CSR REPORTING DURING THE COVID-19 PANDEMIC: A COMMON WAY TO DISCLOSE NEW SOCIAL AND ECONOMIC CHALLENGES

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ABSTRACT
The COVID-19 pandemic caused numerous socio-economic problems in addition to health consequences. Namely, during the pandemic, many companies suspended their operations, and trade was also disrupted in most industrial sectors. Furthermore, a number of existing assumptions, concepts and practices of corporate social responsibility (CSR) and sustainability were clearly questioned in this period. In this difficult context, companies are called upon to contribute to overcome the crisis with their socially responsible business and make a positive contribution to society. CSR disclosure plays an important role in informing socially responsible investors and other interested stakeholders about the challenges faced by companies in terms of CSR during the pandemic, as well as the CSR activities undertaken during this period. Keeping this in mind, the aim of the conducted research is to examine whether the COVID-19 pandemic affected the level of disclosure, as well as the change in CSR disclosure priorities among companies operating on two Southeast European frontier markets – Republic of Serbia and North Macedonia, through a comparative review of CSR reporting practices, in accordance with the GRI framework. The research includes 37 companies included in the structure of the BELEXline and MBI10 indices in the period before (2014-2019) and during the COVID-19 pandemic (2020-2021). Judging from the Economic and Social Disclosure Index structure and value trends, the findings indicate that: 1) the COVID-19 pandemic did not negatively affect the level of CSR disclosure, 2) social issues of sustainability were given priority in reporting, especially issues related to finding an alternative to layoffs, worker protection and safety at work. In this way, companies proactively interacted with stakeholders by disclosing additional CSR information focused on the existing social and economic challenges and their sustainability achievements during the pandemic period.

Keywords: *COVID-19 pandemic, corporate social responsibility, CSR reporting*

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1. INTRODUCTION

The world has changed dramatically since the emergence of the COVID-19 pandemic. The pandemic swiftly and harshly affected people's lives and economies around the world, forcing

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businesses and governments to quickly make necessary and difficult decisions to balance risks to individual health and economic health (Manuel and Herron, 2020). This period caused an unprecedented financial shock to global economies that led to a number of disruptions such as reduced labor supply due to the spread of infectious disease, reduced productivity, layoffs, lost income due to illness, disruptions in supply chains due to lockdowns, reduced household consumption and reduced investment of the businesses (Carroll, 2021). On societal level, it seems that no one was prepared for a large-scale of outbreak, with societies today more open than ever, and relying on importing of important products, such as food, energy, and medical equipment (Donthu and Gustafsson, 2020). The crisis is characterized by sudden shocks both on the side of aggregate supply and aggregate demand. The main trigger for negative repercussions was caused by global measures aimed at preventing the spread of the virus, which involved the temporary suspension or limited operation of certain activities. Accordingly, the impact of the pandemic on industries worldwide is large and highly asymmetric.

Namely, this extremely difficult period contributed to the suspension of operations of many companies, especially in the field of tourism and hospitality, and there was also trade disruption in most industrial sectors. The companies have been more focused on issues such as workforce, occupational health and safety, the supply chain, consumer demand, sales, and cash flow. One of the few companies that experienced growth in this period are those whose services were available online. In addition to the suspension of operations, the negative impact of the pandemic on companies was also manifested in the form of a drop in income, disruption of working capital and cash flow. Companies could not fully rely on governments for subsidies and aid that were also at a loss as to how to overcome the numerous problems caused by COVID-19 (Didier et al., 2021).

Alongside with significant disruptions and limitations in the operations of business entities, COVID-19 pandemic generated room for giving priority to social responsibility and intensifying the development of long-term sustainable business practices. Pandemic influenced companies to change their priorities regarding the dimensions of corporate social responsibility and sustainability (reorientation from the environmental towards social and economic dimension), and consequently the way companies report on their sustainability practices.

The contribution of the research is reflected in the fact that, to the authors' best knowledge, this is the first study that provides a comparative overview of CSR reporting practices in the period before and during the pandemic in two Southeast Europe frontier markets. Also, the results of this research shed light on the CSR of companies listed on the Belgrade and Macedonian Stock Exchanges in response to the pandemic and inform stakeholders about managerial disclosure decisions during a crisis.

The paper is organized as follows: the impact of the COVID-19 pandemic on CSR is reviewed in Section 2. Section 3 discusses CSR disclosure during the pandemic period. Next, Section 4 describes the dataset, research method and also discusses the research findings. The last section concludes the paper.

2. THE IMPACT OF COVID-19 PANDEMIC ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

With the onset of the COVID-19, a wave of the studies on the consequences of pandemic for sustainability and CSR has emerged. The pandemic has caused changes in the way companies perceive their sustainability goals, as well in the way of balancing between the long-term sustainability of companies' operations and their profitability (García-Sánchez and García-Sánchez, 2020). It was expected that companies' CSR would be put to the test and that their long-term CSR investments might be reduced as a result of a lack of resources (He and Harris, 2020). Consequently, during the pandemic period, the managers of certain companies focused primarily on short-term profit realization due to the increasing pressure to survive (Meirun et al., 2022), which resulted in them devoting less to socially responsible and sustainable business considering that CSR in this period could represent an unacceptable „luxury“ (He and Harris, 2020).

Contrary to this understanding, Singer (2020) points out that companies with strong sustainability initiatives serve as a reminder that commitment to sustainability issues is not a „luxury“ that companies can afford only in periods without crisis, since the companies that have invested in sustainability and socially responsible business managed better in the period of crisis and overcame it more easily. A similar conclusion was reached by Norton (2020), who followed the movement of the value of shares of companies with different ESG profiles, where the research results showed that it was companies with a better ESG profile, i.e. a higher degree of sustainability, had a smaller decline in the value of shares during the pandemic period compared to companies with a lower sustainability score.

Ursic and Smogavc Cestar (2022) state that at the outbreak of the pandemic in March 2020, the concept of CSR provided a theoretical and applied framework that considered finding fundamental responses to the social aspects of crisis action in business operations. Faced with increased pressure from the community, companies were actually called upon to adhere to the concept of CSR in their operations, as well as to adapt their CSR policies to the new pandemic context. In this sense, they were expected to take initiatives not only in favor of their employees and consumers, but also a wide range of philanthropic activities in support of the entire community and society in general (Raimo et al., 2021). He and Harris (2020) believe that the pandemic, which caused numerous health, social and economic consequences, provided the opportunity for companies to direct themselves towards more authentic CSR and provide their contribution to solving urgent global social issues.

Some authors also investigated whether the pandemic influenced companies to change their priorities regarding the dimensions of CSR and sustainability. So for example, Zhang et al. (2022) in their research have come to the conclusion that during the COVID-19 pandemic there is a change in priorities, whereby the social dimension of sustainability is highlighted as a priority. Within this dimension, the occupational health and safety plan, as well as engagement in philanthropic activities, are highlighted in the short term, while in the long term, the creation of new jobs is also mentioned in addition to the previously mentioned priorities. Barreiro-Gen et al. (2020) in their study on a sample of 635 organizations also have come to the same conclusion that in the pandemic period there is a greater focus on the social dimension of sustainability, while at the same time the importance of environmental dimension decreased. García-Sánchez and García-Sánchez (2020) concluded in their empirical research that during COVID-19, the economic dimension of sustainability was the most important for some large companies in Spain. Carroll (2021) pointed out that the economic responsibility of companies became highlighted during the pandemic, considering that in this period, the financial sustainability of a company was a much broader concept than just making profit for owners and that was primarily interrelated with continuing to provide the goods, services and jobs that
CSR and the COVID-19 pandemic consumers and employees need.

3. CSR REPORTING DURING COVID-19 PANDEMIC

A corporate social responsibility (CSR) report, or a sustainability report is usually an annual report published by companies with the goal of publicly reporting the impact of economic, environmental and social practices along with the positive and negative impacts of these practices on the realization of sustainable development goals (Humphreys and Trotman, 2022). The economic dimension of reporting refers to reporting on the company's impact on the economic conditions of stakeholders, as well as on the economic system at local, national and global level. Environmental dimension of reporting involves reporting on the company's impact on living and non-living natural systems, including existing ecosystems, while social dimension of reporting discusses the company's impact on the social systems in which the company operates (Theresia and Triwacananingrum, 2022).

Considering the importance of accurate disclosure of information about companies' operations, corporate disclosure in periods of uncertainty and crisis faces numerous challenges. As the COVID-19 pandemic has negatively affected companies around the world, the approach to communicating "bad news" to interested stakeholders in company reports is a topic of great interest. Existing literature has already identified that there is significant information asymmetry between companies and external stakeholders, while also suggesting that any uncertainty in the business environment and the occurrence of a crisis tend to increase information asymmetry (Ghosh and Olsen, 2009). Namely, the way in which the information in the reports is presented is extremely important for investment decisions, considering that in periods of crisis, managers can use strategies that involve concealing bad news (Merkl-Davies and Brennan, 2017) or opportunistic managers can increase information asymmetry between the company and its stakeholders in order to fulfill some of their personal goals.

The COVID-19 pandemic has caused a change in the priorities of companies and has affected how CSR reports are prepared. The changes brought about by the pandemic raise important questions about the use of CSR reports by both managers and investors. Anticipated long-term effects on health, economic situation and work environment imposed the need for accountants and auditors to make new judgments in an environment dominated by marked uncertainty (Humphreys and Trotman, 2022). Also, in this period, companies are faced with financial pressures and a lack of funds, which can inevitably affect the sustainability issues that companies will address, the content of CSR reports, as well as the need to revise these reports (Humphreys and Trotman, 2022). Considering that CSR information requires resources and causes certain costs, managers can limit the disclosure of such information. Bahadar and Zaman (2022) state that during the pandemic, managers can influence the reduction of uncertainty caused by it by disclosing additional information about their business, such as CSR information. Levy (2021) also points out that in the pandemic period when managers face social
and ethical challenges, they need to proactively communicate with consumers and employees by adopting better communication strategies. Humphreys and Trotman (2021) believe that in the coming period, socially responsible investors will demand reports that are more focused on what has actually been achieved in terms of sustainability during the pandemic period, instead of reports focused on the sustainability initiatives that have been undertaken. Given that the long-term management of social and environmental risks has also gained importance during the pandemic, investors may also increasingly demand disclosure of sustainability risks.

4. MATERIALS, METHODS AND RESULTS

4.1.Research design

With regard to the current situation caused by the pandemic and the changes that have consequently occurred, large and successful companies operating in the two Southeast European frontier markets – The Republic of Serbia and North Macedonia, are expected to overcome the crisis with their CSR operations and make a positive contribution to society. Accordingly, the empirical part of this paper is focused on researching whether the situation caused by the COVID-19 pandemic affected their CSR disclosure practices. Given that the position and trends regarding CSR disclosure in these markets have not yet sufficiently captured wider academic attention, we will attempt to fill the gap existing in empirical research, as well as to provide answers to two important research questions:

RQ1: What is the scope of CSR disclosure among companies included in the BELEXline and MBI10 stock exchange indices before and during the COVID-19 pandemic?

RQ2: Has the COVID-19 pandemic affected changes in CSR disclosure priorities for companies included in the BELEXline and MBI10 indices?

When it comes to the regulation in the CSR reporting area, in the Republic of Serbia, the obligation of non-financial reporting was introduced into the legislation in October 2019 with the adoption of the new Law on Accounting (which entered into force on January 1, 2020). In accordance with Article 64 of the Law, starting from the financial reports that are prepared on December 31, 2021, i.e. the Annual Business Report for 2021, those liable for the preparation of non-financial reports are obliged to include such information in the Annual Business Report (Law on Accounting, 2020). With regard to North Macedonia, there is no legal obligation to disclose information on non-financial indicators. However, in the Law on Companies from 2016 pursuant to Article 348, paragraph 7, companies, among other things, shall disclose information on their activities in the field of research and development, as well as information on the rights and benefits of the management and supervisory board members within the annual business report (Law on Companies, 2016).

In order to evaluate CSR disclosure, researchers broadly use the method of content analysis (Ehsan et al., 2018). Although there are several different approaches to this method, the most objective one involves formulating a Disclosure Index that overcomes the limitation of using descriptive data only. In this approach, the presence or absence of certain information is determined by simple binary coding (for example assign 1 if the information exists or 0 if the information is nonexistent) and then the index is calculated based on the aggregate result of all selected information (Ehsan et al., 2018). This study employs content analysis technique and develops two indices: Economic Disclosure Index (EconDI) and Social Disclosure Index (SocDI), in line with the results of research studies in which it was determined that during the COVID-19 pandemic the priority was given to the economic (García-Sánchez and García-Sánchez, 2020; Carroll, 2021) and social issues of sustainability (Zhang et al., 2022; Barreiro-Gen et al., 2020).

The structure of the EconDI consists of 13 indicators covered by the GRI 200 standards, while 30 indicators from the GRI 400 standards make up the structure of this index Social Disclosure Index (see Table 1).

Table 1. List of economic and social indicators

Economic indicators
GRI 201-1 Direct economic value generated and distributed
GRI 201-2 Financial implications and other risks and opportunities due to climate change
GRI 201-3 Defined benefit plan obligations and other retirement plans
GRI 201-4 Financial assistance received from government
GRI 202-1 Ratios of standard entry level wage by gender compared to local minimum wage
GRI 202-2 Proportion of senior management hired from the local community
GRI 203-1 Infrastructure investments and services supported
GRI 203-2 Significant indirect economic impacts
GRI 204-1 Proportion of spending on local suppliers
GRI 205-1 Operations assessed for risks related to corruption
GRI 205-2 Communication and training about anti-corruption policies and procedures
GRI 205-3 Confirmed incidents of corruption and actions taken
GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

Social indicators
GRI 401-1 New employee hires and employee turnover
GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees
GRI 401-3 Parental leave
GRI 402-1 Minimum notice periods regarding operational changes
GRI 403-1 Workers representation in formal joint management–worker health and safety committees
GRI 403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
GRI 403-3 Workers with high incidence or high risk of diseases related to their occupation
GRI 403-4 Health and safety topics covered in formal agreements with trade unions
GRI 404-1 Average hours of training per year per employee
GRI 404-2 Programs for upgrading employee skills and transition assistance programs
GRI 404-3 Percentage of employees receiving regular performance and career development reviews
GRI 405-1 Diversity of governance bodies and employees
GRI 405-2 Ratio of basic salary and remuneration of women to men
GRI 406-1 Incidents of discrimination and corrective actions taken
GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk
GRI 408-1 Operations and suppliers at significant risk for incidents of child labor
GRI 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor
GRI 411-1 Incidents of violations involving rights of indigenous peoples
GRI 412-2 Employee training on human rights policies or procedures
GRI 413-1 Operations with local community engagement, impact assessments, and development programs
GRI 414-1 New suppliers that were screened using social criteria
GRI 414-2 Negative social impacts in the supply chain and actions taken
GRI 415-1 Political contributions
GRI 416-1 Assessment of the health and safety impacts of product and service categories
GRI 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services
GRI 417-1 Requirements for product and service information and labeling
GRI 417-2 Incidents of non-compliance concerning product and service information and labeling
GRI 417-3 Incidents of non-compliance concerning marketing communications
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data
GRI 419-1 Non-compliance with laws and regulations in the social and economic area

(Source: GRI, 2020)

We used a binary scoring method of the CSR disclosures recorded in 1) annual reports, 2) CSR/sustainability reports and/or 3) web (online) content as a separate CSR heading, where the index positions in this paper are coded with 0 (if the information on the indicators is not disclosed), 1 (if the information in the report is descriptive) and 2 (if the information on the indicators is disclosed and is quantitative). The EconDI and SocDI were developed in two steps: (1) first, each indicator based on GRI standards was assigned a corresponding score (0, 1 or 2). Scores are not weighted, being assumed that each indicator is equally important; (2) after that, the highest values of EconDI and SocDI were determined as a sum of equally weighted index positions. The maximum value of the EconDI was 26, while the maximum value of the SocDI was 60.

4.2. Sample description

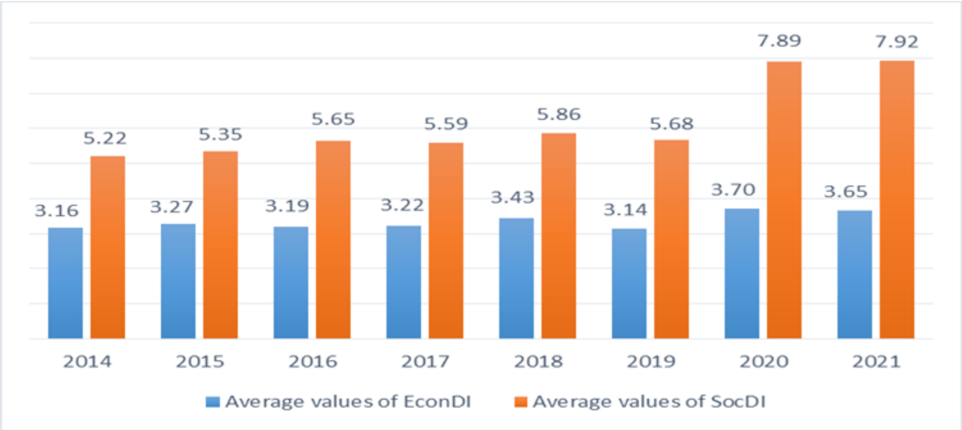
In order to investigate the practice of non-financial reporting in the period before and during the COVID-19 pandemic on two selected frontier markets, we used a sample of companies included in two stock market indices - BELEXline and MBI10. When deciding on the companies included in the mentioned indices, we had in mind that the stock market indices adequately reflected the situation on the market. The used method for sampling was the purposive sampling method, where the criteria were as follows: (1) companies that were listed on the Belgrade and the Macedonian Stock Exchange consistently in the period 2014-2021; (2) companies that issued annual reports and/or CSR/sustainability reports from 2014 to 2021. The original research sample included 39 companies, however, due to the lack of annual reports in certain years, the final research sample did not include the companies “Fintel energija” and “Žitopek”, which were part of the BELEXline index. Consequently, the final research sample consisted of 37 companies, namely 27 companies whose shares were included in the BELEXline index (23 companies from the real sector and 4 companies from the financial sector) and 10 companies that were of MBI10 index (5 companies from the real sector and 5 companies from the financial sector).

4.3. Results and discussion

In total, 296 annual reports published in the period from 2014 to 2021 by 37 companies, have been analyzed. With regard to the general aspects of reporting on CSR and sustainability issues only 5 companies out of a total of 37 (13.51%) prepare a separate non-financial report and/or CSR/sustainability report. These are companies whose shares are included in the BELEXline index. Namely, the company NIS is the only one that compiles a sustainability report based on GRI standards in the form of a separate report, ALTA bank prepares a CSR report, while the companies Energoprojekt Holding, Dunav osiguranje and Impol Seval disclose non-financial reports as part of their annual reports. This indicates that the companies in the sample are still not inclined to prepare a separate report exclusively for CSR issues. In the last two years of the observed period, i.e. during the pandemic, 13 companies from the sample (6 companies from North Macedonia and 7 companies from the Republic of Serbia) paid attention to issues related to the COVID-19 pandemic in a specific section of their annual report. The impact of the pandemic on these companies’ business was mainly explained, as well as the measures that the companies took in order to overcome the crisis they faced.

Based on the movement of EconDI and SocDI average values shown in Graph 1, it can be seen that the pandemic did not adversely affect the CSR disclosure of the companies included in BELEXline and MBI10. On the contrary, in 2020 and 2021 significantly higher average values of EconDI and SocDI have been recorded. This leads to the conclusion that most companies from the sample recognized the importance of disclosing additional information in the period of crisis in order to reduce information asymmetry. In this way, all interested stakeholders were informed about the potential negative impact of the COVID-19 pandemic on the companies' operations, as well as the initiatives taken by the companies in terms of CSR. The average values of EconDI did not vary significantly in the observed period while a more significant drop in the EconDI average value is observed in 2019.

Graph 1: Average value of the Economic and Social Disclosure Index in Serbia and North Macedonia

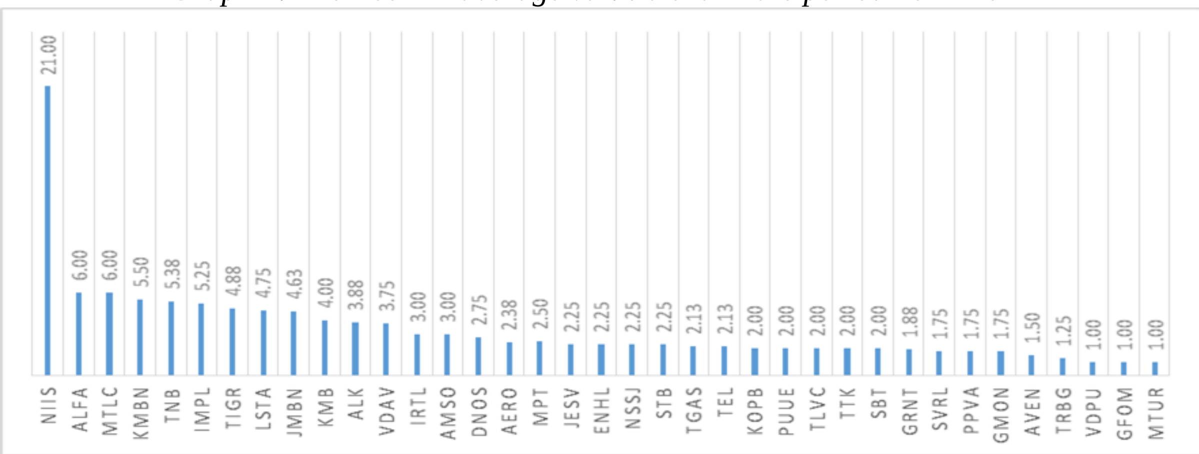


(Source: Authors’ calculation)

With regard to the social dimension of sustainability, the growing trend of disclosing information on social performance is evident, especially in 2020 and 2021 (Graph 1). Namely, in the period of the pandemic, in addition to numerous other issues of sustainability, companies were also faced with questions related to finding alternatives to laying off workers, as well as questions related to workers' protection, safety at work, programs for workers' education in newly created circumstances when certain companies switched to online work if their operations allowed for it. As a consequence, analyzed companies directed their focus precisely to the social dimension of sustainability and disclosed information on a greater number of social performance indicators closely related to the previously mentioned questions.

With regard to the trend of EconDI average values in the period from 2014 to 2021, it can be seen from Graph 2 that the highest average value of this index is 21.00 (the maximum index value is 26) achieved by the company NIS. The results are quite expected, taking into account the fact that the company NIS has many years of experience in CSR disclosure, given that it is the only company in the sample that reports on all economic performance indicators covered by *GRI 200*: Economic. Furthermore, we can see on the graph an evident drop in the EconDI average values, where the next two companies, Alfa Plam and Metalac, have EconDI average values of 6.00. These companies disclose information only on the following indicators: *GRI 201-3* Defined benefit plan obligations and other retirement plans, *GRI 203-1* Infrastructure investments and services supported, *GRI 203-2* Significant indirect economic impacts and *GRI 205-2* Communication and training about anti-corruption policies and procedures.

Graph 2: The EconDI average value trend in the period 2014-2021

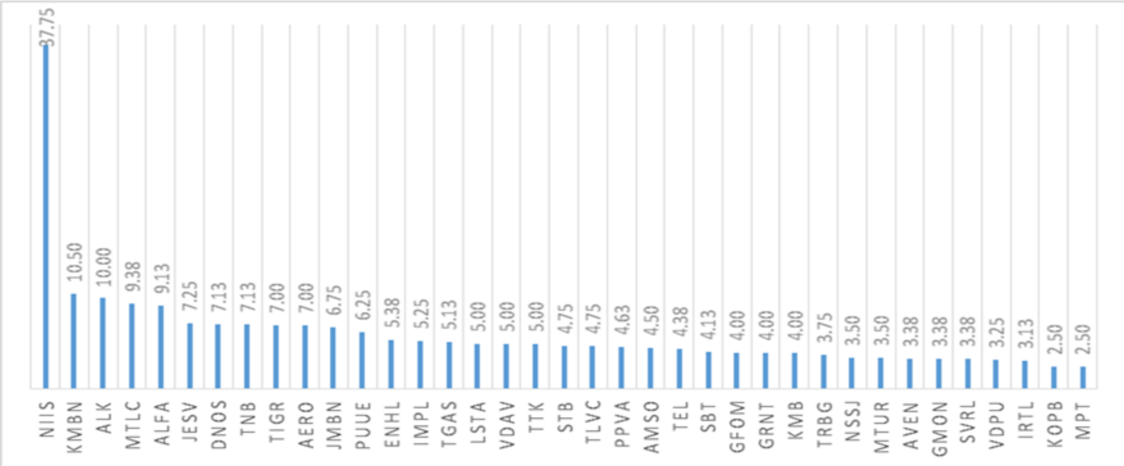


(Source: Authors' calculation)

Companies whose shares are included in the MBI10 have significantly lower EconDI average values compared to companies included in the BELEXline index. Among the companies included in the MBI10 index, NLB banka Skopje stands out, achieving an average index value of 5.38. For fourteen companies from the sample (37.83%), the EconDi average values range from 2.00 to 2.75. The companies VP Dunav, Goša FOM and Makedonija Turist have the lowest EconDI average value of 1.00, which in the eight-year period only published information about the *GRI 201-3* Defined benefit plan obligations and other retirement plans indicator, which was of a descriptive nature.

There is a significant gap between company that is the leader in the field of CSR and the followers, that are doing limited or almost nothing (Graph 3). The highest SocDI average value of 37.75 (the maximum value of SocDI 60) is achieved by the company NIS, which in the observed period disclosed information on the largest number of indicators covered by *GRI 400:Social*. However, the information on the indicators was mostly of a descriptive nature. It is followed by Komercijalna banka, which achieves an average index value of 10.50, which corresponds to a compliance level of 17.50% of the maximum SocDI value. Namely, the improvement in CSR disclosure at Komercijalna banka was inspected especially in the period of the pandemic, given that a larger amount of information on social performance indicators was disclosed in order to achieve greater business transparency.

Graph 3: The SocDI average value trend in the period 2014-2021



(Source: Authors' calculation)

Regarding the disclosure of social performance indicators by companies listed on the Macedonian Stock Exchange, the company Alkaloid stands out, as a company with a long tradition, whose SocDI average value is 10.00. For the largest number of companies from the sample, SocDI average value ranges between 3.13 and 5.38. The companies Kopaonik and Makpetrol have the lowest SocDI average values in the observed period, which disclosed information only about the *GRI 401-1* New employee hires and employee turnover and, in the last two years, information about the *GRI 419-1* Non-compliance with laws and regulations in the social and economic area.

Regarding the economic dimension of sustainability, as shown in Table 2, the most frequently disclosed indicators in the pre-pandemic period refer to *GRI 201-3* Defined benefit plan obligations and other retirement plans and *GRI 203-2* Significant indirect economic impacts. These are easily quantified and measured indicators. During the pandemic, a greater number of companies disclosed information about the *GRI 203-2* indicator disclosing information about supporting their local communities with donations, in order to help them overcome the crisis caused by the pandemic. The indicator that gained importance during the pandemic was *GRI 201-4* Financial assistance received from government given that ten companies from the sample (27.02%) disclosed information on financial assistance received from the government to help overcome the negative impact of the crisis on their business.

Table 2: Most commonly disclosed social and economic indicators before and during COVID-19 pandemic

Indicators		*Before COVID-19 pandemic*						*During COVID-19 pandemic*	
		2014	2015	2016	2017	2018	2019	2020	2021
Economic indicators	GRI 201-3	94.59%	94.59%	94.59%	94.59%	97.30%	91.89%	94.59%	94.59%
	GRI 203-2	40.54%	37.84%	35.14%	43.24%	45.95%	40.54%	45.95%	45.95%
	GRI 201-4	8.11%	5.41%	5.41%	5.41%	5.41%	5.41%	27.02%	27.02%

Social indicators	GRI 401-1	97.30%	97.30%	97.30%	97.30%	100%	100%	100%	100%
	GRI 404-2	32.43%	40.54%	43.24%	45.95%	45.95%	43.24%	51.35%	54.05%
	GRI 405-1	59.45%	64.86%	64.86%	64.86%	64.86%	62.16%	78.38%	78.38%
	GRI 403-4	2.70%	2.70%	2.70%	2.70%	2.70%	2.70%	54.05%	56.76%

(Source: Authors' calculation)

In respect of the social dimension of sustainability, the *GRI 401-1* New employee hires and employee turnover indicator is the most represented indicator in companies' reports, and as can be seen from the Table 2, all companies in the sample have disclosed this information in the last four years. The indicator was particularly significant in the period of the pandemic, considering that a large number of companies faced the issue of laying off workers, but also hiring new workers whose profession is primarily related to online business, so that companies from the sample where this was possible could continue to operate smoothly. Other indicators that were represented in the period before, but also during the pandemic are *GRI 404-2* Programs for upgrading employee skills and transition assistance programs and *GRI 405-1* Diversity of governance bodies and employees, whereby the focus of the education program during the pandemic period was changed. Employees were mostly educated on how to smoothly carry out their work tasks in changed business circumstances and the programs were mostly implemented online. The social performance indicator that gained the most importance during the pandemic is the *GRI 403-4* Health and safety topics covered in formal agreements with trade unions (21 companies disclosed information about it in 2021), given that companies tried to prevent and suppress infectious disease among employees by applying various protective measures.

4. CONCLUSION

The COVID-19 pandemic has caused significant negative short-term and long-term economic effects that have challenged the way companies operate and increased uncertainty among their stakeholder. In this situation, when the future of the company's business was uncertain, companies faced the dilemma of whether to increase the level of CSR disclosure and thereby reduce information asymmetry, or to limit the disclosure in order not to expose themselves to additional costs in a period when they are already facing financial pressures.

The research results presented in this paper show that the pandemic did not adversely affect the CSR disclosure practices of companies listed on the Belgrade and Macedonian Stock Exchanges, given that the average values of EconDI and SocDI during 2020 and 2021 were higher compared to the period 2014-2019. Although in the pre-pandemic period, companies operating on these frontier markets showed a serious level of resistance related to transparency and accountability towards sustainability performance, it is evident that during the pandemic period, most companies in the sample recognized the importance of disclosing additional CSR information in order to proactively communicate with their stakeholders and thereby reduce the information asymmetry, as well as to emphasize the positive contribution of their CSR activities for easier overcoming of the society-related crisis, which was in line with the expectations of stakeholders.

Regarding the disclosed information, the social dimension of sustainability was dominant (average values of SocDI 7.89 in 2020 and 7.92 in 2021), given that the most significant topics for companies were the issues of dismissal of workers, followed by issues related to occupational health and safety, as well as issues related to CSR activities that provide assistance to local communities. We consider this result consistent with similar studies (Zhang et al., 2022; Barreiro-Gen et al., 2020) who concluded that during the pandemic, companies must adapt their CSR policies to the new pandemic environment, take initiatives for the benefit of their employees and the entire community, as well as contribute to solving urgent global social issues. The highest SocDI average value is achieved by the company NIS whose shares are included in BELEXline index. With regard to the trend of EconDI average values, companies whose shares are included in the MBI10 have significantly lower EconDI average values compared to companies included in the BELEXline index. This is a consequence of a modest stakeholder pressures, investors` passiveness immanent to this frontier market and the lack of normative pressure on sustainability reporting at this capital market. Our findings contribute to the ongoing research on the CSR disclosure during COVID-19 period and offers some important messages to policy makers, investors and companies.

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