the responses will be opted to avoid such bias or if consents are not obtained (Shaw, 2008; Damianakis & Woodford, 2012; McGonagle et al, 2015).

3.3.1 Qualitative Interview Design

There are three formats for interview design summarised by Gall, Gall, and Borg (2003): (a) informal conversational interview, (b) general interview guide approach, and (c) standardised open-ended interview. This study opted for *standardised open-ended interview* as it is highly structured in terms of the wording of the questions. The respondents will be asked identical questions that are worded to generate open-ended responses (Gall, Gall, & Borg, 2003; Turner, 2010). This open-endedness allows the respondents to contribute as much detailed information as they desire and it also allows the researcher to ask probing questions as a means of follow-up.

The interview questions are constructed to address the three research objectives: the perception towards the use and effectiveness of annual reports in disclosing CSR initiatives; attitudes of individual investors and how the attitudes influence their investment decision; and types of CSR initiatives that influence the expectation of return of investment of individual investors.

As cited in Tuner (2010), McNamara (2009) suggests several recommendations for designing effective interview questions. They include elements such as: (a) use open-ended wordings in which respondents are allowed to use their own terms in answers, (b) use neutral questions to avoid wordings that might influence answers, e.g., evocative, judgmental wording, (c) use concise wordings in questions that are coherent with the

respondents' background and research area, (d) ask question once at a time, and (e) structure the question with the purpose to understand “why”.

3.3.2 Semi-structured In-depth Interview Questions:

The design of interview questions is based on the 4-step Interview Protocol Refinement (IPR) Framework. The steps are (1) ensuring alignment between interview questions and research questions, (2) constructing an inquiry-based conversation, (3) receiving feedback on interview protocols, and (4) pilot testing of the interview questions. The IPR framework is an effective tool for improving the interview protocol reliability and validity (Castillo-Montoya, 2016). The refinement processes will help correct some shortcoming in the pre-refined questionnaires and the pilot testing ensured that the questions were understood by the respondent and able to obtain the intended answers based on the research objectives.

This study also considers the findings of Yeong et al (2018) in which their paper fine-tunes the constructions of interview questions for multi-racial populations in Malaysia. It is not mandatory to strictly conform to the sequence laid out in the IPR framework. Each step can be repeatedly reviewed and refined, with addition of new input from the subsequent phases. On this basis, the interview questions of this study can be re-modified with input from pilot test findings. The modified interview questions are then subjected to second round of pilot testing. (Castillo-Montoya, 2016; Yeong et al, 2018). The interview questions in this study are also self-developed with no direct reference and adaptation to existing ones or possibilities. As this study taps into an underexplored research area, the interview questions are formed originally and specifically to resemble and operationalise towards the research objectives and areas. (Bell & Waters, 2014; O’Leary, 2014; deMarrais, 2004).

Opening Questions:

1. Can you share with me about your investment background and portfolios?
2. Do you have any defined guidelines, rules, or mission that guide your investing decision? If yes, can you elaborate them?

3. In your opinion, how would you define the corporate social responsibilities (CSR) of a company?
4. How do you come to know about the CSR initiatives taken by the companies in your investment portfolio? Do you usually take the effort to look for the CSR information of the company, or do you only see what is shown to you without actively looking for the information?

Central Questions:

1. What are your views or opinions towards those CSR activities? Do you think they are done genuinely out of the good faith of the companies? Why?
2. Why do you think companies engage in CSR activities? How would you describe their intention of carrying out the CSR activities?
3. What type of companies or nature of businesses that you think should engage more in the CSR activities? Why?
4. What types of CSR activities that you consider as important or significant in the social, economic and environmental aspects? Which aspect/s would you prioritise or focus on?
5. Do you think the CSR activities that you read on different platforms are credible?
6. Do you think annual reports provide sufficient and comprehensive information about the CSR initiatives taken by the companies?
7. In your understanding, how would the CSR initiatives impact your investing decision?
8. Do you think the CSR initiatives taken by the company will bring a higher return to your investment? Why?
9. Will you invest in a company which has been actively engaging in the CSR activities? Why?

Closing Question:

1. Do you have anything to add on? Are there any important elements that you want to emphasise more in your investing decision or the CSR initiatives?

3.4 Pilot testing

Another important element to this interview preparation is the implementation of a pilot test. The pilot test assisted the study in determining if there are biases, limitations, or other weaknesses within the interview design, thus allow this study to make necessary revisions prior to the conduct of actual interviews with the respondents (Majid et al, 2017). The pilot test was carried out with individuals who have similar interests as those that will participate in the this study. The pilot test also assisted in refining the interview questions (Majid et al, 2017; Castillo-Montoya, 2016).

3.5 Ethical Consideration

This research is carried out as part of the university's Master's programme. Thus, the institution granted the ethical clearance. Prior to the interview, respondents will be informed of the research objective and the interview process, and assured of their anonymity and the confidentiality of their responses. Once the written consent is obtained from the participating respondents, pseudonyms will be assigned to them in the subsequent identifications and analysis.

3.6 Data Analysis: Thematic Analysis

After the interviews were recorded, they were transcribed verbatim. Then, the data were analysed using *inductive thematic analysis*. *Thematic analysis* is a foundational method for qualitative research (Braun & Clarke, 2006). Through its theoretical freedom, thematic analysis provides a highly flexible approach that can be modified for the needs of many studies, particularly those in a new or less-explored area (Luckman, 2016). Thus, it provides a rich and detailed, but patterned data (Braun & Clarke, 2006). Braun et al (2019) emphasised that thematic analysis is a useful method for examining the perspectives of different respondents, highlighting similarities and differences, and generating unanticipated insights. Thematic analysis is also useful for summarising key features of a rich data set, as it will drive the researcher to take a well-structured approach to produce organised data (Nowell et al, 2017).

Besides, in line with the nature of this research, this paper adopts the *inductive approach* to conduct the thematic analysis as it is data-driven (Fereday & Muir-Cochrane, 2006). This inductive approach is guided by the five research questions of this study, and is focused on observing and detecting new phenomena or looking at previously researched phenomena from a different perspective. By using the inductive approach, a theme or new theme can emerge from the raw data and respondents' discussions (Boyatzis, 1998). Braun and Clare (2006) also assert that inductive thematic analysis is a process of coding the data without trying to fit it into a pre-existing coding frame or the other researcher's analytic preconceptions. This approach fits this current study as this form of thematic analysis is suitable and ideal for an exploratory study that has little or limited references in the context of the research area (Braun & Clarke, 2006).

Themes are the final products of thematic analysis, and the development of theme is dependent on the researcher's aim to reach the descriptive interpretation. The analytical process does weigh in the researcher's motivation too, on the basis of rigorous coding and identifying themes (Bengtsson, 2016; Vaismoradi & Snelgrove, 2019).

Thus, this study adopted the *six recursive phases* to thematically analyse the data collected from the semi-structured interviews, which was designed and documented by Braun and Clarke (2006). This is an iterative and reflective process that develops over time and involves a constant moving back and forward between phases.

This study has also taken note to refrain from providing non-analytical work such as using data collections as themes, and paraphrasing the data instead of interpreting them. In addition, learning from White et al (2012), All the files (i.e., raw data) will be named to represent the case from which the data come from, a unique identifier for the source (e.g. respondent code), and the date originally created. Raw data will be stored in a repository with folders for each type of raw data, and will also be archived with dates to be used in the audit trail.

As suggested by Nowell et al (2017), the NVivo software program was utilised to aid in the sorting and organising the large data set inclusive of unstructured text and audio. This software enabled the research to work efficiently with complex coding schemes and large amounts of interview data and excerpts, thus facilitating both depth and validity of the analysis.

CHAPTER 4: FINDINGS AND ANALYSIS

4.1 Introduction

Themes that emerged from the in-depth interviews with the 8 Malaysian individual investors are analysed with inductive thematic content analysis within the context of the literature reviewed in Chapter 2. The analysis was organised, structured, and analysed with the aid of NVivo. In addition, prior to the interview, the respondents were informed of the research objectives and the interview process and assured of their anonymity and the confidentiality of their responses. Pseudonyms are assigned to each respondent in the subsequent identifications and analysis.

4.2 Method of analysis

This study adopted six recursive phases to thematically analyse the data collected from the semi-structured interviews, which was designed and documented by Braun and Clarke (2006). This is an iterative and reflective process that develops over time and involves a constant moving back and forward between phases.

Phases of thematic analysis conducted:

Phase 1: Familiarised with the data

The raw data collected through interviews were read thoroughly and comprehended inclusively. Narratives in regard to CSR disclosures and individual investors' investment decisions were also formed semantically and critically at this phase.

Phase 2: Generated initial codes

A code is a label that captures what is revealing, interesting, and significant about the data.

“Codes identify a feature of the data (semantic content or latent) which is interesting to the analyst, and refers to ‘the most basic segment, or element, of the raw data or information that can be assessed in a meaningful way regarding the phenomenon’” (Boyatzis, 1998, as cited in Braun & Clarke, 2006).

The interview data were coded comprehensively and systematically equally without biases. Any text related to the context of this study were highlighted into codes and categories. The coding process were assisted

with the NVivo programme, where it helps to organise codes, retrieve data, and conceptually map the coding frame.

Phase 3: Searched for initial themes

Theme is a coherent and meaningful pattern in the data relevant to the research questions. Codes with similar natures were grouped together to help identify potential themes. The themes identified at this phase consists of distinctive and significant coded data.

Phase 4: Reviewed themes

The initial themes emerged in the previous phase went through the following reviews:

- Is the theme central to the research objectives?
- Are there sufficient and significant data to support the theme?
- Does the theme work in relation to the coded extracts and the entire data set?

Themes that do not meet the requirements above were eliminated and finalised.

Phase 5: Define and name the themes

Each theme was refined and named descriptively with specifications. They are also named to serve the purpose of representing their importance and characteristics.

Phase 6: Producing analysis and report

The themes and coded data were described in this Chapter to detail and prove their validity. As a result, a coherent representation of the data was produced and sufficed with thick descriptions of context and compelling examples of data to illustrate each theme.

4.3 Background of the Research Respondents:

The respondents were sourced using snowballing technique in which they are referred by other respondents and selected based on the inclusion criteria outlined in Chapter 3.

Respondent	Age	Educational Background	Profession	Years of Investment Experiences
A	27	Bachelor's Degree	Engineer	3 years
B	34	Master's Degree	Businessman	5 years
C	31	Bachelor's Degree	Engineer	3 years
D	26	Bachelor's Degree	Auditor	2 years
E	25	Master's Degree	Advertising Specialist	1 year
F	27	SPM (Secondary Education Certificate)	Translator	4 years
G	51	Master's Degree	Lawyer	15 years
H	26	SPM (Secondary Education Certificate)	Salesperson	2 years

Table 1: Background of the Research Respondents

4.4 Themes Identified:

The following are the four distinct themes emerged from the research data. In the ensuing part, the themes are further elucidated.

1. The perceptions and understandings of Malaysian individual investors of different educational backgrounds towards CSR initiatives.
2. CSR disclosures and investment decisions.
3. The significance of annual reports in communicating CSR information.
4. Types of CSR initiatives favoured by Malaysian individual investors.

4.2.1 Theme 1: The perceptions and understandings of Malaysian individual investors of different educational backgrounds towards CSR initiatives.

Theme 1 is described in detail with four categories: a) *perceived intentions of CSR*, b) *relationship between CSR and financial performance*, c) *attitudes towards CSR disclosures*, and d) *concerns over CSR activities*.

a) Perceived intentions of CSR

This category explains the Malaysian individual investor's perceived intentions of CSR with strong regard to their existing understandings, knowledge, and opinions. Having accessed to CSR information in their previous encounters, the respondents from different educational backgrounds were able to illustrate the supposed intentions of CSR in their own words.

6 out of the 8 respondents indicated that CSR's intention revolves around the taking care of the *benefits and welfares of stakeholders*. Among these 6 respondents, 5 are of tertiary educations background (Respondent B, C, D, E, G) and 1 is without tertiary background (Respondent H). The main opinion emphasises it is the responsibility of the companies to consistently give back to the society where their business activities take place. The contribution of CSR is also deemed charitable and out of good faith, and for the betterment of the stakeholders at large. As respondents pointed out:

In my opinion, I understand CSR as companies put in the effort to give back to the society. It can be any kind of activities that will benefit the stakeholders and community... I do believe that some companies conduct CSR activities with the pure intention to give back, not for any publicity stunt. [Excerpt of Respondent B]

My understanding of CSR is about a company doing charitable activities or the acts of giving back to the society. For example, we can see that some big companies volunteered to help out those victims of floods in some rural areas and provided them with necessities... But whatever the companies do, it must consider the welfare of the targets. [Excerpt of Respondent C]

They spend money on CSR for a reason and they must know that money alone cannot win the people's support. Hence, they must have had a genuine intention to do such CSR activities. I define genuine as not seeking any favour as return for the CSR activities. [Excerpt of Respondent H]

In addition, Respondent E also opined that CSR is a way for companies to connect with its stakeholders with fair and balanced actions.

I do understand CSR quite well as I have just taken a course called “Sustainability Communication”. It is a way for the company to connect to its stakeholders outside of the business context. People do not just want to see companies as companies; they want to see if the companies really care about the society. People have seen enough of rich companies taking advantages from the society and now they are demanding for better and fair actions from the companies. [Excerpt of Respondent E]

Furthermore, 4 out of the 8 respondents perceive that CSR activities serve as **compensatory measures** for the companies. In other words, CSR is looked as a defence act to make amends, to serve as compensations for losses, and more specifically to counterbalance the effects of undesirable impacts of the companies’ business activities. The companies in return, through the compensated negative impacts, are able to sustain their businesses and supports in the market. 3 out of the 4 respondents who asserted this intentions are with tertiary education.

But in term of business perspective, they did a lot of gotong royong to show they care about the environment but in fact is because the waste disposal from the factory are affecting the area environment...I think company in manufacturing business because they do dispose a lot toxic wastes to our environment. And specifically CSR activities such as gotong royong or planting a tree. [Excerpt from Respondent A]

From time to time we read news about some big companies are really causing harms to the environment and people in their business activities. We see developers are cutting down or burning trees to make way for their projects; we also see a few giant glove-making companies letting their foreign workers live in terrible and inhumane hostels; we also see reports that show how damaging the airlines industry is towards the climate change. All these are the companies that should be heavily putting money and investment in CSR, to compensate that they have done. [Excerpt from Respondent D]

From a very logical point of view, I think tobacco and alcoholic drinks manufacturers should be doing more CSR to make up what they have taken away from the consumers, which is health. While, this doesn’t mean that these companies are at fault because consumers are the one demanding for these products. But it is true that these companies are profiting off the consumers on the expense of their health. So, they must do something to give back to them via charities or any sorts of good deeds. [Excerpt from Respondent G]

Another perceived intention articulates that CSR are for the **compliances with authorities**. Companies are believed to have made the efforts to ensure that they are complying with the CSR requirements set out by Bursa Malaysia. Partly disregarding the genuine efforts

to serve the stakeholders, this intention denotes majorly that CSR is about necessary governance requirements with defined transparency. As 3 respondents with tertiary educations state that:

I also know that CSR has increasingly become an important area for big companies, and by law, they will have to invest some efforts in CSR each year in Malaysia... I am aware that Malaysian listed companies are required to comply with the CSR rules of securities commission. I see this as one reason that company engage themselves in this matter. [Excerpt from Respondent B]

I also know it is a requirement by authorities for listed companies in Malaysia to engage in CSR activities. Why it is so, I am not sure. But I think the government does it for good reasons... No matter how well the CSR is written in the annual report or websites, it is for the eyes of the authorities only, I think. [Excerpt from Respondent C]

Is it relevant? Yes, that is why our stock exchange like Bursa Malaysia is making it mandatory for all companies to invest in CSR activities. It makes sense for companies to comply with the requirements as we want to see companies act and operate in an ethical way on top of making profits... Like I mentioned, I think it is largely for compliance purposes. The intention is always good, after all, companies cannot be causing harms to people with CSR, right? [Excerpt from Respondent C]

Apart from that, Respondent A, B, C, E, F, G, and H expressed their views that CSR activities are performed for the purpose of **reputation and image building**. This denotes the companies' intention to improve their popularity by pursuing welfare-oriented activities that contribute to the companies' overall positive and affective evaluations in the market. Thus, the improved position of the companies in the market tend to bolster their competitive advantage among their rivals. Respondent F and H, whom are without tertiary education, pointed out that:

Mainly, to look good. When they look good by doing CSR, government may favour them more or even support them in their business. Overall, companies carry out CSR to boost their business in a way. [Excerpt from Respondent F]

Also, it is a strategy for the company to stand out among their competitors and gain more attention from the customers. [Excerpt from Respondent H]

Likewise, as university graduates, Respondent A, B, C, E, and G also revealed similar opinions where:

Otherwise, to an extent, I would only think that consumers will buy from companies with good reputation, which means those do many CSR activities. [Excerpt from Respondent A]

CSR activities are sometimes put into place to build the image and reputation of the company... Second, like I mentioned, companies want a good reputation, and CSR activities can help them with that. The intention is clear, when you have a good reputation in the market, consumers will like you. When they like you, they may think of your products or services more often. [Excerpt from Respondent B]

To have a better publicity than their competitors, I assume. From time to time, companies need CSR news to boost their publicity and stay visible in the eyes of the consumers. [Excerpt from Respondent C]

You can say it is for the purpose of having a “good face” but as the public is getting smarter and smarter, companies also started to understand what they need to do to be really socially responsible. [Excerpt from Respondent E]

It could also be the case for them to build goodwill or image around their brand. For example, Maxis is giving out free or very affordable mobile data plan for students who live in the rural areas during the COVID pandemic. What did they gain? They gained publicity and public support by doing so. [Excerpt from Respondent G]

During the in-depth interviews, Respondent A and G touched on the impression where some companies use CSR as a **smokescreen**. Instead of focusing on solving the main problem arising from the business operation, some companies use CSR as a whitewashing ruse to disguise its misconduct from the stakeholders. This perceived intention carries a negative denotation of CSR conducted by certain companies. As shown below:

But in in term of business perspective, they did a lot of gotong royong to show they care about the environment but in fact is because the waste disposal from the factory are affecting the area environment. [Excerpt from Respondent A]

I wish I have more opinion towards the CSR activities. Overall, my view is neutral. If the CSR activities are for everybody's interests, then why not? It is only out of good faith when companies are not using CSR to save them from criticism for what they have done wrong. [Excerpt from Respondent G]

Lastly, it occurred to Respondent B and E that CSR does act as a **defence or risk-mitigating measure** to reduce the impacts of threats or crisis faced by the company. The positive reputation and image that built around the CSR activities is able to act as the buffer against the potential threats or aftermath of the company's misconducts. Respondent B and E explained that:

But, I do believe that if a company has a good reputation in the market, they tend to survive or do better in crisis. For example, if you have done many CSR in the past to help the people, then you will still have the support from people even though competitors spread negative news about you. [Excerpt from Respondent B]

You can think in this way, image CSR is like a risk-minimising project. When crisis happens, the good things you have done in the past may help you get through the difficult times. It is something like winning the hearts of the people with CSR and use it as a protection in case of bad things happen. These big companies understand the benefits of CSR and for the company's interest at large, they are willing to do it... Like what I mentioned, it can become a protection for the companies in case crisis happen and the companies will need more social support to get through it. [Excerpt from Respondent E]

b) Relationship between CSR and financial performance

This category details the understanding of each respondent on the relationship between CSR and financial performance. Given their existing perceived intentions of CSR, it is interesting to know whether individual investors surmise that there is a significant relationship between the two constructs or not. In this research, financial performance is known for the simplified definition of the company's financial performance, as well as the return on investment of the individual investors. The data in this study has prominently suggested that all respondents believe there is ***no significant interactive relationship*** between CSR and financial performance.

In my opinion and past experiences, I have not seen any solid evidence that CSR will improve the company's financial performance... No, I don't think CSR will bring higher returns to the company's performance. Because I am investing for long term or good fundamental company. Stock are all about market sentiment, and it is all depend on news or hidden upcoming profit acknowledge. So even if CSR can help, that might help for the short term trade as the stock price might go up with CSR announcement then maybe drop later in a quick time after the news has become quiet. [Excerpt from Respondent A]

I don't think so too. The CSR activities will not necessarily bring higher returns or more profits. [Excerpt from Respondent B]

For short-term trading, CSR information is quite irrelevant to my portfolios then. I will not consider what the company did on CSR simply because it will not determine how much I can gain from the stock performance. For fast trading, market trend and stock prices are the important stuff that I base my decision on. [Excerpt from Respondent D]

I believe it will not. Perhaps they are incidents where CSR helped boost the company's confidence in the market and caused the stock price and dividends to increase. But this kind of incidents is very rare and happened during very special period. I don't think I have seen cases like this in Malaysia so far. So, I don't think it will bring a higher return to the company. [Excerpt from Respondent G]

Why would the CSR activities bring higher returns? CSR is about spending money on the society and helping out with good causes, instead of bringing money into the company. This is my understanding. [Excerpt from Respondent H]

However, despite the strong beliefs that there is no significant relationship between CSR and financial performance, ***minimal positive and negative impacts*** between the two constructs were still detected in the data collected. Respondent B and D unfolded that CSR does positively impact the financial performance of the company and their returns on investment in a long-term perspective. As seen below:

I will also believe that companies who treat their employees will tend to have a better future and business [Excerpt from Respondent B]

Well, it does matter a little bit. In long term, if a company has a good image or good conduct, this can help them to secure better business deals or suppliers or good employees. So, I might buy in the company's stock because it is likely to perform well and make better revenues. This does matter to me provided I plan to hold the stock for many, many years as long-term investment... As I said, it will if the company use CSR to gain a better position in the market that will bring it higher profit and better share dividend to shareholders. I do believe in this... What I know for sure is if the market reacts very well to the CSR activities done by the company, then I will be observing and following closely to see it is worth buying in the stocks, because some CSR might actually benefit the company in a certain ways and help it to perform better. [Excerpt from Respondent D]

In contrary, Respondent C and G believe that CSR poses a negative impact on the financial performance, whereby CSR initiative could be a taxing practice on the company's resources, thus reduces the earnings for the investors. They described:

To be honest, I might be a bit reserved if the company I am investing in is spending too much efforts and money on CSR, and the money could have been used to pay the shareholders as dividends. Because the money and attention has now gone to the CSR activities, we might be paid less focus and that is a sign for me to watch out as they may also perform weaker in business. [Excerpt from Respondent C]

In fact, if the company spends too much on CSR projects, shareholders may even question them because the profits could have been given out as share dividends. It doesn't make sense to me that a company is willing to sacrifice some earnings to make the environment better and to please the authority. Furthermore, if they spend too much effort on CSR, the shareholder might be unhappy because they think their dividends have been used on CSR activities. [Excerpt from Respondent G]

c) Attitudes towards CSR disclosures

This category addresses the different attitudes that the 8 respondents hold towards the CSR disclosures. These attitudes vary among their personal values, experiences, and educational level. The outcomes show a combination of positive and neutral attitudes towards CSR disclosures, with regard to either of or both the company and stakeholders being the beneficiaries.

In terms of positive attitudes, 5 out the 8 respondents are *optimistic* about the CSR activities that they have assessed in the past:

I think CSR activities are generally good for both the company and the community or environment. Whatever a company does in CSR must be beneficial to the publics... Are they really genuine? Well, good faith or not, I can only say that these CSR activities take care of the interests of the company and the publics. As long as the publics or stakeholders are being served and benefited, then I generally have a positive attitude towards the CSR activities... I know that CSR is good for the company in certain ways. [Excerpt from Respondent B]

My understanding of CSR is about a company doing charitable activities or the acts of giving back to the society. For example, we can see that some big companies volunteered to help out those victims of floods in some rural areas and provided them with necessities. To me, these are good acts and companies are encouraged to do them. [Excerpt from Respondent C]

Generally, I have good impression towards CSR activities...Like I mentioned, I think it is largely for compliance purposes. The intention is always good, after all, companies cannot be causing harms to people with CSR, right? [Excerpt from Respondent D]

You can say it is for the purpose of having a “good face” but as the publics are getting smarter and smarter, companies also started to understand what they need to do to be really socially responsible. So, I will say that CSR are carried out genuinely and for good purposes...Of course, it will be a plus if I see the companies I invested in are willing to do more CSR. [Excerpt from Respondent E]

They needed some part-time crew and I managed to become one of them. It was a donation activity for the poor and I was the back-end crew that helped sorted items into packages. From this experience, it is very common and often for companies to do this kind of activities. It is very good to see companies are willing to do this other than making money...Positive view, I would say. They spend money on CSR for a reason and they must know that money alone cannot win the people’s support. Hence, they must have had a genuine intention to do such CSR activities. I define genuine as not seeking any favour as return for the CSR activities. [Excerpt from Respondent H]

2 of the 5 respondents who are optimistic about the CSR activities also exhibit that they are **supportive** towards CSR activities. Positioning themselves as both the individual investors and consumers, Respondent C (with tertiary education) and Respondent H (without tertiary education) narrated their attitude as below:

But there is no reason for me to dislike any companies that conduct CSR, right? So, I shall say I am supportive towards companies that do so. By supportive, I mean I will have better attitude toward them... If you are asking me to answer as an consumer, then probably I would try to be the customer of these companies that do CSR, perhaps, because they represent something good. [Excerpt from Respondent C]

I may not invest in companies that carry out many CSR activities, but I will sure purchase their products or services, as a way to show support to them. As consumers, you have to support companies that are ethical and beneficial to the society, because they are hard to come by. [Excerpt from Respondent H]

In terms of neutral attitudes, Respondent G expressed his attitude as **subjective** by explaining that:

I think it does give you an impression that the company is spending considerable amount of effort on CSR to make the community and environment better. We all have subjective view towards the CSR disclosures and whether a piece of information is sufficient or comprehensive. As long as you are able to understand, then the annual report already does it job well. [Excerpt from Respondent G]

Whereas, Respondent F's attitude towards CSR disclosures is rather **uncertain** in which her attitude is dependent on the marker sentiments and opinions. She stated:

I am not sure. I simply do not know how to judge the CSR activities. Perhaps, it is good and genuine when many people are complementing it and sharing the news on social media. If many people support the company in doing the CSR activities, then it must be good then. [Excerpt from Respondent F]

In addition, it is also worthwhile to note that Respondent D is **disinterested** in the CSR disclosures due to the generic and uniformity in CSR initiatives. In other words, the CSR activities across similar companies lack distinctiveness. In his own words:

The funny thing is, since the government makes it compulsory for all the listed companies to have CSR, then what is so special CSR anymore when everybody is doing almost the same things? Since this is the case, I remain neutral and uninterested in their intention. [Excerpt from Respondent D]

d) Concern over CSR activities

In the ordinary course of business, CSR initiatives shall be conducted in ways to enhance the welfares of the stakeholders, instead of negatively impacting them. This gives rise to the perceived intentions of CSR, understanding on the relationship between CSR and financial performance, attitudes towards CSR disclosures. Despites the varying factors, it is imperative for individual investors to have the ability of assessing the CSR information and thus, formulating informed decisions. Through assessments, the following concerns emerged.

Respondent D (with tertiary education) and Respondent F (without tertiary education) believe that **credibility** is a critical element in CSR disclosures.

I think all platforms [business magazine, newspaper, social media, and annual report] are credible, provided the people must know how to assess the CSR news. By assessing I mean the people should know are the CSR worthy or not. Whatever the companies put out there must be real and factual, right? It is okay for them to beautify things up a bit in the news, but that is okay. As long as it is not some cheap stunts by the companies to gain unnecessary attentions, all is fine with me. [Excerpt from Respondent D]

I think sometimes the companies itself might glorify and exaggerate too much on what they did for CSR. You can always see that the same CSR news are being circulated on social media for many days. I am not saying that the news itself is fake, but we have to know that it can be beautified too much until the actual meaningful purpose is lost. [Excerpt from Respondent F]

4.2.2 Theme 2: CSR disclosures and investment decisions.

Theme 2 is explained with two categories: a) *use of CSR information in investment decisions* and b) *impact of CSR disclosures on investment decisions*.

a) Use of CSR information in investment decisions

As individual investors, the 8 respondents have had access to and interpretation of CSR activities in their own understandings. The in-depth interviews further revealed the intentions and experiences of individual investors in utilising CSR information to compose their investment decisions.

On the whole, all respondents resolutely claimed that there is ***no substantial use of CSR information*** and ***only financial information are exclusively considered*** in their investment decision. Repetition of the same opinions and behaviours can be seen in the interviews:

I focus only on the financial aspects of the company that helps me make up my investment decisions... I will only invest when the company is earning or having chance to have increase in stock price. [Excerpt from Respondent A]

But when it comes to actual investment, I will rely more on the financial parts of the company. As an investor, the financial information will allow me to judge the company better, as I am trading with money... Personally, I will base my investment decision on figures like profits and losses of the company... I might be wrong for now to look at financial information only, but no one has advised me to look at information other than the financial aspects and business activities. [Excerpt from Respondent B]

I study and observe the company well. I study their past stock performances, financial outlook, and dividends...I don't always read or refer to annual report for any information other than the company's finances and earnings. Partly due to my goal to make money only, I will disregard CSR information in the annual report...Trading is trading. The company's earnings is the only main factor that influence my decision...Honestly, no. I have never thought of considering CSR in my investment decision. Even though, like you said, disclosures are put out for us to read, but it is no use in my decision and not for my concern so far. No matter how well the CSR is written in the annual report or websites, it is for the eyes of the authorities only, I think. Financial information is still the main thing to consider. [Excerpt from Respondent C]

For short-term trading, CSR information is quite irrelevant to my portfolios then. I will not consider what the company did on CSR simply because it will not determine how much I can gain from the stock performance. For fast trading, market trend and stock prices are the important stuff that I base my decision on...As I said, it will if the company use CSR to gain a better position in the market that will bring it higher profit and better share dividend to

shareholders. I do believe in this. However, when it comes to actual investment, I do feel that financial information of the company is more reliable and safer to be used in your decision. In other words, CSR is less reliable and has less material in actual investment. Investment has to be driven with proper figures and solid research on finance. [Excerpt from Respondent D]

Not much impact. In reality what I refer to the most is still the financial performance of the company and the ups and downs of stock price. Of course, it will be a plus if I see the companies I invested in are willing to do more CSR...It depends. If the company is less involved in activities that causes social or environmental problem, then I will not bother if it is actively doing CSR. For example, banking and healthcare. [Excerpt from Respondent E]

I have not paid much attention to the CSR part in any annual report; hence I cannot answer this question. What I have read was just the financial statement of the company...No, I don't think so. Unless you are super loaded like Charlie Munger who is the believer in "value investment", where you believe companies are accumulating values for its future, and not focusing only on accumulating wealth. But small investors like me are not rich enough to withstand and hold on to a company's stocks for 10 to 15 years. So, this makes the difference and I won't consider CSR in my investment decision. [Excerpt from Respondent F]

We want to focus only on information that give us better understanding of the finances and business of the company. Any information other than the actual figures can mislead you in your investment...Very little impact or no impact at all. If investment is about taking in information like CSR, then the market and stock prices will be very unstable because all investors will have different attitudes towards the CSR. As a sensible investor, one should base his decision on financial figures and the current market conditions like supply and demand. [Excerpt from Respondent G]

I think there is no impact at all. I simply do not know it would influence my decision and I cannot explain it. My apologies...I am very unlikely to do so. At the moment, I am focusing on financial information only such as the market trend. [Excerpt from Respondent H]

On the fact that all the respondents adopt no CSR information in their investment decisions, the in-depth interviews also elicited the responses where **substantial use of CSR information is still possible**, provided it is for **long-term investment**. Respondent D and E explained their viewpoint that CSR does affect the performance of a company in the long-run as the accumulation of goodwill contributed by CSR may give rise to improved business performance.

Well, it does matter a little bit. In long term, if a company has a good image or good conduct, this can help them to secure better business deals or suppliers or good employees. So, I might buy in the company's stock because it is likely to perform well and make better revenues. This does matter to me provided I

plan to hold the stock for many, many years as long-term investment. [Excerpt from Respondent D]

However, if I want to invest in a company for a long time, I will choose the company wisely, by that I mean a company with good reputation and good conducts. [Excerpt from Respondent E]

In relation to the possibility of using CSR information in the investment decision, Respondent B and D put forward that it is possible for them to consider using CSR in their investment decision, if market sentiments shows positive reaction towards the CSR disclosures. Concisely, their use of CSR information is driven by the market sentiments.

As expressed:

However, I do follow current market trends and the future prospect of this companies, as well as their current financial performance...But, if the market reacts well to a specific CSR activity, then maybe I will follow the trend and invest in the company. Market is sensitive and knows better than me. [Excerpt from Respondent B]

I don't have specific rules or guidelines in my investment, but I do observe carefully the trend and stock price from time to time... It is hard to say, and I can't say anything for sure now. What I know for sure is if the market reacts very well to the CSR activities done by the company, then I will be observing and following closely to see it is worth buying in the stocks, because some CSR might actually benefit the company in a certain ways and help it to perform better. [Excerpt from Respondent D]

b) Impact of CSR disclosures on investment decision

Expressively, all the 8 respondents stated that CSR disclosures have **no impact** on their actual investment decision, regardless of their perception and understandings towards the CSR disclosures.

CSR has no impact on my investment decisions, as I do not consider them as the criteria nor do I think they are significant in the company performances. [Excerpt from Respondent A]

To be honest, it does not. I know that CSR is good for the company in certain ways. But when it comes to actual investment, I will rely more on the financial parts of the company... It will be a plus to see CSR information, but that does not really influence my decision... I haven't seen any cases in my portfolios or experience that CSR will cause the company to perform better, so I would say no for now. [Excerpt from Respondent B]

I don't see how is the stock performance related to CSR. So, CSR will not impact my investing decision. Trading is trading. The company's earnings is the only main factor that influence my decision. [Excerpt from Respondent C]

For short-term trading, CSR information is quite irrelevant to my portfolios then. I will not consider what the company did on CSR simply because it will not determine how much I can gain from the stock performance. [Excerpt from Respondent D]

Not much impact. In reality what I refer to the most is still the financial performance of the company and the ups and downs of stock price. Of course, it will be a plus if I see the companies I invested in are willing to do more CSR. . [Excerpt from Respondent E]

CSR disclosures have no impact on my investing decision. I just could not see how it will benefit me as stock is entirely determined by the market...No, I don't think so. Unless you are super loaded like Charlie Munger who is the believer in "value investment", where you believe companies are accumulating values for its future, and not focusing only on accumulating wealth. But small investors like me are not rich enough to withstand and hold on to a company's stocks for 10 to 15 years. So, this makes the difference and I won't consider CSR in my investment decision. [Excerpt from Respondent F]

Very little impact or no impact at all. If investment is about taking in information like CSR, then the market and stock prices will be very unstable because all investors will have different attitudes towards the CSR...With all the reasons I mentioned, my answer is no. [Excerpt from Respondent G]

I think there is no impact at all. I simply do not know it would influence my decision and I cannot explain it. My apologies...I am very unlikely to do so. At the moment, I am focusing on financial information only such as the market trend. [Excerpt from Respondent H]

Notably, both Respondent C and D who had claimed no impact of CSR information on their investment, further added on their opinions. Respondent C believes that CSR disclosures do have **negative impact** on their investment decision if he realises that the company spends excessive resources on the CSR activities:

To be honest, I might be a bit reserved if the company I am investing in is spending too much efforts and money on CSR, and the money could have been used to pay the shareholders as dividends. Because the money and attention has now gone to the CSR activities, we might be paid less focus and that is a sign for me to watch out as they may also perform weaker in business. [Excerpt from Respondent C]

On the other hand, Respondent D opined that CSR disclosures will **positively impact** his decision if it is a long-term investment:

Well, it does matter a little bit. In long term, if a company has a good image or good conduct, this can help them to secure better business deals or suppliers or good employees. So, I might buy in the company's stock because it is likely to perform well and make better revenues. This does matter to me provided I plan to hold the stock for many, many years as long-term investment. [Excerpt from Respondent D]

4.2.3 Theme 3: The significance of annual reports in communicating CSR information.

Theme 3 is elaborated with two categories: a) *search for CSR information*, b) *self-identified credible platforms to obtain CSR information*, and c) *motivators and deterrents in the use of annual report for CSR information*.

a) Search for CSR information

The intention and act to search for CSR information is one of the pivotal components that depict the individual investors' access and retrieval of CSR disclosures. Unanimously, all the 8 respondents affirmed that they do not actively look for CSR information in any platform. In the ordinary course of their investment activities, the manner in which the respondents receive the CSR information is rather *passive*.

Also, I do not look for CSR information at all and this is just not a practice of mine. [Excerpt from Respondent A]

I do not usually look for those CSR information. What I see are what are shown to me in the internet or newspaper. Unless I am very interested in certain CSR information, then I will actively check the information out. [Excerpt from Respondent B]

Honestly, I do not look for any CSR information of any company. If I happen to see any online, I would read it and that's all. It is nice to see companies are putting in effort in CSR but I will not usually, like you said, actively look for the CSR information...As I said, I don't actively look for CSR information at all. I only read what is shown to me. [Excerpt from Respondent C]

As for the companies I invest in, I do not really spend the time to find out more about their CSR activities. I do see some CSR news about them in the internet once in a while, other than that, I have not done any more homework to study their CSR. [Excerpt from Respondent D]

I do not take any actions to look for the CSR activities unless it is necessary for me to do so. Well, I will look for the CSR information when I am doing my, like assignments or research. Sometimes I do scroll pass some CSR-related news on Facebook, and I will have a short read if the titles catch my interest, otherwise I won't go deeper. [Excerpt from Respondent E]

No, I don't. I only read what is shown to me if I am even interested. It is kind of too lengthy sometimes and irrelevant to me. By lengthy I mean the article is too long and it makes it hard to read. By irrelevant I mean CSR is not my main area of focus. [Excerpt from Respondent F]

I don't take any effort to look for the CSR information of the companies I invested in. [Excerpt from Respondent G]

No, I have never. Perhaps it is just not my practice to look for such CSR information and it never came across my mind that I needed to. If the CSR news is famous enough, I would have seen it everywhere without needing me to look for it. [Excerpt from Respondent H]

b) Self-identified credible platforms to obtain CSR information

This study has identified 4 platforms that are deemed as credible sources for CSR information. These platforms include traditional media such as **newspaper** and **magazine**, as well as **social media**. More evidently, **annual report** (in both digital and physical forms) were identified as a credible platform too. In this study, the interpretation of the term “credible” denote heavily on the verification process that the CSR information has undergone before being published for the view of publics. As articulated by the respondents, the verification process is the main element that ensures a certain degree of reassurance that the CSR information is factual and trustworthy.

5 out of the 8 respondents have explicitly told that annual report is a credible source for CSR information:

But to name a few, I would say social media and annual report are more credible than other sources like newspaper... The same goes to annual report. Whatever you state in the annual report must be true otherwise Bursa (Bursa Malaysia) and other authority will punish you for any fake CSR activities. [Excerpt from Respondent B]

I think all platforms [business magazine, newspaper, social media, and annual report] are credible, provided the people must know how to assess the CSR news. By assessing I mean the people should know are the CSR worthy or not. Whatever the companies put out there must be real and factual, right? It is okay for them to beautify things up a bit in the news, but that is okay. [Excerpt from Respondent D]

Yes, newspapers and annual reports are credible to read. Because the news on newspaper are proofread and verified by the editors, so companies will not be able to publish whatever news they want without being checked first. [Excerpt from Respondent E]

The information has to be credible otherwise it serves no purposes. Many parties are monitoring the content in the publications and there is very little incentive for them to fake the activities and outcomes, especially the annual report. [Excerpt from Respondent G]

Newspaper, magazine and annual report are credible too. By that I mean they are professionally done for publics to read. [Excerpt from Respondent H]

There are 4 respondents who credited social media as a credible platform for CSR information. The interviews probed that the constant exchanges between the vast amount of users on social media are presumed by these 4 respondents as a verification process. In other words, the users on social media help determine if a CSR news is factual or the opposite. As seen below:

For social media, I believe if many people are reading and sharing the same CSR news on Facebook or Twitter, the news then must be legit or real. If the company lied about the CSR news, then people will quickly find out. [Excerpt from Respondent B]

Social media is different but credible too. In social media, we are more than just a reader and we can always question the companies if we are sceptical. With this power, I think social media is credible. [Excerpt from Respondent C]

I think all platforms [business magazine, newspaper, social media, and annual report] are credible, provided the people must know how to assess the CSR news. By assessing I mean the people should know are the CSR worthy or not. Whatever the companies put out there must be real and factual, right? It is okay for them to beautify things up a bit in the news, but that is okay. We are smart and we can always share our thoughts on forums if we think the company is lying. [Excerpt from Respondent D]

I got most of the CSR information from social media. Newspaper, magazine and annual report are credible too. By that I mean they are professionally done for publics to read. But, among these four platforms, I would say social media is the most credible since the news can be checked by all users online. In the event the information is not correct or entirely fake, then people will get angry and criticise the company. [Excerpt from Respondent H]

For the similar reason, newspaper, a traditional and professional medium to access CSR news, was perceived as credible by 3 respondents.

I think all platforms [business magazine, newspaper, social media, and annual report] are credible, provided the people must know how to assess the CSR news. By assessing I mean the people should know are the CSR worthy or not. Whatever the companies put out there must be real and factual, right? [Excerpt from Respondent D]

Yes, newspapers and annual reports are credible to read. Because the news on newspaper are proofread and verified by the editors, so companies will not be able to publish whatever news they want without being checked first. [Excerpt from Respondent E]

Newspaper, magazine and annual report are credible too. By that I mean they are professionally done for publics to read. [Excerpt from Respondent H]

Likewise, Respondent D and H regard magazines as credible too for the same reasons they stated previously. Respondent C further added that:

I would say business magazine and social media are credible in terms of giving CSR information. They give short and clear information on CSR information... Business magazine has the responsibility to report true information, so they probably won't lie about CSR news of a company. [Excerpt from Respondent C]

c) Motivators and deterrents in the use of annual report for CSR information

As annual report is a formal corporate document distributed to stakeholders and shareholders annually that details the company's operations and financial condition during the previous financial year, it is essential for this study to explore the factors that incentivise and disincentivise the individual investors to peruse the information in CSR reporting. The answers given by the 8 respondents were diverse and discerning.

In terms of the factors that promote the use of annual report for CSR information, 5 out of the 8 respondents claimed that annual reports do contain ***sufficient information*** for reading. As the central corporate communication material, annual report is loaded with verified and complete CSR information of the company, and this gives rise to the fact that annual report is more comprehensive than other communication materials in various platforms. The respondents stated:

Yes, I think so far, for I have read in the past, is enough and sufficient. In the annual reports, you are able to see pictures that tell you what they had one for the community or environment, and some are quite interesting actually. [Excerpt from Respondent B]

However, just an assumption, I believe the CSR in the annual report must and will be sufficient and comprehensive. [Excerpt from Respondent C]

Definitely. Those tiny passages in the report are definitely enough to read, to the extent where sometimes you have got to skip some parts to get to the main point. [Excerpt from Respondent D]

Yes, quite sufficient and clear. If you read in detail, you will know what are the CSR activities or project they have done, and what are the results. The reporting has become better in these few years because we have these new rules and requirements by Bursa Malaysia and they really monitor them closely. [Excerpt from Respondent E]

To me, it is sufficient so far as I realise the authority is also requiring companies to publish a Sustainability Report along with the annual report to make the reporting more comprehensive. [Excerpt from Respondent G]

Furthermore, 2 respondents put forward that ***credible information*** is the reason they utilise annual reports for CSR disclosures. In relation to the concern over the credibility

of information mentioned in Theme 1, annual report is deemed to possess greater trustworthiness and accountability in the content of which it carries, on the fact that the annual report undergoes the process of auditing and verification. As shown:

However, just an assumption, I believe the CSR in the annual report must and will be sufficient and comprehensive, as third party auditors will have to verify the information. [Excerpt from Respondent C]

Yes, newspapers and annual reports are credible to read. Because the news on newspaper are proofread and verified by the editors, so companies will not be able to publish whatever news they want without being checked first. Same logic for the annual report. The annual report also has to go through many steps of auditing before it is published. So, the credibility is there and to be honest, there is no much reason for companies to lie too, because it will be found out anyway. [Excerpt from Respondent E]

In addition, 3 respondents commented that annual report is, in certain ways, *easy to read*. It is noteworthy that individual preferences weigh in the such consideration as the ease of use of annual report can be subjective at times. However, it is agreeable that the common element in the definition of the ease of use is that high readability allow the respondents to comprehend the content in the CSR reporting.

Respondent A prefers shorter and precise information in the annual report:

I, as an investor, would prefer shorter and precise information. When information other than financial information in the annual report are too long, I would just disregard them, that includes CSR information. [Excerpt from Respondent A]

Respondent B and H thinks that CSR editorials with pictures are easy to read:

Yes, I think so far, for I have read in the past, is enough and sufficient. In the annual reports, you are able to see pictures that tell you what they had one for the community or environment, and some are quite interesting actually. [Excerpt from Respondent B]

I will look at the interesting pictures in the CSR parts to get a rough idea on what the company had done. This helps me understand the CSR activities better. [Excerpt from Respondent H]

Respondent H, whose native language is mandarin, further suggested that the CSR information in the annual report will be easier to read if it is prepared in bilingual:

Can I suggest the company to have the annual report published in Mandarin too? If Mandarin version is available, I will definitely read more on the CSR parts. [Excerpt from Respondent H]

Contrarily, the interviews also revealed 3 factors that discourage the respondents from paying more attention to the CSR information in the annual report. Driven solely by the emphasis on financial information, Respondent D and F stressed that their reluctance to look for CSR information in the annual report is simply because **CSR is not the main focus**. The explanations are as follows:

For whatever I have read so far, I have no comment. I might not be able comment much on the CSR parts because I would usually just look at the titles and pictures and graphics to roughly know what they did. I didn't really read the entire article to be honest. Simply because that is not my main focus. [Excerpt from Respondent D]

It is kind of too lengthy sometimes and irrelevant to me. By lengthy I mean the article is too long and it makes it hard to read. By irrelevant I mean CSR is not my main area of focus. [Excerpt from Respondent F]

Respondent A, C, and F also highlighted that the CSR disclosures in the annual report can be **hard to read** at times, drawing on a common reason where the CSR information are lengthy and verbose, thus reducing their interest to read.

It will be sufficient as annual report is too long to read. I, as an investor, would prefer shorter and precise information. When information other than financial information in the annual report are too long, I would just disregard them, that includes CSR information. [Excerpt from Respondent A]

Also, I have to admit that I am not a fan of reading long articles and news about information like this. [Excerpt from Respondent C]

Moreover, Respondent F attributed her reluctance to the **low visibility** of CSR information in the annual report. In her words, she is inclined to have CSR information placed at the attention-grabbing section of the annual report .

If the company wants to make the CSR news stand out, they should have printed in the main part or first few pages of the annual report to catch my attention. [Excerpt from Respondent F]

Lastly, Respondent H asserted that her desire to read about the CSR information in the annual report is impeded due to her **low educational background**. She explained:

My educational background is not very strong, and this causes me to have difficulties to read and understand the entire annual report, including the CSR parts. It is hard for me to understand when I can't understand most of the jargons and special terms in the annual report. [Excerpt from Respondent H]

4.2.4 Theme 4: Types of CSR activities favoured by the Malaysian individual investors

Theme 4 is illustrated with 2 categories; a) *Industries to be engaging in CSR activities* and b) *CSR in the economic, environmental, and social aspects*.

a) Industries to be actively engaging in CSR activities

The 8 respondents in this study have identified 9 different industries they perceived with strong calls to engage themselves actively in CSR activities. In spite of the fact that these 9 industries are distinctive from each other, the perceived common trait they share is the considerable negative impacts they caused to the stakeholders in the course of their business operations. As a result, the respondents propounded that these industries are obligated to compensate the stakeholders with CSR activities.

Fast fashion industry was identified by Respondent C and E due to the negative impacts they brought to the environment.

Industries such as transportation and fast fashion... These two industries are harming the planet in so many ways.. The more we use them, the more pollutions there will be. Eventually we will realise that it is not necessary for consumers to keep spending so much on clothes and petrol vehicles, and the companies make these products are not protecting the planet much. [Excerpt from Respondent C]

I recently watched a documentary on the internet that shows fast fashion industry actually produces 2 to 3 times more of carbon monoxide every minute than the aviation and marine industry. This is scary because all the while we have been blaming the airlines and transportation industries for causing harm to the nature. So, fashion companies should be alert that consumers have more awareness of their harmful business activities now and they start showing us more of their initiatives to protect the environment. [Excerpt from Respondent E]

Similarly, Respondent H elaborated her opinions and called for **luxury fashion** industry to be actively practising CSR activities in order to recompense the ecosystem in which the business exploits. In her own words:

I am working in the luxury field, and to be honest, luxury fashion brands are really not sustainable and ethical. Even though I disagree with their products and their cruel practices to source for raw materials, I still stay with my company because of the good money in this business. For example, to make one fur coat, the manufacturer has to kill 20 to 30 minks for their fur. It is really not ethical and is considered cruelty. Other than fur, leather products also come from such animal lives. On one end the company is advocating for, let say, human right. On the other end, they are killing hundreds of thousands of

animals worldwide just for clothes and bags. Isn't that hypocrisy? They could have used more vegan materials to make their products and not using CSR to cover the criticism for animal cruelty. To conclude, luxury fashion brand should become the role model to lead such CSR activities, so that other brands will follow them. [Excerpt from Respondent H]

Aside from that, Respondent A and D placed their emphasis on the **manufacturing** industry as they regard the said industry is obligated to provide remedial efforts to the environment and their employees.

I think companies in manufacturing business because they do dispose a lot toxic waste to our environment and they should do specific CSR activities such as gotong royong or planting a tree. [Excerpt from Respondent A]

From time to time we read news about some big companies are really causing harms to the environment and people in their business activities. We see developers are cutting down or burning trees to make way for their projects; we also see a few giant glove-making companies letting their foreign workers live in terrible and inhumane hostels; we also see reports that show how damaging the airlines industry is towards the climate change. All these are the companies that should be heavily putting money and investment in CSR, to compensate that they have done. [Excerpt from Respondent D]

In the meantime, Respondent C and D also expressed their views where companies in the **transportation** industry should be an active contributor in the CSR activities. The reasons given in their explanations are analogous to the above-named industries where CSR is an compensatory measure:

Industries such as transportation and fast fashion... These two industries are harming the planet in so many ways.. The more we use them, the more pollutions there will be. Eventually we will realise that it is not necessary for consumers to keep spending so much on clothes and petrol vehicles, and the companies make these products are not protecting the planet much. [Excerpt from Respondent C]

From time to time we read news about some big companies are really causing harms to the environment and people in their business activities... we also see reports that show how damaging the airlines industry is towards the climate change. All these are the companies that should be heavily putting money and investment in CSR, to compensate that they have done. [Excerpt from Respondent D]

Additionally, 3 respondents asserted their inclinations to see more CSR outputs from the **oil and gas, construction and property development, tobacco, and brewery** industries., due to these industries are perceived as instrumental in precipitating negative impacts for

the social and environmental aspects. Likewise, their reasons are largely drawn on the remedial and restorative characteristic and effects that CSR activities.

I would like see companies in the oil & gas and mining industries to engage more in CSR. Reason being that these companies are exploiting the environment and taking away the earth resources. [Excerpt from Respondent B]

From time to time we read news about some big companies are really causing harms to the environment and people in their business activities. We see developers are cutting down or burning trees to make way for their projects.... All these are the companies that should be heavily putting money and investment in CSR, to compensate that they have done. [Excerpt from Respondent D]

From a very logical point of view, I think tobacco and alcoholic drinks manufacturers should be doing more CSR to make up what they have taken away from the consumers, which is health. While, this doesn't mean that these companies are at fault because consumers are the one demanding for these products. But it is true that these companies are profiting off the consumers on the expense of their health. So, they must do something to give back to them via charities or any sorts of good deeds. [Excerpt from Respondent G]

b) CSR in social, environmental, and economic aspects

Having known the 8 respondents' inclinations in the types of industries that should be actively engaging in CSR activities, it is consequential to gain insights on the CSR aspects prioritised by the respondents. This study, guided by existing literature, categorises CSR into the social responsibility, environmental responsibility, and economic responsibility. It is of paramount importance for companies to achieve a balance between all three aspects. In other words, companies need to proximate balanced interactions between the 3 responsibilities in order to reach an ethical and sustainable business objective. The perspectives and opinions towards to priority of each responsibility vary across the 8 respondents, but they can be summed up as a call for companies to be responsible actors in the business environment.

In the **social aspect**, CSR drives the trust and establish reciprocal relationships with the stakeholders. Contributions are directed to societal concerns and benefits at large. 5 out of the 8 respondents highlighted the significance of having the social responsibility in place, and Respondent B and F supplemented their responses with the opinions that CSR will bring considerable impacts to the company's performances.

I would say social and environmental aspects are more important. This is because publics and environments can be taken care of with CSR. At the same

time, as an entrepreneur, I do want to see more CSR where employees are benefited too. This includes employee profit-sharing or better welfare. After all, you can't be investing so much in the society but neglecting your own employees who help run the business. I will also believe that companies who treat their employees will tend to have a better future and business. [Excerpt from Respondent B]

I think all [social, economic, and environmental] is equally important. If a company is smart and wise enough, it should be able to balance between these three aspects... But whatever the companies do, it must consider the welfare of the targets. If the focus is on the social aspect, then they have to make sure the publics are being directly benefited from these programmes. [Excerpt from Respondent C]

During this COVID pandemic, we can see some companies are willing to use their resources to produce sanitisers and donate them to the hospitals or poor. This is a kind act in difficult times. So, social aspects are important too. [Excerpt from Respondent E]

The basic thing for them to do is giving back to the people in need and support the community with what they can offer. For example, like AirAsia, I know their business suffers during this pandemic and people want their money back for their unused tickets. But what did they do? They forced the customers to accept credits as refund. That was not nice, and I suffered from this policy. People need money during the pandemic and a big company like AirAsia is denying us of that. Maybe this is how the system work, I am not sure, but its stock price did perform poorly, and people are starting to not like them despite what they explained. [Excerpt from Respondent F]

From a very logical point of view, I think tobacco and alcoholic drinks manufacturers should be doing more CSR to make up what they have taken away from the consumers, which is health. While, this doesn't mean that these companies are at fault because consumers are the one demanding for these products. But it is true that these companies are profiting off the consumers on the expense of their health. So, they must do something to give back to them via charities or any sorts of good deeds. [Excerpt from Respondent G]

The **environmental aspect** was strongly emphasised and elaborated by 7 respondents, by necessitating the criticality for companies to conduct their environmental activities in an ethical, optimal, and preservative manner. As seen below:

I think companies in manufacturing business because they do dispose a lot toxic waste to our environment and they should do specific CSR activities such as gotong royong or planting trees. [Excerpt from Respondent A]

I would like see companies in the oil & gas and mining industries to engage more in CSR. Reason being that these companies are exploiting the environment and taking away the earth resources. In other words, they are harming the environment more than others. So, logically, they have to

contribute more to the society, at least try to take care of the surroundings. Without CSR, these companies are only there to make money and the publics have to suffer from their harmful business activities... I would say social and environmental aspects are more important. This is because publics and environments can be taken care of with CSR. [Excerpt from Respondent B]

I think all [social, economic, and environmental] is equally important. If a company is smart and wise enough, it should be able to balance between these three aspects. [Excerpt from Respondent C]

From a professional point of view and in a bigger picture, it is important for big companies to focus on environment issues and provide their supports to related NGOs. Climate change, global warming, deforestation, and air pollution are going to be the serious problems for the next few decades. They have to act fast with this CSR...There is still very little effort or progress for environmental issues and people cannot rely so much on the government, so the big companies with the abilities to do it have to come in. [Excerpt from Respondent D]

I am a nature-loving person so I would say environmental aspects are more important now due to climate change is a hot issue now. This really tests the big companies on how much effort they can put in and the cooperation with the government. This cannot be done in 1 or 2 years as it requires these companies to keep investing and changing their policies to protect the environment for many, many years to come. [Excerpt from Respondent E]

I would say the environmental aspect is more significant. It is easier for company to do CSR for the social and economic aspects, after all, what they need to put in are just money and time to better the welfare of the consumers or employees. To better or to protect the environment will require the companies to change their practice and policies, and even improve their technology. This is much more difficult than doing charities and donating to NGOs. As usual, the more difficult it is, the more important it is for company to do so. [Excerpt from Respondent G]

I am working in the luxury field, and to be honest, luxury fashion brands are really not sustainable and ethical. Even though I disagree with their products and their cruel practices to source for raw materials, I still stay with my company because of the good money in this business. For example, to make one fur coat, the manufacturer has to kill 20 to 30 minks for their fur. It is really not ethical and is considered cruelty. Other than fur, leather products also come from such animal lives. On one end the company is advocating for, let say, human right. On the other end, they are killing hundreds of thousands of animals worldwide just for clothes and bags. Isn't that hypocrisy? They could have used more vegan materials to make their products and not using CSR to cover the criticism for animal cruelty. To conclude, luxury fashion brand should become the role model to lead such CSR activities, so that other brands will follow them...I would prefer companies to carry out more activities to preserve the environment, like protecting the wildlife and reducing deforestation. We have no right to keep taking advantages of and using up the natural resources. If you want to cut down a tree, then make sure you replant it at the same time. [Excerpt from Respondent H]

The *economic aspect* revolves around the responsibility of companies to ensure the economic welfare of the stakeholders are taken care of. The premise that companies should commit to ethical behaviours in their business activities does not exempt them from pursuing economic goals. The indispensable element in the economic aspect is the integrity and ethical standard that the company adhere to. Unlike social and environmental responsibilities where direct inputs are required to initiate the CSR activities, the economic responsibility entails companies are able to benefit the stakeholders by exercising ethical business policies. Respondent C and F support this aspect:

I think all [social, economic, and environmental] is equally important. If a company is smart and wise enough, it should be able to balance between these three aspects. [Excerpt from Respondent C]

The basic thing for them to do is giving back to the people in need and support the community with what they can offer. For example, like AirAsia, I know they business suffers during this pandemic and people want their money back for their unused tickets. But what did they do? They forced the customers to accept credits as refund. That was not nice, and I suffered from this policy. People need money during the pandemic and a big company like AirAsia is denying us of that. [Excerpt from Respondent F]

4.3 Summary

This chapter presents the data collected from the semi-structured in-depth interviews with the 8 respondents of different educational backgrounds. A total of 4 themes were inductively identified from the findings which were analysed with the thematic content analysis. They are: 1) *the perceptions and understandings of Malaysian individual investors of different educational backgrounds towards CSR initiatives*, 2) *CSR disclosures and investment decisions*, 3) *the significance of annual reports in communicating CSR information*, and 4) *types of CSR initiatives favoured by Malaysian individual investors*. The 4 themes are explorative in shedding lights on the essential opinions and insights that each respondent supplied. Overall, the findings and analysis have answered the research questions of this study. The fifth and final chapter provides a discussion delineating the main findings of the study, implications of the study, limitations of the research, recommendations for future research, and lastly, the conclusion.

CHAPTER 5: DISCUSSION, CONCLUSION, AND IMPLICATIONS

5.1 Introduction

This research is an exploratory, descriptive and contextual study. Semi-structured, open in-depth interviews were conducted with 8 respondents sourced through the snowballing technique, who are of different educational backgrounds. With the aid of NVivo, the data collected was then analysed with inductive thematic content analysis. The themes and categories emerged and captured in the data will be further explained in this chapter by aligning them with the research questions and objectives, and comparing them with the existing literature.

The research questions to be answered in this chapter are:

1. What are the perceptions towards CSR disclosures among Malaysian individual investors from different educational backgrounds?
2. How do Malaysian individual investors perceive the relationship between CSR disclosures and the potential return on their investment?
3. What type of CSR initiative is perceived by individual investors as significant and relevant in making their investment decision?
4. What are the factors that motivate and discourage the use of annual reports for CSR information from the individual investors' perspectives?

By having the research questions answered, this study achieved the below objectives:

1. To understand Malaysian individual investors' perception towards the use of annual reports in communicating and disclosing CSR initiatives.
2. To understand the perception of individual investors from different educational background towards firms' CSR disclosures.
3. To explore the intention of Malaysian individual investors in using CSR information as a guide to their investment decision.
4. To explore the types of CSR initiatives preferred by the Malaysian individual investors to form their opinions towards the companies.

This chapter then continues with implications of the study, limitation of the research, recommendations for future research, and ends with a brief conclusion.

5.2 Discussion of major findings

With 4 themes, consisting of 11 categories emerged from the data collected, the outcome of this study is able to contend that the analysed data in Chapter 4 has substantially satisfied the research questions.

Theme 1: The perceptions and understandings of Malaysian individual investors of different educational backgrounds towards CSR initiatives.

Theme 2: CSR disclosures and investment decisions.

Theme 3: The significance of annual reports in communicating CSR information.

Theme 4: Types of CSR initiatives favoured by the Malaysian individual investors.

Theme 1 answered the first research question: What are the perceptions towards CSR disclosures among Malaysian individual investors from the different educational backgrounds?

Theme 2 answered the second research question: How do Malaysian individual investors perceive the relationship between CSR disclosures and the potential return on their investment?

Theme 3 answered the third research question: What type of CSR initiative is perceived by individual investors as significant and relevant in making their investment decision?

Theme 4 answered the fourth research question: To explore the types of CSR initiatives preferred by the Malaysian individual investors to form their opinions towards the companies.

The discussion of each themes is outlined as below.

Theme 1: The perceptions and understandings of Malaysian individual investors of different educational backgrounds towards CSR initiatives.

The findings of this study showed that the 8 respondent do have meaningful and particular understandings on matters related to CSR disclosures. In respective to their educational background, each respondent's perceptions towards CSR disclosures are summarised in the following table.

	Respondents	Opinions			Result analysis
		R	A	CC	
Perceptions	A	No significant relationship	-	-	Practicality of CSR activities
	B	No significant relationship, Positive relationship	Optimistic	-	
	C	Negative relationship, No significant relationship	Optimistic, Supportive	-	
	D	No significant relationship, Positive relationship	Optimistic, Disinterested	Credibility	
	E	No significant relationship	Optimistic	-	
	F	No significant relationship	Uncertain	Credibility	
	G	Negative relationship, No significant relationship	Subjective	-	
	H	No significant relationship	Optimistic, Supportive	-	

Table 2: Perceptions towards CSR initiatives I

	Respondents	Opinions	Result analysis
		PI	
Perceptions	A	Compensatory measures, Reputation and image building, Smokescreen	Beneficiaries of CSR activities
	B	Benefits & welfare of stakeholders, Compliances with authorities, Reputation and image building	
	C	Benefits & welfare of stakeholders, Compliances with authorities, Reputation and image building	
	D	Benefits & welfare of stakeholders, Compensatory measures, Compliances with authorities	
	E	Benefits & welfare of stakeholders, Reputation and image building	
	F	Reputation and image building	
	G	Benefits & welfare of stakeholders, Compensatory measures, Reputation and image building, Smokescreen	
	H	Benefits & welfare of stakeholders, Compensatory measures, Reputation and image building	

Table 3: Perceptions towards CSR initiatives II

*PI: Perceived Intentions of CSR; R: Relationship between CSR and financial performance; A: Attitudes towards CSR disclosures; CC: Concerns over CSR activities

In Theme 1, it is prominent that all the respondents entailed their understanding of CSR around the practicality of CSR activities, and the beneficiaries of such CSR activities. Regardless of their educational background, all the 8 respondents find no significant relationship between the CSR activities and financial performance, and only minimal positive and negative impacts are perceived in the relationship by Respondent B, C, D, and G. Unparalleled to the existing literature where individual investors with higher educational background tend to perceive a significant positive or negative relationship between the CSR and financial performance, the findings of this study evidenced the otherwise in the Malaysia context. In the beliefs of the 8 respondents, the value and practicality of CSR activities do not necessarily translate into substantial influence on the financial performance of the companies and stocks. The apparent outcomes also suggest that Malaysian individual investors, with and without tertiary education, are fixed at the sole reliance on financial information for forming their assessment of financial performance. Nonetheless, as conceived by Respondent B, C, and D, it is noteworthy that a positive relationship is possibly present when Malaysian individual investors are investing in long-term perspective due to accumulated goodwill; and a negative relationship is likely to take place if the company spends excessively on the CSR activities which could diminish profits and returns for shareholders. The same evidence can also be seen in the study done by Lioui and Sharma (2012).

Furthermore, all the respondents generally hold positive attitudes towards the CSR activities carried out by companies. Optimistic attitude saliently stands out among the responses given by the respondents, concluding that Malaysian individual investors do view the CSR efforts positively, even though such view does not materialise in their investment decision. The findings also observed that different education backgrounds have no consequential impact on their attitude, as all the respondents share a common attitude where they are optimistic about the intentions and results of CSR activities. An instance is that Respondent F, who is without tertiary education, holds uncertain views towards CSR activities. She opens up the possibility that the attitude of individual investors without tertiary education may be easily influenced or is highly dependent on the market sentiments when CSR activities are disclosed. It has also come to the study's attention that certain individual investors in the market, such as Respondent D, may feel disinterested in the CSR disclosures, citing that CSR activities are ordinary and lack distinctive across companies. Noticeably, consistent with the research by Cohen and Simnett (2015), the

concern of credibility over CSR activities also emerged in this study in addition to the positive attitude. This means that certain individual investors have reservations over the credibility of CSR in terms of its intention and the actual outcome, but at the same time remain positive when exposed to verified CSR news (Casey & Grenier, 2015).

The perceived intentions of CSR play an important role in helping Malaysian individual investors to evaluate the companies. The findings discover the conscious reflection of the 8 respondents when exposed to CSR disclosures. The majority of the respondents indicated that companies are engaging in CSR activities with the genuine intentions to take care of the benefits and welfares of the stakeholders; while some of them think that CSR serves utility purposes such as reputation building and compliances; and a few of them proposed an opposite viewpoint where CSR could come with the intention to divert public's attention from the company's misconduct. These perceived intentions vary due to the different beneficiaries of CSR activities. In other words, when determining the intentions of CSR activities, the individual investors tend to look at main beneficiary or the main parties at the receiving end of the CSR benefits. Linking to Brooks and Oikonomou (2018), if the main beneficiary is the company itself, then it might be perceived as a reputation-building or smokescreen tactic, as the outcome of the CSR activities contributes to the welfare of the company.

Theme 2: CSR disclosures and investment decisions

Having discussed the perceptions and understandings of Malaysian individual investors of different educational backgrounds towards CSR initiatives in Theme 1, Theme 2 continues with the discussion on the use of CSR information in investment decisions and the impact of CSR disclosures on investment decision. In Theme 1, it is apparent that all the respondents generally hold positive and evaluative perception towards CSR activities. However, the findings, which inductively formed Theme 2, indicated that such perception does not resultantly translate into the 8 respondents' investment decisions. The findings show no substantial use of CSR information in their investment decisions, and likewise, the CSR disclosures of the company have no impact on their investment decisions. The findings are highly consistent with the existing literature, where majority of the investors were unwilling to sacrifice financial return for socially responsible corporate behaviour (Hill et al, 2006; Rosen et al, 1991). Resembling the elements of stockholder theory, the

Malaysian individual investors believe that companies are on the obligation to maximise the profits accruing to shareholders and increase the stock's performance. Hence, the adoption of financial information and stock-related news tend to primarily and critically serve the interests of the individual investors. This view is further strengthened when all the respondents claimed no impact of CSR disclosures on their investment decisions. It is understood that the respondents do peruse the CSR information, but the perusal has nearly no role to play in their investing behaviours. Citing the traditional view of stockholder theory, in this instance, the respondents deem that CSR activities have no association with dividends and increased share price, as the management is the agent acting on behalf of the shareholders to maximise their values (Friedman, 1970; Freeman et al., 2010).

Traditionally, shareholder theory emphasises that the management of the company should avoid engaging in philanthropy acts (contemporarily known as CSR), since this is not the management's duty and purpose. Instead, the company should distribute the dividends to its shareholders, who then have the right and option to contribute the dividends gains for philanthropy (Freeman et al., 2010). The literature mentioned above is less reflected in the findings of this study. While it is evident that the primacy of all the respondents is on the financial information and the impact of CSR disclosures is nearly absent, none of the respondents' responses suffice the above claim. In fact, Respondent D and E attributed the possibility of satisfactory investment gains to the benefits of CSR activities, provided the investment is on a long-term basis. They laid out the view where the company's ethical and moral actions can help improve the relationship with its stakeholders such as the employees and suppliers, and in return this relationship will put the company in a better financial position. Thus, it suggests that incorporating the stakeholders' interests via CSR activities is pertinent and sensible in the long-term prospect.

Next, knowing that the 8 respondents do peruse CSR information in their own understanding, it is important to examine the impact of CSR disclosures on their investment decisions. Behaviourally, the findings clearly show that CSR disclosures have no significant impact on the individual investors' investment decisions. When observed, financial information is the sole information that the 8 respondents regard as important and salient in helping them to form their investment decisions. Thus, the relationship is clear whereby favourable attitudes and perceptions do not directly and positively influence the investment decisions. In the interpretation of the 8 respondents, CSR information is

positively viewed as supplements to the operation of the company, but does not resultantly bring about realistic financial gains in their investment portfolio. Appealingly, even though not representing the opinions of the majority, the responses given by Respondent C and D are worth noting. Respondent C claimed that his investment decision might be negatively impacted by the CSR disclosures if he deems the CSR activities involved excessive resources and spending. Consistent with Hassel et al. (2015) research, he is concerned with his stock earnings being lessened as more resources are channelled into business-unrelated activities. Conversely, Respondent D sees CSR disclosures as a positive impact on its long-term investment decision. As suggested by Chen and Gavius (2015), due to the betterment of stakeholder relationship via CSR activities, the company tends to have promising prospects and financial performance. The differences in the opinions given by these 2 respondents are navigated by their interest in being a value-centric or profit-centric investor.

Theme 3: The significance of annual reports in communicating CSR information.

In Theme 2, it is understood that the 8 respondents have the experiences of accessing to and assessing the CSR information, as well as forming their own opinions in their own understanding and educational background. It is also crucial for this study to examine the individual investors' tendency to search for CSR information as exposure to such information is the premise in the formation of the discussed attitudes and decisions. Unanimously, all respondents are passive in the search for CSR information. This scenario poses the connotation that passive information acquisition does strongly exist in the context of CSR disclosures. This behaviour is consistent across both electronic and print resources, and the respondents only read CSR information when being shown to. Thus, the main point is the perceived usefulness and perceived quality of an annual report from a user's perception (Stainbank & Peebles, 2006).

Recalling the discussion in Theme 1, credibility is the primary concern over CSR disclosures. Although all the respondents receive the CSR information passively, the findings subsequently revealed the types of platforms perceived by the respondents as credible; they are annual report, newspaper, magazine, and social media. When asked to explain the reasons for such perception, verified sources and factuality of reporting appears to be the main reason given by all the respondents. These platforms, as claimed, offer

information that is verified and scrutinised by third parties other than the producer of the CSR information; they include authorities, auditors, editors, and even users of the same information. Traditionally, the government authorities, qualified auditors, and editors are the fit gatekeepers of factual information. Thus, it makes sense when annual reports, newspaper, and annual report are asserted in their responses (Pflugrath et al., 2011). However, the claim that social media is a credible platform for CSR information by a few respondents is a refreshing assertion. This is because social media operates in a loosely regulated environment where all the users are free to produce, comment on, and share information without verification, thus making it less reliable for factual CSR disclosures (Deibert, 2019). In the absence of qualified parties to review the CSR information, the respondents view the comments made by other users on social media as scrutinization and credible reference.

It is also of utilitarian perspective to explore the motivators and deterrents in the use of annual report for CSR information. As annual reports are a single and formal corporate document distributed to the publics, it is critical to determine what lies behind its utility. Coherent with the main purpose of the annual report, the findings detected that the factors of “sufficient information”, “credible information”, and “easy to read” are the incentives for the individual respondents to read about CSR information on the annual report (Mousa & Hassan, 2015). On the other hand, those who had identified themselves as reluctant to use the annual report for CSR information expressed deterrents such as “CSR is not the main focus”, “hard to read”, “low visibility”, and “low educational background”. Notice that the findings have captured “easy to read” and “had to read” as two mutually exclusive factors, suggesting that readability of annual reports is subjective due to each annual report having different editorial approaches. Characteristically, some respondents claimed that short and precise information, interesting editorial, and bilingual contents could motivate them to use the annual report for CSR information. Whereas, lengthiness of information is what discourages the respondents from doing the same. Thus, motivators and deterrents in the use of the annual report for CSR information are closely related to the individual attributes of individual investors. As a result, the effectiveness of annual reports in communicating CSR information is rather an idea of subjectivity. Citing the principle of effective communication, what is meant is understood will describe the effectiveness. Nonetheless, no company should deviate from the strict adherence to producing concise, precise, and factual CSR information in their annual report.

Theme 4: Types of CSR activities favoured by the Malaysian individual investors

Coherently, this study also seeks to discover the preferences of Malaysian individual investors towards the types of CSR activities and the industries to be engaging in CSR activities. In general, all the respondents based their preferences on the belief that CSR should be used as a compensatory and restorative measure, and make meaningful contributions to the stakeholders. Likewise, the industries pointed out by the respondents with strong calls to engage themselves actively in CSR activities share a common trait, in which their business operations cause significant negative effects to the environment. The findings are strongly related to Casey & Grenier (2015) research where companies in environmentally-exploitative industries should voluntarily engage and disclose their CSR activities. The industries range from sectors that produce necessities such as transportation, housing, oil and gas, and manufacturing, to controversial ones such as fast and luxury fashion, tobacco, and brewery. More specifically, these identifications emerged from the awareness that these industries are morally and ethically obligated to redress their adverse impacts on the environment.

Furthermore, the calls for more ethical practices in the business operation and philanthropic efforts dominate the preferences of the 8 respondents when asked about the CSR aspects they would prioritise. The social and environmental emerges with the majority of the emphasis, and followed by the economic aspects, which received fewer attention. The central idea is that the CSR efforts must confer substantial and visible benefits on society, thus possibly explaining why social and environmental are strongly emphasised. On the other hand, the economic aspect may not directly come into the concern of the individual investors, partly due to its less attention-grabbing nature. Also, with reference to the excerpts of the respondents, it can be seen that the discussion of social and environmental responsibilities tended to invoke emotions and sentiments among them, as these responsibilities have higher proximity to them who are both shareholders and stakeholders. The same scenario was also evidenced by Andriof et al. (2017). For instance, the companies' efforts to promote philanthropy and be environmentally conscious in the business conducts.

5.3 Implications of the study

The implications of this exploratory qualitative research can be viewed from 2 perspectives.

5.3.1 Implications for managers

The bottom line of CSR is that it should not be viewed by the managers of the company as a marketing strategy, but rather a measure that broadens the benefits to the company and the environment it operates in (Liechtenstein, Drumwright, & Braig, 2004). Revolving around the ideology of stakeholder theory, CSR should be conducted in the manners that add values to the corporate brand equity and contribute to reputational advantages in the long run. Deriving from the findings, this study recommends that efficacy of CSR activities is largely determined by the orientations and interests of its stakeholders, in which positive emotion and sentiments outcome will enhance its corporate reputation, and ultimately improve its financial and stock performances. In regard to shareholder theory where the managers are the agents accountable for running the company and generate profits, should proximate the CSR activities with optimal spending and resources as to satisfy shareholders' expectations. Besides, companies that attempt to sustain competitive advantage should pursue and understand the individual investors' perceptions towards CSR and investment decision. Otherwise, poor observation and neglect over the impact of CSR on the stakeholders or fallacious CSR portfolio can have a long-term negative effect on the company's reputation and value.

Furthermore, CSR efforts will be in vain if not communicated effectively to the individual investors. Unlike institutional investors who have vast resources to conduct comprehensive and systematic evaluations of the companies, the individual investors' investment decisions and assessment of the companies are often formed in their own relatively lean apprehension and knowledge background. Strategically, this poses the importance for the managers to produce, edit, and tailor their CSR disclosures with high readability across print and electronic platforms, particularly the annual report. The managers should be aware and sensitive to the ease of use of their annual report contents by conducting researches to understand the publics reading preferences. This consistent measure is vital to ensure its CSR disclosures are understood to a large extent by the majority of the individual investors.

5.3.2 Implications for stakeholders and individual investors

On the fact that individual investors are also the stakeholders of the company, the term stakeholders will be used in this passage. The idealised bottom line of CSR is that it should not be viewed by the stakeholders as a marketing strategy, even though the popular opinion is still so. Thus, it may be difficult for the stakeholders to value the CSR attributes when they are unable to determine if the company's business conducts and operations meet the moral rectitude portrayed through CSR activities. Thus, deeper scrutinization from the stakeholders is needed. As seen in the findings, the stakeholders' main concern over the CSR disclosures is credibility, and stakeholders should play the role as activists to address this concern by reviewing and demanding more credible and unbiased responsibilities from the companies. As such, stakeholders' involvement and orientation will positively influence the CSR investment and disclosures (Van der Laan Smith et al. 2005).

As findings suggest, it can be discerning that the Malaysian individual investors do not value the CSR attributes in their investment decisions. Supported by the stakeholder theory, the growing significance of CSR has a considerable positive impact on the sustainability of the company. Although immediate positive impacts are unlikely to be seen in the short-run returns or reflection in the stock market, CSR plays a critical in building strategic differentiation and competitive advantages for the company longitudinally. As shrewd and long-headed individual investors, a weighty amount of attention should also be paid to the CSR disclosures in addition to the financial information when making an investment decision. The annual report should also be utilised as the main resource for CSR information as the factuality of the activities and outcomes are verified by both the government authorities and independent auditor in the report.

5.4 Limitations of the study and recommendations for future research

Despite the groundwork that the findings established, this study has a few limitations. First, the respondents of this study were sourced through the snowballing technique in which they were referred by other respondents and selected based on the inclusion criteria outlined in Chapter 3. Primarily, their identity and background sufficed the needs of this research; however, their representation lacks racial and cultural diversity. All of the respondents are of Chinese ethnicity and similar cultural upbringing. This study is of the view that future CSR research conducted in the Malaysian context should incorporate the participation of respondents from the Malay and Indian ethnicities, as differences in perceptions and understanding do exist across the multiracial context in Malaysia. For a broader engagement, the participation of all ethnic groups is able to make contribution to the generalisation of findings.

The second caveat related to the biases tended to take place during the data collection phase due to half of the respondents being peers and acquaintances to the researcher. Even though the biases in responses are not evident, the respondents might have had the attempt to assert their responses in a way to accommodate the desired outcome of this study, which may have defeated the objectivity of this study. Their attempts were pointed out and reminded by the researcher to ensure no biased response were given. Nevertheless, it serves as a caution and recommendation for any future research that the respondents should be sourced from a community that has no direct relationship with the researchers. This is of paramount importance to ensure objective and individual characteristics are captured during the in-depth interview.

Third, it has come to the study's awareness that a specific educational background should have been the controlled variable in the study. Having a mixture of respondents of different educational backgrounds does not necessarily reflect the actual scenario in the Malaysian context, as the quantity of each respondent from each educational background is somehow insufficient to constitute generalisation. Hence, the effort to compare the perceptions and investment decisions across respondents with the different educational backgrounds are deemed difficult in the analysis. However, the current findings do lay the foundations in the Malaysian context for future research to examine the differences and relationships between individual investors from different educational backgrounds. This paper recommends that future research with similar objectives should examine the individual investors of a certain education background individually, in a single and separate

research. Thus, each study will represent a group of different individual investors and makes the comparison of their investment decisions in relation to the educational background more feasible.

Lastly, future research is recommended to explore the impact of the CSR disclosures on the Malaysian individual investors' investment decision quantitatively. Although this study provides exploratory findings with richer and contextual opinions of each respondents, however, the relationship between CSR disclosures and investment decisions is not concrete and evident. Perhaps, quantitative studies in the follow-up research will be able to provide more salient and prevalent relationships between the variables and factors elicited in this study. Also, a lot more researches are to be done to theorise any mechanisms or framework that correlates the variables of this study in the Malaysian context.

5.3 Conclusion

Companies have an impact on society and vice versa, thus it is essential to understand the mutual responsibilities that CSR entails. Overall, the findings of this study have answered all the research questions and met the research objectives. This qualitative study examined the impact of CSR disclosures on the Malaysian individual investors' investment decision, and identified multiple factors that influence the impact and use of CSR information in their investment decisions. It is revealed that individual investors generally hold positive attitudes and perceptions towards CSR disclosures and companies who actively engage in CSR activities. However, such perception towards CSR disclosures is unlikely to be translated into actual investment decisions, and the Malaysian individual investors tend to base their investment decisions solely on the financial information, unless it is for the long-term investment portfolio, then the impact of CSR disclosures is observable. By using in-depth interviews, this study also makes several valuable contributions to the existing literature, particularly to the related research areas in the Malaysian context by detailing richer responses captured in the interviews. Specifically, the paper also finds no distinct differences among the perception of individual investors from different educational background towards firms' CSR disclosures, suggesting that profit-oriented individual investors share similar evaluative criteria when making investment decisions. Importantly, as an emerging economy, Malaysia offers opportunities for transdisciplinary CSR research that intend to explore in-depth and contextualised understandings of the perspectives of various stakeholders.

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APPENDICES

Appendix A: In-dept Interview Questions

Project Title:

The Impact of CSR Disclosures on Malaysian Individual Investors' Investment Decision

1. Can you share with me about your investment background and portfolios?
2. Do you have any defined guidelines, rules, or mission that guide your investing decision? If yes, can you elaborate them?
3. In your opinion, how would you define the corporate social responsibilities (CSR) of a company?
4. How do you come to know about the CSR initiatives taken by the companies in your investment portfolio? Do you usually take the effort to look for the CSR information of the company, or do you only see what is shown to you without actively looking for the information?
5. What are your views or opinions towards those CSR activities? Do you think they are done genuinely out of the good faith of the companies? Why?
6. Why do you think companies engage in CSR activities? How would you describe their intention of carrying out the CSR activities?
7. What type of companies or nature of businesses that you think should engage more in the CSR activities? Why?
8. What types of CSR activities that you consider as important or significant in the social, economic and environmental aspects? Which aspect/s would you prioritise or focus on?
9. Do you think the CSR activities that you read on different platforms are credible?
10. Do you think annual reports provide sufficient and comprehensive information about the CSR initiatives taken by the companies? In your understanding, how would the CSR initiatives impact your investing decision?
11. Do you think the CSR initiatives taken by the company will bring a higher return to your investment? Why?
12. Will you invest in a company which has been actively engaging in the CSR activities. Why?
13. Do you have anything to add on? Are there any important elements that you want to emphasise more in your investing decision or the CSR initiatives?

Appendix B: Interview Transcripts of Respondents

Respondent A:

Age: 27

Educational level: Bachelor's Degree

Occupation: Engineer

Interview location: Google Meet

1. Well indeed some companies did a lot of CSR activities, but i think it is hardly to judge whether the company is doing genuinely out of the good faith of the companies. But if really want me to choose yes or no, I will say 50-50, because it depend on the situation. Such as my ex company topglove, the chairman is chi tzi member, so he is in heart to help out those poor people. But in in term of business perspective, they did a lot of gotong royong to show they care about the environment but in fact is because the waste disposal from the factory are affecting the area environment.
2. I think companies in manufacturing business because they do dispose a lot toxic waste to our environment and they should do specific CSR activities such as gotong royong or planting trees.
3. I don't usually read what they do in CSR activities in my investment criteria so I think I could not answer you this question. As an investor, I focus only on the financial aspects of the company that helps me make up my investment decisions. I simply do not see why CSR affects the financial performance of the company. Otherwise, to an extent, I would only think that consumers will buy from companies with good reputation, which means those do many CSR activities.
4. Well as per question 5, I don't usually consider reading this CSR section in the annual report. And even if I do, I think it will be sufficient as annual report is too long to read. I, as an investor, would prefer shorter and precise information. When information other than financial information in the annual report are too long, I would just disregard them, that includes CSR information. Also, I do not look for CSR information at all and this is just not a practice of mine.
5. CSR has no impact on my investment decisions, as I do not consider them as the criteria nor do I think they are significant in the company performances. In my opinion and past experiences, I have not seen any solid evidence that CSR will improve the company's financial performance.
6. No, I don't think CSR will bring higher returns to the company's performance. Because I am investing for long term or good fundamental company. Stock are all about market sentiment, and it is all depend on news or hidden upcoming profit acknowledge. So even if CSR can help, that might help for the short term trade as the stock price might

go up with CSR announcement then maybe drop later in a quick time after the news has become quiet.

7. I will only invest when the company is earning or having chance to have increase in stock price. So if a company is actively engaging in CSR, in my opinion, the market sentiment will treat it as normal. So the stock price will not increase because of this, and thus, it doesn't matter for me.
8. No. Basically in investment decision, there is no right or wrong answer. It all has to depend on how you think the investment should be like.

Respondent B:

Age: 34

Educational level: Master's Degree

Occupation: Businessman

Interview location: Microsoft Team

1. I have been investing for about 5 years. These companies are mainly based in Malaysia, and some are in America. These companies are in the field of information technology, banking, and property. I tend to hold the stock for a long period of time due to I am not a frequent trader. I say so because I am not really keen in spending much time in monitoring the companies' performance.
2. There are no specific rules in my investment decisions. However, I do follow current market trends and the future prospect of this companies, as well as their current financial performance. As I said, I do not look for short-term gains, but rather I believe in long-term or future return. For instance, like Tesla.
3. In my opinion, I understand CSR as companies put in the effort to give back to the society. It can be any kind of activities that will benefit the stakeholders and community. I also know that CSR has increasingly become an important area for big companies, and by law, they will have to invest some efforts in CSR each year in Malaysia.
4. I do not usually look for those CSR information. What I see are what are shown to me in the internet or newspaper. Unless I am very interested in certain CSR information, then I will actively check the information out. For example, I am quite interested in profit-sharing scheme for employees, for this, if I happen to know that a company is having this scheme, then I will be quite interested to find out more.
5. I think CSR activities are generally good for both the company and the community or environment. Whatever a company does in CSR must be beneficial to the publics. I can also say that these CSR activities are sometimes put into place to build the image and reputation of the company. Are they really genuine? Well, good faith or not, I can only say that these CSR activities take care of the interests of the company and the publics. As long as the publics or stakeholders are being served and benefited, then I generally have a positive attitude towards the CSR activities.
6. I am aware that Malaysian listed companies are required to comply with the CSR rules of securities commission. I see this as one reason that company engage themselves in this matter. Second, like I mentioned, companies wants a good reputation, and CSR activities can help them with that. The intention is clear, when you have a good reputation in the market, consumers will like you. When they like you, they may think of your products or services more often. However, I do believe that some companies conduct CSR activities with the pure intention to give back, not for any publicity stunt. If I have to name one, Uniqlo?

7. I would like see companies in the oil & gas and mining industries to engage more in CSR. Reason being that these companies are exploiting the environment and taking away the earth resources. In other words, they are harming the environment more than others. So, logically, they have to contribute more to the society, at least try to take care of the surroundings. Without CSR, these companies are only there to make money and the publics have to suffer from their harmful business activities.
8. I would say social and environmental aspects are more important. This is because publics and environments can be taken care of with CSR. At the same time, as an entrepreneur, I do want to see more CSR where employees are benefited too. This includes employee profit-sharing or better welfare. Afterall, you can't be investing so much in the society but neglecting your own employees who help run the business. I will also believe that companies who treat their employees will tend to have a better future and business.
9. I don't have a specific source or platform for me to read about CSR information. But to name a few, I would say social media and annual report are more credible than other sources like newspaper. For social media, I believe if many people are reading and sharing the same CSR news on Facebook or Twitter, the news then must be legit or real. If the company lied about the CSR news, then people will quickly find out. The same goes to annual report. Whatever you state in the annual report must be true otherwise Bursa (Bursa Malaysia) and other authority will punish you for any fake CSR activities. I don't really believe much in the newspaper nowadays because companies can pay them to publish good news for them.
10. Yes, I think so far, for I have read in the past, is enough and sufficient. In the annual reports, you are able to see pictures that tell you what they had one for the community or environment, and some are quite interesting actually. However, I did see a few companies that used CSR to give out their expired products to the old folks homes and pretended it to be a CSR activity. This is really bad and should not be happening. So, companies have to make sure whatever CSR they plan to do and put in the annual report, they must really give good impact to the society.
11. To be honest, it does not. I know that CSR is good for the company in certain ways. But when it comes to actual investment, I will rely more on the financial parts of the company. As an investor, the financial information will allow me to judge the company better, as I am trading with money. It will be a plus to see CSR information, but that does not really influence my decision.
12. I don't think so too. The CSR activities will not necessarily bring higher returns or more profits. But, I do believe that if a company has a good reputation in the market, they tend to survive or do better in crisis. For example, if you have done many CSR in the past to help the people, then you will still have the support from people even though competitors spread negative news about you. I haven't seen any cases in my portfolios or experience that CSR will cause the company to perform better, so I would say no for now.

13. Again, it depends on what you want to achieve as an investor. Personally, I will base my investment decision on figures like profits and losses of the company. But, if the market reacts well to a specific CSR activity, then maybe I will follow the trend and invest in the company. Market is sensitive and knows better than me. I might be wrong for now to look at financial information only, but no one has advised me to look at information other than the financial aspects and business activities.

Respondent C:

Age: 31

Educational level: Bachelor's Degree

Occupation: Engineer

Interview location: Zoom

1. My portfolios include both local and overseas companies. For local, I invest in banks, government-linked companies, and some property developers as have more knowledge in this companies. For overseas companies, I invest in technology and pharmaceuticals.
2. My mission is to achieve 10 to 20% of return annually. To do so, I study and observe the company well. I study their past stock performances, financial outlook, and dividends. Other than that I have no other guidelines, unless there are some 'dark horses' companies in the market that show very promising returns out of the blue. In that case, I tend to disregard those information and act fast to invest.
3. My understanding of CSR is about a company doing charitable activities or the acts of giving back to the society. For example, we can see that some big companies volunteered to help out those victims of floods in some rural areas and provided them with necessities. To me, these are good acts and companies are encouraged to do them.
4. Honestly, I do not look for any CSR information of any company. If I happen to see any online, I would read it and that's all. It is nice to see companies are putting in effort in CSR but I will not usually, like you said, actively look for the CSR information.
5. First of all, my view is not biased. I do think some companies do it genuinely and some don't. I say so because as an outsider, I will not be able to know the decision made by the management of the company. Hence, how would I know their true intention? But there is no reason for me to dislike any companies that conduct CSR, right? So, I shall say I am supportive towards companies that do so. By supportive, I mean I will have better attitude toward them.
6. To have a better publicity than their competitors, I assume. From time to time, companies needs CSR news to boost their publicity and stay visible in the eyes of the consumers. I also know it is a requirement by authorities for listed companies in Malaysia to engage in CSR activities. Why it is so, I am not sure. But I think the government does it for good reasons.
7. Industries such as transportation and fast fashion. There could be more industries, but as far as I am concerned, I name these two industries. These two industries are harming the planet in so many ways. We may look very advanced and good with so many options of clothes and types of transportation. The more we use them, the more pollutions there will be. Eventually we will realise that it is not necessary for consumers to keep spending so much on clothes and petrol vehicles, and the companies make these products are not protecting the planet much.

8. I think all [social, economic, and environmental] is equally important. If a company is smart and wise enough, it should be able to balance between these three aspects. I am not able to tell what activities are more important than others because I am not the beneficiary of these activities so far. But whatever the companies do, it must consider the welfare of the targets. If the focus is on the social aspect, then they have to make sure the publics are being directly benefited from these programmes. Do not delay or procrastinate in your actions.
9. I would say business magazine and social media are credible in terms of giving CSR information. They give short and clear information on CSR information. Also, I have to admit that I am not a fan of reading long articles and news about information like this. As I said, I don't actively look for CSR information at all. I only read what is shown to me. Business magazine has the responsibility to report true information, so they probably won't lie about CSR news of a company. Social media is different but credible too. In social media, we are more than just a reader and we can always question the companies if we are sceptical. With this power, I think social media is credible.
10. I don't always read or refer to annual report for any information other than the company's finances and earnings. Partly due to my goal to make money only, I will disregard CSR information in the annual report. However, just an assumption, I believe the CSR in the annual report must and will be sufficient and comprehensive, as third party auditors will have to verify the information.
11. I don't see how is the stock performance related to CSR. So, CSR will not impact my investing decision. Trading is trading. The company's earnings is the only main factor that influence my decision. If you are asking me to answer as an consumer, then probably I would try to be the customer of these companies that do CSR, perhaps, because they represent something good.
12. No, I stated in the previous question. I don't see the relationship between the two. To be honest, I might be a bit reserved if the company I am investing in is spending too much efforts and money on CSR, and the money could have been used to pay the shareholders as dividends. Because the money and attention has now gone to the CSR activities, we might be paid less focus and that is a sign for me to watch out as they may also perform weaker in business.
13. Honestly, no. I have never thought of considering CSR in my investment decision. Even though, like you said, disclosures are put out for us to read, but it is no use in my decision and not for my concern so far. No matter how well the CSR is written in the annual report or websites, it is for the eyes of the authorities only, I think. Financial information is still the main thing to consider.

Respondent D:

Age: 26

Educational level: Bachelor's Degree

Occupation: Auditor

Interview location: Microsoft Team

1. My portfolios include stocks in banking, casino, medical supplies manufacturers, and gloves. I have been investing for almost 3 years. I have a group of friends who we discuss about stocks and market performance together.
2. My main goal is just to make consistent return for my investment. This will take a lot of time for us to study the market and so far, it has been working out well for us. I don't have specific rules or guidelines in my investment, but I do observe carefully the trend and stock price from time to time.
3. I studied about CSR in my Degree. To put it simply, CSR is a way for companies to contribute or give back to the stakeholders. Is it relevant? Yes, that is why our stock exchange like Bursa Malaysia is making it mandatory for all companies to invest in CSR activities. It makes sense for companies to comply with the requirements as we want to see companies act and operate in an ethical way on top of making profits.
4. I am an auditor and I have come across projects that require me to give my inputs in my clients' CSR. As for the companies I invest in, I do not really spend the time to find out more about their CSR activities. I do see some CSR news about them in the internet once in a while, other than that, I have not done any more homework to study their CSR.
5. Generally, I have good impression towards CSR activities. All companies have their calculations, right? They know what is the best for their companies, and at the same time taking care of their target stakeholders too. The funny thing is, since the government makes it compulsory for all the listed companies to have CSR, then what is so special CSR anymore when everybody is doing almost the same things? Since this is the case, I remain neutral and uninterested in their intention.
6. Like I mentioned, I think it is largely for compliance purposes. The intention is always good, after all, companies cannot be causing harms to people with CSR, right? The question is how serious they are and how much efforts the companies are willing to invest in CSR. To put it simple, it is about the quality of CSR.
7. From time to time we read news about some big companies are really causing harms to the environment and people in their business activities. We see developers are cutting down or burning trees to make way for their projects; we also see a few giant glove-making companies letting their foreign workers live in terrible and inhumane hostels; we also see reports that show how damaging the airlines industry is towards the climate change. All these are the companies that should be heavily putting money and investment in CSR, to compensate that they have done. However, even with what I said,

we should try not say who has more priorities than the others, but we want to see all of them are treating their stakeholders in an ethical way.

8. From a professional point of view and in a bigger picture, it is important for big companies to focus on environment issues and provide their supports to related NGOs. Climate change, global warming, deforestation, and air pollution are going to be the serious problems for the next few decades. They have to act fast with this CSR. For social and economic aspects, I think we are having a good progress already due to the laws and initiatives by the government. There is still very little effort or progress for environmental issues and people cannot rely so much on the government, so the big companies with the abilities to do it have to come in.
9. I think all platforms [business magazine, newspaper, social media, and annual report] are credible, provided the people must know how to assess the CSR news. By assessing I mean the people should know are the CSR worthy or not. Whatever the companies put out there must be real and factual, right? It is okay for them to beautify things up a bit in the news, but that is okay. We are smart and we can always share our thoughts on forum if we think the company is lying. As long as it is not some cheap stunts by the companies to gain unnecessary attentions, all is fine with me.
10. Definitely. Those tiny passages in the report are definitely enough to read, to the extent where sometimes you have got to skip some parts to get to the main point. For whatever I have read so far, I have no comment. I might not be able comment much on the CSR parts because I would usually just look at the titles and pictures and graphics to roughly know what they did. I didn't really read the entire article to be honest. Simply because that is not my main focus.
11. Well, it does matter a little bit. In long term, if a company has a good image or good conduct, this can help them to secure better business deals or suppliers or good employees. So, I might buy in the company's stock because it is likely to perform well and make better revenues. This does matter to me provided I plan to hold the stock for many, many years as long-term investment. For short-term trading, CSR information is quite irrelevant to my portfolios then. I will not consider what the company did on CSR simply because it will not determine how much I can gain from the stock performance. For fast trading, market trend and stock prices are the important stuff that I base my decision on.
12. As I said, it will if the company use CSR to gain a better position in the market that will bring it higher profit and better share dividend to shareholders. I do believe in this. However, when it comes to actual investment, I do feel that financial information of the company is more reliable and safer to be used in your decision. In other words, CSR is less reliable and has less material in actual investment. Investment has to be driven with proper figures and solid research on finance.
13. It is hard to say, and I can't say anything for sure now. What I know for sure is if the market reacts very well to the CSR activities done by the company, then I will be observing and following closely to see it is worth buying in the stocks, because some CSR might actually benefit the company in a certain ways and help it to perform better.

Respondent E:

Age: 25

Educational level: Master's Degree

Occupation: Advertising Specialist

Interview location: Microsoft Team

1. I have just recently started investing. The amount is small as I am still learning from investment classes. I only invest in Malaysian companies at the moment and plan to go for oversea ones once I have made enough capital.
2. I study the patterns of the stocks and get most of the useful information from online forum and newspapers. My mission is to make any return higher than the annual inflation.
3. I do understand CSR quite well as I have just taken a course called "Sustainability Communication". It is a way for the company to connect to its stakeholders outside of the business context. People do not just want to see companies as companies; they want to see if the companies really care about the society. People have seen enough of rich companies taking advantages from the society and now they are demanding for better and fair actions from the companies.
4. I do not take any actions to look for the CSR activities unless it is necessary for me to do so. Well, I will look for the CSR information when I am doing my, like assignments or research. Sometimes I do scroll pass some CSR-related news on Facebook, and I will have a short read if the titles catch my interest, otherwise I won't go deeper.
5. You can say it is for the purpose of having a "good face" but as the publics are getting smarter and smarter, companies also started to understand what they need to do to be really socially responsible. So, I will say that CSR are carried out genuinely and for good purposes.
6. You can think in this way, image CSR is like a risk-minimising project. When crisis happens, the good things you have done in the past may help you get through the difficult times. It is something like winning the hearts of the people with CSR and use it as a protection in case of bad things happen. These big companies understand the benefits of CSR and for the company's interest at large, they are willing to do it.
7. I recently watched a documentary on the internet that shows fast fashion industry actually produces 2 to 3 times more of carbon monoxide every minute than the aviation and marine industry. This is scary because all the while we have been blaming the airlines and transportation industries for causing harm to the nature. So, fashion companies should be alert that consumers have more awareness of their harmful business activities now and they start showing us more of their initiatives to protect the environment.

8. I am a nature-loving person so I would say environmental aspects are more important now due to climate change is a hot issue now. This really tests the big companies on how much effort they can put in and the cooperation with the government. This cannot be done in 1 or 2 years as it requires these companies to keep investing and changing their policies to protect the environment for many, many years to come. During this COVID pandemic, we can see some companies are willing to use their resources to produce sanitisers and donate them to the hospitals or poor. This is a kind act in difficult times. So, social aspects are important too.
9. Yes, newspapers and annual reports are credible to read. Because the news on newspaper are proofread and verified by the editors, so companies will not be able to publish whatever news they want without being checked first. Same logic for the annual report. The annual report also has to go through many steps of auditing before it is published. So, the credibility is there and to be honest, there is no much reason for companies to lie too, because it will be found out anyway.
10. Yes, quite sufficient and clear. If you read in detail, you will know what are the CSR activities or project they have done, and what are the results. The reporting has become better in these few years because we have these new rules and requirements by Bursa Malaysia and they really monitor them closely.
11. Not much impact. In reality what I refer to the most is still the financial performance of the company and the ups and downs of stock price. Of course, it will be a plus if I see the companies I invested in are willing to do more CSR.
12. Not necessarily. Like what I mentioned, it can become a protection for the companies in case crisis happen and the companies will need more social support to get through it. But when the company is in a crisis already, I will still sell my stock quickly for sure to avoid losses, no matter how well their reputation or CSR is. However, if I want to invest in a company for a long time, I will choose the company wisely, by that I mean a company with good reputation and good conducts.
13. It depends. If the company is less involved in activities that causes social or environmental problem, then I will not bother if it is actively doing CSR. For example, banking and healthcare. If the company is producing a lot of problems to the stakeholders, then definitely you will avoid investing in this kind of companies because you know their business won't be sustainable.

Respondent F:

Age: 27

Educational level: SPM (Secondary Education Certificate)

Occupation: Translator

Interview location: Zoom

1. Mostly, I make money from trading frequently and profit the difference between buy-in price and sell-out price. My goal is to become a professional investor in the next 1 to 2 years. I study the market trend graphs and take in advice from other professional investors. I also attend classes to know more about the investing techniques.
2. I have heard about and read about CSR. But frankly, I do not understand much about it even when I read about it. If I am to explain, I would say CSR is something like donating to charity and helping out the people in need in the society. I can always see news like these on social media like how much masks or groceries they have donated to the people in the rural area during flood.
3. No, I don't. I only read what is shown to me if I am even interested. It is kind of too lengthy sometimes and irrelevant to me. By lengthy I mean the article is too long and it makes it hard to read. By irrelevant I mean CSR is not my main area of focus.
4. I am not sure. I simply do not know how to judge the CSR activities. Perhaps, it is good and genuine when many people are complementing it and sharing the news on social media. If many people support the company in doing the CSR activities, then it must be good then.
5. Mainly, to look good. When they look good by doing CSR, government may favour them more or even support them in their business. Overall, companies carry out CSR to boost their business in a way.
6. I have no idea. I think whoever with more financial resources or the biggest among the industries should engage more in the CSR activities. They have been earning so much and getting the support of consumers, hence in times of difficulties, they should be giving back to the society.
7. The basic thing for them to do is giving back to the people in need and support the community with what they can offer. For example, like AirAsia, I know their business suffers during this pandemic and people want their money back for their unused tickets. But what did they do? They forced the customers to accept credits as refund. That was not nice, and I suffered from this policy. People need money during the pandemic and a big company like AirAsia is denying us of that. Maybe this is how the system works, I am not sure, but its stock price did perform poorly, and people are starting to not like them despite what they explained.
8. I think sometimes the companies themselves might glorify and exaggerate too much on what they did for CSR. You can always see that the same CSR news are being circulated on

social media for many days. I am not saying that the news itself is fake, but we have to know that it can be beautified too much until the actual meaningful purpose is lost.

9. I have not paid much attention to the CSR part in any annual report; hence I cannot answer this question. What I have read was just the financial statement of the company. If the company wants to make the CSR news stand out, they should have printed in the main part or first few pages of the annual report to catch my attention.
10. CSR disclosures have no impact on my investing decision. I just could not see how it will benefit me as stock is entirely determined by the market.
11. No, I don't think so. Unless you are super loaded like Charlie Munger who is the believer in "value investment", where you believe companies are accumulating values for its future, and not focusing only on accumulating wealth. But small investors like me are not rich enough to withstand and hold on to a company's stocks for 10 to 15 years. So, this makes the difference and I won't consider CSR in my investment decision.

Respondent G:

Age: 51

Educational level: Master's Degree

Occupation: Lawyer

Interview location: Microsoft Team

1. Bottom line, I wish to make at least 10 to 20% of return for my investment every year. That being said, it is definitely not easy. I had lost about RM30,000 in an opportunistic investment a few years ago when I blindly followed the market trend and tried to profit from transactions. After this incident, I learned that investment is more than following the market trend. We must always have our own judgement and invest within your capabilities. We are not afraid of risk; we want to have risk to be honest so that the higher the return will be. If I wanted to have little to no risk, I would have put my money in mutual funds or fixed deposits in banks. As long as the company's nature of business is promising and relevant to the present and future market, I would invest in it.
2. If I am to interpret the words "corporate social responsibilities" literally, it would mean that the company has a certain degree of responsibilities towards the society. It can be any form of activities that bring benefits to the stakeholders.
3. I don't take any effort to look for the CSR information of the companies I invested in. You have to realise the fact that selecting the right information to read is very critical in your investment. We want to focus only on information that give us better understanding of the finances and business of the company. Any information other than the actual figures can mislead you in your investment.
4. I wish I have more opinion towards the CSR activities. Overall, my view is neutral. If the CSR activities are for everybody's interests, then why not? It is only out of good faith when companies are not using CSR to save them from criticism for what they have done wrong.
5. From the company's perspective, I think the intention is to get tax deduction for what it has contributed to the society. It could also be the case for them to build goodwill or image around their brand. For example, Maxis is giving out free or very affordable mobile data plan for students who live in the rural areas during the COVID pandemic. What did they gain? They gained publicity and public supports by doing so.
6. From a very logical point of view, I think tobacco and alcoholic drinks manufacturers should be doing more CSR to make up what they have taken away from the consumers, which is health. While, this doesn't mean that these companies are at fault because consumers are the one demanding for these products. But it is true that these companies are profiting off the consumers on the expense of their health. So, they must do something to give back to them via charities or any sorts of good deeds.

7. I would say the environmental aspect is more significant. It is easier for company to do CSR for the social and economic aspects, after all, what they need to put in are just money and time to better the welfare of the consumers or employees. To better or to protect the environment will require the companies to change their practice and policies, and even improve their technology. This is much more difficult than doing charities and donating to NGOs. As usual, the more difficult it is, the more important it is for company to do so.
8. The information has to be credible otherwise it serves no purposes. Many parties are monitoring the content in the publications and there is very little incentive for them to fake the activities and outcomes, especially the annual report. I think since the company is capable enough to be listed, it will make sure all the information is correct and credible on all platforms.
9. I think it does give you an impression that the company is spending considerable amount of effort on CSR to make the community and environment better. We all have subjective view towards the CSR disclosures and whether a piece of information is sufficient or comprehensive. As long as you are able to understand, then the annual report already does its job well. To me, it is sufficient so far as I realise the authority is also requiring companies to publish a Sustainability Report along with the annual report to make the reporting more comprehensive.
10. Very little impact or no impact at all. If investment is about taking in information like CSR, then the market and stock prices will be very unstable because all investors will have different attitudes towards the CSR. As a sensible investor, one should base his decision on financial figures and the current market conditions like supply and demand.
11. I believe it will not. Perhaps they are incidents where CSR helped boost the company's confidence in the market and caused the stock price and dividends to increase. But this kind of incidents is very rare and happened during very special period. I don't think I have seen cases like this in Malaysia so far. So, I don't think it will bring a higher return to the company. In fact, if the company spends too much on CSR projects, shareholders may even question them because the profits could have been given out as share dividends. It doesn't make sense to me that a company is willing to sacrifice some earnings to make the environment better and to please the authority. Furthermore, if they spend too much effort on CSR, the shareholder might be unhappy because they think their dividends have been used on CSR activities.
12. With all the reasons I mentioned, my answer is no.

Respondent H:

Age: 26

Educational level: SPM (Secondary Education Certificate)

Occupation: Salesperson

Interview location: Zoom

1. I invest in REITs and glove-making companies at the moment. The size of my portfolio is not very big, it is about a few thousand ringgits only. I will usually trade my stocks through a third-party platform. The process is very easy.
2. In the past, I used to buy and sell stocks frequently to profit the difference. However, after having made some losses, I can now no longer withstand the volatile market. So, I hold most of my stocks as long-term investment. If the company has a promising and good future, I will invest in that company.
3. I participated once in Padini's CSR activity a few years back. They needed some part-time crew and I managed to become one of them. It was a donation activity for the poor and I was the back-end crew that helped sorted items into packages. From this experience, it is very common and often for companies to do this kind of activities. It is very good to see companies are willing to do this other than making money.
4. No, I have never. Perhaps it is just not my practice to look for such CSR information and it never came across my mind that I needed to. If the CSR news is famous enough, I would have seen it everywhere without needing me to look for it.
5. Positive view, I would say. They spend money on CSR for a reason and they must know that money alone cannot win the people's support. Hence, they must have had a genuine intention to do such CSR activities. I define genuine as not seeking any favour as return for the CSR activities.
6. Similar reason to the previous question. Also, it is a strategy for the company to stand out among their competitors and gain more attention from the customers. If you think about it, it is a win-win situation, isn't it? Both the publics and the companies are benefited from CSR. It is a great deal.
7. I am working in the luxury field, and to be honest, luxury fashion brands are really not sustainable and ethical. Even though I disagree with their products and their cruel practices to source for raw materials, I still stay with my company because of the good money in this business. For example, to make one fur coat, the manufacturer has to kill 20 to 30 minks for their fur. It is really not ethical and is considered cruelty. Other than fur, leather products also come from such animal lives. On one end the company is advocating for, let say, human right. On the other end, they are killing hundreds of thousands of animals worldwide just for clothes and bags. Isn't that hypocrisy? They could have used more vegan materials to make their products and not using CSR to cover the criticism for animal cruelty. To conclude, luxury fashion brand should

become the role model to lead such CSR activities, so that other brands will follow them.

8. I would prefer companies to carry out more activities to preserve the environment, like protecting the wildlife and reducing deforestation. We have no right to keep taking advantages of and using up the natural resources. If you want to cut down a tree, then make sure you replant it at the same time.
9. I got most of the CSR information from social media. Newspaper, magazine and annual report are credible too. By that I mean they are professionally done for publics to read. But, among these four platforms, I would say social media is the most credible since the news can be checked by all users online. In the event the information is not correct or entirely fake, then people will get angry and criticise the company.
10. My educational background is not very strong, and this causes me to have difficulties to read and understand the entire annual report, including the CSR parts. It is hard for me to understand when I can't understand most of the jargons and special terms in the annual report. But, the layout of the annual report is professional and systematic to read, so I would assume the information inside are comprehensive. I will look at the interesting pictures in the CSR parts to get a rough idea on what the company had done. This helps me understand the CSR activities better. Can I suggest the company to have the annual report published in Mandarin too? If Mandarin version is available, I will definitely read more on the CSR parts.
11. I think there is no impact at all. I simply do not know it would influence my decision and I cannot explain it. My apologies.
12. Why would the CSR activities bring higher returns? CSR is about spending money on the society and helping out with good causes, instead of bringing money into the company. This is my understanding.
13. I am very unlikely to do so. At the moment, I am focusing on financial information only such as the market trend. I may not invest in companies that carry out many CSR activities, but I will sure purchase their products or services, as a way to show support to them. As consumers, you have to support companies that are ethical and beneficial to the society, because they are hard to come by.