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Does IFRS moderate the relationship between CSR and information relevance?

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Résumé

Cette étude est motivée par la littérature encore limitée sur le lien entre la publication des informations en responsabilité sociétale des entreprises (RSE) et la pertinence de l'information financière, ce qui en renforce l'intérêt pour les entreprises cherchant à améliorer la qualité de leur communication. Elle vise à analyser la relation entre la RSE et la pertinence de l'information, ainsi que le rôle modérateur des Normes Internationales d'Information Financière (IFRS). L'analyse repose sur un échantillon de 31 entreprises canadiennes cotées à la Bourse de Toronto et appartenant à l'indice TSX100, observées sur la période 2005–2018, choisie en raison du niveau élevé de manipulation comptable sur le marché canadien. Les hypothèses ont été testées à l'aide de régressions linéaires sur données de panel. Les résultats montrent que la publication de rapports environnementaux et sociaux influence le comportement des investisseurs et constitue un signal renforçant la pertinence de l'information financière. De plus, l'adoption des IFRS modère positivement la relation entre la RSE et la pertinence de l'information divulguée. Ces résultats soulignent l'importance pour les entreprises d'améliorer leurs pratiques de reporting RSE, notamment à travers l'application des IFRS, confirment le rôle clé de la RSE dans la prise de décision des investisseurs et ouvrent de nouvelles perspectives de recherche sur l'interaction entre RSE et normes comptables internationales.

Mots clés :

Responsabilité sociale des entreprises, pertinence de l'information, IFRS, sociétés canadiennes.

Abstract

This study is motivated by the limited existing research on corporate social responsibility (CSR) reporting and information relevance, highlighting its importance for firms seeking to enhance the quality of disclosed information. It aims to examine the relationship between CSR and information relevance, as well as the moderating role of International Financial Reporting Standards (IFRS). The analysis is based on a sample of 31 Canadian firms listed on the Toronto Stock Exchange and included in the TSX100 index over the period 2005–2018, a timeframe chosen due to the high level of accounting manipulation observed in the Canadian market. The hypotheses were tested using linear panel data regressions. The findings indicate that firms publishing environmental and social reports influence investors' behavior and send a signal that enhances the relevance of information content. Furthermore, the results show that IFRS adoption positively moderates the relationship between CSR and disclosure relevance. These findings have important implications for companies, investors, and academic researchers, emphasizing the need to strengthen CSR reporting practices, particularly through IFRS implementation, the significance of CSR in investment decision-making, and the importance of further exploring the interaction between CSR and international accounting standards.

Keywords:

Corporate social responsibility, information relevance, IFRS, Canadian Companies

Introduction

Recent financial scandals have highlighted inefficiencies in governance frameworks, corporate bankruptcies, accounting errors, poor performance, executive misconduct, and ethical transgressions. As a result, increasing investor protection and financial transparency has become a central focus in many countries (Crifo & Rebériou, 2016). In response, leaders have been encouraged to enhance governance, control, and management systems, supported by the publication of good governance codes and the adoption of ESG policies. These measures aim to improve management and control systems, thereby fostering greater trust among stakeholders, particularly investors (Khanchel, 2007).

Research has shown that initiatives like IFRS adoption are intended to ensure the accuracy of financial data, prioritize transparency, and avoid poor performance. CSR has emerged as a key area of interest, with studies linking CSR performance to financial performance, firm leverage, and market value (Lin et al., 2009; Surroca et al., 2010; Oyewumi et al., 2018). Despite the growing body of research on CSR and financial performance, studies examining CSR's impact on earnings management are limited, and the results remain mixed (Kim et al., 2012; Kumar et al., 2023).

Previous studies have yielded conflicting results regarding the relationship between CSR and earnings quality. Some studies indicate a negative correlation, suggesting CSR may obscure earnings management (Prior et al., 2008), while others find a positive relationship, where CSR reduces earnings manipulation and enhances operating activities (Kim et al., 2012; Choi & Pae, 2011). To address this, we explore the interaction between IFRS adoption and CSR on information relevance.

IFRS adoption is widely accepted as essential for improving financial reporting. It enhances the quality and comparability of financial statements, which helps companies gain access to global capital markets and reduces trade barriers (Lin et al., 2012; Barth et al., 2012). However, the impact of IFRS adoption varies across countries, with mixed results reported in different national contexts (Horton et al., 2013). This paper hypothesizes that IFRS adoption strengthens information quality, leading to greater variation in CSR activity and IFRS adoption across firms.

IFRS provides more accurate, timely, and comprehensive financial information, which is especially beneficial for investors. It lowers the risks for smaller investors while providing clearer financial statements for professional investors who can better interpret complex information. This study builds on previous research, which shows that IFRS adoption improves accruals quality (Barth et al., 2012;

Moscariello et al., 2014) and overall financial reporting quality (Garrido-Miralles & Sanabria-García, 2014; Chehade & Procházka, 2023).

CSR has garnered significant attention for its focus on the relationship between business and society, grounded in the idea that companies have responsibilities beyond maximizing shareholder wealth (Carroll & Shabana, 2010). CSR is seen as a way to increase corporate value (Chouaibi et al., 2021) and enhance transparency (Abdelfattah & Aboud, 2020). Some studies show CSR improves the reliability of financial information, ensuring that it meets stakeholders' expectations and provides more transparent financial reports (Kim et al., 2012; Labelle et al., 2010). However, some studies argue that CSR's relationship with information relevance is weak unless a moderating variable, like IFRS, is applied to strengthen it (Sebrina et al., 2022).

The research question addressed in this paper is whether IFRS moderates the relationship between CSR and information relevance. The paper aims to assess how CSR affects information relevance, with IFRS serving as a moderating variable. Our study contributes to the literature by highlighting the need for companies to consider not only the interests of shareholders but also environmental factors when developing strategies. By exploring the interaction between CSR and IFRS, we demonstrate that CSR improves information quality in the presence of IFRS, leading to better disclosures.

Our results show that CSR practices enhance information quality when coupled with IFRS adoption. Firms that engage in CSR practices and provide higher-quality accounting information are more likely to manage environmental risks and moral hazards, as well as identify investment opportunities. These findings have important implications for investors, companies, and regulators.

The paper also suggests that companies should align their CSR disclosures with IFRS requirements to improve the quality and reliability of financial reporting. As CSR becomes more central to corporate governance, stakeholders—including investors, regulators, and customers—will increasingly demand high-quality CSR disclosures, making it an essential part of investment analysis and decision-making. This study calls for greater transparency in CSR reporting, highlighting the need for clear guidelines on how CSR information should be integrated into financial statements.

In conclusion, the paper adds to the literature by showing how CSR practices, moderated by IFRS, lead to improved financial information quality. It offers valuable insights for policymakers, investors, and managers on how CSR can be leveraged to improve market transparency and create long-term value for stakeholders.

The remainder of the paper is structured as follows: Section 2 provides the theoretical background and hypotheses, Section 3 details the research design, Section 4 presents and discusses the empirical results, and Section 5 concludes with the implications and limitations of the study.

2. Literature review and hypotheses development

Studies on the relationship between CSR and earnings management are limited, with inconsistent findings despite extensive literature on the subject (Kim et al., 2012). Prior et al. (2008) found a negative correlation between CSR and earnings management, whereas Kim et al. (2012) and Choi and Pae (2011) identified a positive correlation with reduced earnings manipulation. This relationship is influenced by factors like industry type, governance structures, legal environments, IFRS adoption, and specific CSR activities.

2.1 Theoretical Background

This study's theoretical framework integrates agency theory, stakeholder theory, legitimacy theory, and moralist theory to examine CSR's impact on information relevance.

Agency Theory

Agency theory explains roles and relationships in business, positioning managers as agents of shareholders (Jensen & Meckling, 1976). Managers may prioritize personal interests, creating an agency problem mitigated by governance mechanisms like audits and accountability disclosures (Anderson et al., 1993; Jo & Harjoto, 2011). CSR activities reduce agency costs by addressing information asymmetry and lowering financial risks (Kim & Kim, 2014).

Stakeholder Theory

This theory expands the principal-agent model by including diverse stakeholders such as employees, customers, and creditors (Hill & Jones, 1992). It emphasizes that businesses should consider the interests of all stakeholders, not just shareholders (Clarkson, 1995). CSR aligns with stakeholder theory by promoting ethical practices and maximizing stakeholder value (Matteo et al., 2021).

Legitimacy Theory

Legitimacy refers to the alignment of an organization's actions with societal norms and values (Suchman, 1995). Poor performance or unethical behavior risks a company's long-term survival (Davis, 2016). Organizations must demonstrate that their practices align with societal expectations through ethical codes and public reporting to maintain legitimacy (Ameer & Othman, 2012; Long & Driscoll, 2008).

Moralist Theory

Moralist theory views the firm as morally obligated to act responsibly toward society and the environment (Gaertner, 2014). Businesses exist thanks to society, and their success depends on ethical conduct. This theory underscores the corporation's moral duty to uphold societal and environmental values, shaping actions based on ethics and responsibility (Rodriguez-Dominguez et al., 2009).

2.2. The effect of CSR on the information relevance

Empirical evidence confirms that financially successful companies often disclose higher levels of CSR (Smida, 2014). CSR disclosure is integral to business strategy, emphasizing the firm's relationship with society and the environment (Daud & Syarifuddin, 2008). It enhances the usefulness of public information (Wulan, 2022) and demonstrates that high-performing firms allocate more resources to CSR (Peloza, 2009). However, while Porter and Kramer (2006) suggest companies should address social and environmental issues, the slack resource theory posits that firms with better financial performance prioritize CSR spending, complicating the link between CSR and performance (Waddock & Graves, 1997; Wulan, 2022).

Theories like agency and signaling provide frameworks for understanding CSR's role in corporate communication. Agency theory underscores the need for transparent disclosure of financial and non-financial activities to offer stakeholders a clear view of the firm's condition. Signaling theory highlights CSR as a signal of superior performance, influencing investor decisions (Alamsyah, 2017; Astuti, 2020).

The concept of value relevance, originating from Miller and Modigliani (1966), extends beyond accounting variables (Ohlson, 1995; Francis & Schipper, 1999) to non-accounting variables such as social and environmental activities (Carnevale et al., 2012; Xu et al., 2007). Non-financial information significantly impacts firm valuation, though its effects vary by region. For instance, while social activities positively influence stock prices in some countries, they may have a negative impact elsewhere (Carnevale & Mazzuca, 2014). Reliable, unbiased information free from manipulation is critical for decision-making (Cahan et al., 2016).

Stakeholder theory emphasizes sustainability's value relevance, as CSR activities provide benefits for shareholders and other stakeholders (Alshehhi et al., 2018; Jadoon et al., 2021). High-quality CSR reporting aligns with societal expectations, enhances legitimacy, and fulfills obligations to stakeholders like investors and creditors (Nfissi, 2022). Accounting conservatism supports the credibility of such reports. In China, CSR reporting has been linked to government pressure (Zu & Song, 2009).

Thus, CSR positively impacts the relevance of information, leading to the following hypothesis:

Hypothesis (H1): Companies engaging in CSR activities provide more relevant information content.

2.3. The moderating effect of IFRS on the relationship between CSR and information relevance

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Figure 1 shows the conceptual research model.

It should be noted that our goal was to examine how the IFRS affects the relationship between CSR and information relevance. As a result, this model aims to present the mathematical relationship between the various foundational concepts:

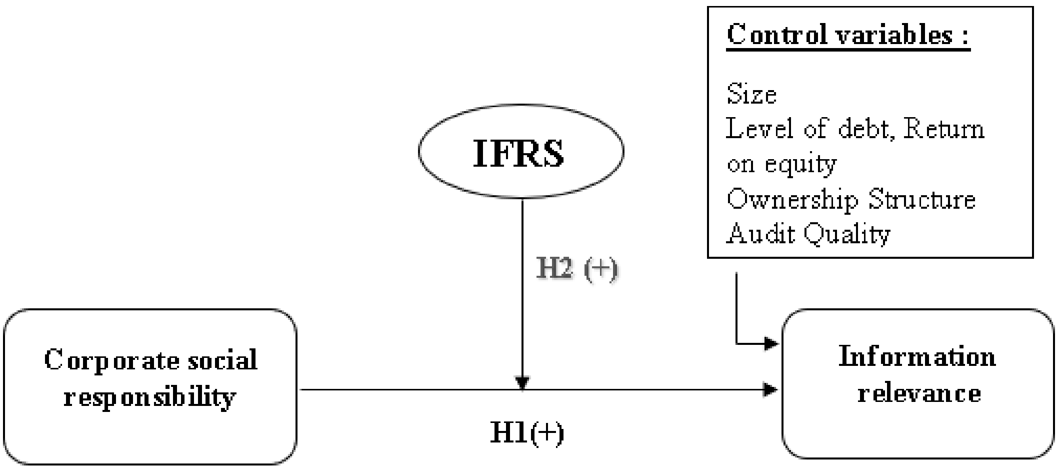

Figure 1: The conceptual model of this research

3. Research design

3.1 Sample selection and data collection

Our sample consisted of Canadian companies listed on the Toronto Stock Exchange and belonging to the TSX100 index. The pre-selected companies belonged to three groups according to their sector of activity; industrial engineering, industrial metals and mining, and industrial transportation. Our initial sample consisted of 46 firms. Firms with partially missing capital market data were excluded to follow a full-case approach (Hair, 2010). As a result, the final sample consisted of 30 firms. The study spanned the period from the beginning of 2005 to the end of 2018 (13 years). We chose a recent period because accounting manipulation is at its peak in the Canadian market.

Table I presents the distribution of the listed firms of our sample. Determining the sample and its distribution by sectors is summarized in this table (Table I). Panel A describes the sample selection and Panel B presents sample distribution by industry.

Table 1: The sample selection process and Distribution by industry

Type of activity	Number of companies	Observations
Panel A : Sample Selection		
• Initial Sample	46	644
• Firms with missing data	(15)	(210)
• Final Sample	31	434
Panel B : Sample distribution by industry		
• Industrial Engineering	4	56
• Industrial metals and mining	21	294
• Transportation	6	84

3.2 Variables

3.2.1 Dependent variables

Information relevance, the dependent variable in this study, examines the relationship between a firm's market value and accounting measures. Accounting data are considered more relevant if they strongly correlate with stock prices or returns (Barth et al., 2001; Lang et al., 2006). Studies often use the fundamental valuation model proposed by Ohlson (1995), which posits that market value is a linear function of earnings and net value (Lang et al., 2006; Hung & Subramanyam, 2007; Barth et al., 2008; Tsalavoutas et al., 2009).

The Ohlson (1995) model is an accounting-based valuation model in which the market value of equity is considered a function of book value, accounting earnings, and other non-accounting value-relevant information. Ohlson's (1995) valuation model is as follows:

$$MV_t = \alpha_0 BV_t + \alpha_1 AE_t + \alpha_2 v_t$$

where MVt is the market value of equity at time t, BV_t equals the book value of equity at time t, AE_t is abnormal earnings at time t (calculated as the difference between net income for period t and the opening book value of equity multiplied by the required rate of return), and v_t is other non-accounting value-relevant information.

3.2.2 Independent variables

Managers who act responsibly toward society and the environment often provide accurate and reliable financial reports (Pyo & Lee, 2013). However, CSR practices may not always reflect good intentions, as some companies use a positive image to mask unethical practices (Belgacem & Omri, 2015). Globally, organizations like ASSET4 rank firms based on environmental, social, and governance (ESG) scores (SCORE_SOC, SCORE_ENV, SCORE_GOV), which we averaged to measure CSR's impact on information relevance.

Earnings per share (EPS) reflects profitability per outstanding share, while book value per share (BVPS) measures equity per share.

3.2.3. Moderating variable: IFRS Adoption

A Binary value 0 or 1 corresponds to the adoption of International Financial Reporting Standards. The moderating effect in this study was measured by the interaction between CSR and international financial reporting standards IFRS.

3.2.4. Measurement of control variables

As control variables, we used variables related to the characteristics of the firm that influence our endogenous variable, namely firm size, level of indebtedness, financial profitability, ownership structure and Audit quality.

- Firm Size "FIRM_SIZE": According to Bujaki and Richardson (1997), there are several measures of the firm size, namely total market capitalization, total assets, total turnover, and the number of employees. We measured the size of the firm by the natural logarithm of total assets, which has been used in several studies, such as Leng and Ding (2011), Sun et al. (2012), and Nekhili et al. (2017).
- Level of debt "LEV": Leverage represents the level of indebtedness of a business measured by the ratio of the book value of total debt to equity. Recent empirical studies have shown a positive relationship between CSR reporting and leverage. For example, Chouaibi and Zouari (2021) argue that firms with a high level of debt are the most likely to engage in CSR activities to reduce agency costs.

  LEV = the ratio of long-term debt plus debt included in current liabilities to total assets.
- Return on equity "ROE": Return on equity is measured by profit for the year divided by equity (Gupta and Newberry, 1997). This variable was also included in the regression model, taking into consideration that the company's financial performance is a fundamental component in determining the quality of its built-in reports, given the cost of preparation. Profitability affects the choices of companies, which may decide to allocate different amounts of resources to the integrated report writing process.
- Owenership Structure: Is measured by the percentage of shares held by the top three shareholders compared to the total number of shares (Sanjib Mitra 2019).
- Audit Quality: Audit quality is measured by a binary variable which takes the value of 1 if the company is audited by a Big 4 accounting firm and 0 otherwise (Armstrong et al., 2015).

For more details on measuring variables, all the variables are defined in Table 2:

Table 2: Summary of research variables

Type of variables	Variables	Codes	Measurement
Dépendent variable	Information relevance	REL_INF	Information relevance measured by Ohlson (1995) model according to CSR and IFRS
Independent variables	Corporate social responsibility	CSR	The average relative to Environmental, social and governance dimensions
	Earnings per share (EPS)	EPS	Net income/number of shares
	Book value per share	BVPS	Book value / number of shares outstanding
Moderator variable	International Financial Reporting Standards	IFRS	Binary value 0 or 1 corresponds to the adoption of International Financial Reporting Standards
Control variables	The size of the company	SIZE	Size N = Ln (total assets at year-end N)
	Level of debt	LEV	Debt ratio N= Long and medium term debt / Total assets
	Return on equity	ROE	Income / Equity
	Ownership Structure	OWE_STR	The percentage of shares held by the top three shareholders compared to the total number of shares
	Audit Quality	BIG 4	Audit quality is measured by a binary variable which takes the value of 1 if the company is audited by a Big 4 accounting firm and 0 otherwise

3.3 Regression model

The methodology used in our empirical analysis is the multiple linear regression method, processed by the STATA software.

Our research model is as follows:

Model 1 (M1): The impact of CSR on information Relevance

$REL\_INF_{i,t} = \beta_0 + \beta_1 CSR_{i,t} + \beta_2 BVPS_{i,t} + \beta_3 EPS_{i,t} + \beta_4 EPS*CSR_{i,t} + \beta_5 SIZE_{i,t} + \beta_6 LEV_{i,t} + \beta_7 ROE_{i,t} + \beta_8 OWE\_STR_{i,t} + \beta_9 BIG4_{i,t} + \varepsilon_{i,t}$

Model (M2): The moderating effect of IFRS on the Relationship between CSR and Information Relevance

$REL\_INF_{i,t} = \beta_0 + \beta_1 CSR_{i,t} + \beta_2 IFRS_{i,t} + \beta_3 BVPS_{i,t} + \beta_4 EPS_{i,t} + \beta_5 IFRS*EPS_{i,t} + \beta_6 IFRS*CSR_{i,t} + \beta_7 SIZE_{i,t} + \beta_8 LEV_{i,t} + \beta_9 ROE_{i,t} + \beta_8 OWE\_STR_{i,t} + \beta_9 BIG4_{i,t} + \varepsilon i,t$

All variables are defined in Table 2; ε is the error term, and subscripts i and t represent firm and year effects, respectively.

4. Empirical results

We used bivariate statistical tests for linear regression before conducting multivariate tests to test our hypotheses.

4.1 Descriptive statistical analysis

Table 3 summarizes the descriptive statistics for the regression variables. The sample shows a high level of information relevance, with an average of 15.246 and a standard deviation of 29.879, ranging from 0.025 to 242.24. The mean CSR score is 0.229, with a standard deviation of 0.182, indicating most companies are socially and environmentally responsible. EPS has a mean of 0.560 and a standard deviation of 3.653, with a range from -56.813 to 24.128. BVPS averages 6.121, with a standard deviation of 8.060, ranging from -7.84 to 47.231.

For the IFRS moderator variable, the mean is 0.571 with a standard deviation of 0.495. The control variables show that the average debt level (LEV) is 0.3439%, indicating low long-term financing across the sample. The firm size has a mean of 12.375, with a range from 4.406 to 17.534. The average ROE is -0.2333, with a standard deviation of 1.106, ranging from -10.119 to 1.626. Finally, the ownership structure has a mean of 0.5865, with a standard deviation of 2.562, and values ranging from 0.2126 to 0.7153.

Table 3. Descriptive statistics

Variable	Obs	Mean	Standard deviation	Minimum	Maximum
REL_INF	434	15.2463	29.8793	0.0251	242.24
CSR	434	22.9922	18.2320	0.3	77.11
IFRS	434	0.5714	0.4954	0	1
BVPS	434	6.1219	8.0606	-7.84	47.2314
EPS	434	0.5609	3.6537	-56.813	24.1283
IFRSEPS	434	0.4675	1.7899	-7.071	20.1923
IFRSCSR	434	14.6772	19.7909	0	77.1136
SIZE	434	12.3757	2.3631	4.4067	17.5342
LEV	434	0.3439	2.4445	0	43.9413
ROE	434	-0.2333	1.1068	-10.1197	1.6261
OWN_STR	434	0.5853	2.5624	0.212636	0.715362
BIG4	434	0.4217	0.4950	0	1

with: REL_INF: Information Relevance;CSR: Corporate Social Responsibility; IFRS: International Financial Reporting Standards; BVPS: Book value per share; EPS: Earnings per share; SIZE: Firm Size; LEV: Level of debt; ROE: Return on equity,: OWN_STR, Ownership structure ; BIG4:audit Quality.

4.2 Correlations analysis

The correlation test checks for multicollinearity and associations between variables. Multicollinearity is a concern when correlation values exceed 0.9 (Tabachnick et al., 2007). In this study, the highest pairwise correlation was 0.339 (Table 4), so multicollinearity is not a concern. The null hypothesis of autocorrelation is accepted, as the explanatory variables are weakly correlated.

Table 4 shows VIF values ranging from 1.13 to 3.26, indicating no multicollinearity, as they are below the acceptable limit of 10. These tests confirm that the regression estimates are stable and not affected by multicollinearity.

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Table 4: Pearson Correlation matrix

	CSR	IFRS	**BVPS**	EPS	IFRS*EPS	IFRS*CSR	SIZE	LEV	ROE	OWN_STR	BIG4
CSR	1.0000										
IFRS	0.1708	1.0000									
BVPS	0.3069	0.0306	1.0000								
EPS	0.1402	0.0814	0.5004	1.0000							
IFRS*EPS	0.2518	0.2266	0.5877	0.4830	1.0000						
IFRS*CSR	0.7465	0.6430	0.2091	0.1485	0.3420	1.0000					
SIZE	0.3353	0.0788	0.6435	0.2188	0.3604	0.2292	1.0000				
LEV	0.0361	-0.0120	-0.0385	-0.0068	-0.0086	-0.0075	-0.2312	1.0000			
ROE	-0.0277	-0.0311	0.2558	0.2940	0.1515	-0.0256	0.4735	-0.3392	1.0000		
OWN_STR	-0.1359	0.1310	0.2358	0.2140	0.1315	0.1466	0.1735	-0.3169	-0.1987	1.0000	
BIG4	-0.3677	-0.3711	0.1552	0.1934	0.2315	0.1366	0.2365	-0.1642	-0.1697	0.1253	1.0000
VIF	3.26	2.05	2.76	2.74	2.51	1.83	1.63	1.61	1.17	1.13	1.56

4.3 Selection of fixed or random effect

The Hausman test determined that the fixed-effects model better explains the empirical results. The test indicated the fixed effect was preferred over random effects (Table 5). Additionally, a residual test for normality, autocorrelation, and homoscedasticity was conducted to ensure the errors in the fixed-effects model were independently and normally distributed.

Table 5: Hausman test for models M1 and M2

Model	DL : K*	$\chi 2$	p-value	FE/RE**
Model (M1)	6	32.95	0.0016	FE
Model (M2)	9	32.81	0.0063	FE

Notes: ** FE/RE: fixed or random effect; $\chi 2(k) > \chi 2(Hausman)$ RE; $\chi 2(k) < \chi 2(Hausman)$ FE

4.4. Regression results and discussion

This study tests two hypotheses on CSR's effect on information relevance with IFRS as a moderator. The first hypothesis (H1) examines if CSR positively influences information relevance. The regression coefficient for CSR in Model 1 is positive (3.919) and significant (t = 1.98; p = 0.093), showing that CSR activities improve stock value by signaling relevance to investors. This supports H1 and aligns with previous studies (Clarkson et al., 2010; Reverte et al., 2016).

Model 1 also shows that EPS and BVPS are positively related to stock value, reinforcing that accounting information is valuable for investment decisions. The adjusted R^2 for Model 1 is 0.8319, indicating a strong explanatory power for CSR's relationship with value relevance.

For the second hypothesis (H2), IFRS is included in Model 2. The regression coefficient for IFRS is negative (-6.132) and significant (t = -3.10; p = 0.002), indicating that CSR disclosures influence stock value, especially under IFRS. The interaction term between CSR and IFRS (CSR*IFRS) is positive (0.166) and significant (t = 2.24; p = 0.026), showing that IFRS strengthens the relationship between CSR and information relevance. The R^2 increases from 0.8725 (M1) to 0.8937 (M2), confirming the positive moderating effect of IFRS.

The adoption of IFRS encourages CSR disclosures by improving transparency and investor confidence. Regulatory pressure also boosts the relevance of CSR information, ensuring standardized reporting across firms.

Control variables show that debt, firm size, financial profitability, ownership structure, and audit quality have minimal effects on information relevance, except for ownership structure, which has a marginally significant positive impact.

Table 6: Multiple linear regression results

	Model 1		Model 2	
	Coef.	T-Student	Coef.	T-Student
Constant	3.656	0.25	3.232**	1.93
CSR	3.936**	1.98	-1.125**	-1.85
BVPS	3.246***	7.81	3.324***	7.21
EPS	-0.819	-3.83	-6.781***	-3.83
SIZE	-0.596	-1.04	-1.586	-2.43
LEV	-0.193	-0.51	-0.349	-3.85
ROE	3.328	1.35	2.236	1.22
OWN_STR	1.795**	1.97	7.189***	4.36
BIG4	2.963***	3.46	3.831**	1.98
IFRS	---	---	-6.132***	-3.10
IFRS_EPS	---	---	9.348***	20.99
IFRS_CSR	---	---	0.166***	2.24
R^2	0.8725***		0.8937***	
Adjusted R^2	0.8319***		0.8631***	

Notes: CSR: Corporate Social Responsibility; IFRS: International Financial Reporting Standards; BVPS: Book value per share; EPS: Earnings per share; SIZE: Firm Size; LEV: Level of debt; ROE: Return on equity; OWN_STR, Ownership structure ; BIG4: audit Quality; *, **, and ***: significant at the level of 10, 5, and 1%, respectively

5. Additional test

We also reiterated our analysis with respect to the two hypotheses, following the splitting of our sample into the most committed companies and the least committed ones to CSR (Table 7). Table 7 illustrates the variables' mean differences distinguishing the high CSR firms and the low CSR ones. By implementing such a proceeding, we sought to check whether any differences persist as to the characteristics marking the IFRS with respect to the two groups of firms: high and low CSR-engaged firms. The mean difference test was administered to two firm groups. The first step consisted of dividing the sample into firm groups according to the sample median. As highlighted through panels A and B (Table 7), a significant difference in IFRSCSR is noticeable between the two groups at the threshold of 1%. Besides, the results also indicate that firms with high CSR exceeding the median value are remarkably more involved in the IFRSCSR (with an average IFRS*CSR of 7.752074), compared to the other firms scoring an average of (1.60242).

Furthermore, Table 7 demonstrates a significant difference in IFRSEPS between both firm groups at the 10% threshold, indicating that firms with CSR exceeding the median value tend to score higher IFRSEPS (with an average of 0.6284793, which is much higher than 0.306659).

Regarding the other variables, the statistical tests prove the persistence of a significant difference between both firm groups.

Table 7: Variables' average differences

Panel A: The explanatory variables' mean with respect to CSR

Variables	Level of CSR	Number of observations (firms-years)	Average
IFRS	High- CSR 1	217	0.5990
	Low- CSR 0	217	0.5437
EPS	High- CSR 1	217	0.8253
	Low- CSR 0	217	0.2965
IFRSEPS	High- CSR 1	217	0.6284
	Low- CSR 0	217	0.3066
IFRSCSR	High- CSR 1	217	1.6024
	Low- CSR 0	217	7.7520
SIZE	High- CSR 1	217	12.8096
	Low- CSR 0	217	11.9418
LEV	High- CSR 1	217	42.9909
	Low- CSR 0	217	25.8017
ROE	High- CSR 1	217	-15.5802
	Low- CSR 0	217	-31.0895
OWN_STR	High- CSR 1	217	0.5376
	Low- CSR 0	217	0.6136
BIG4	High- CSR 1	217	0.4617
	Low- CSR 0	217	0.4117

Notes: CSR: Corporate Social Responsibility; IFRS: International Financial Reporting Standards; BVPS: Book value per share; EPS: Earnings per share; SIZE: Firm Size; LEV: Level of debt; ROE: Return on equity; OWN_STR, Ownership structure ; BIG4:audit Quality

Table 7, Panel B presents the distributional statistics and univariate difference of variables for the Two-sample t test. There is a significant difference in the CSR practices.

Table 7, Panel B presents the distributional statistics and univariate difference of variables for the Two-sample t test. There is a significant difference in the CSR practices.

Panel B: The independent sample's relevant test

CSR	Hypothesis	Two-sample t test with equal variances	
		t	Sig
IFRS	The equal variance assumption	-1.16	0.245
EPS	The equal variance assumption	-1.50	0.131
IFRSEPS	The equal variance assumption	-1.87	0.060
IFRSCSR	The equal variance assumption	-7.77	0.000
LEV	The equal variance assumption	-0.73	0.464
OWN_STR	The equal variance assumption	3.69	0.000
BIG4	The equal variance assumption	2.97	0.000

Notes: CSR: Corporate Social Responsibility; IFRS: International Financial Reporting Standards; BVPS: Book value per share; EPS: Earnings per share; SIZE: Firm Size; LEV: Level of debt; ROE: Return on equity; OWN_STR, Ownership structure ; BIG4:audit Quality

6. Conclusion

This paper addresses the gap in literature by investigating the relationship between CSR and information relevance, with IFRS adoption acting as a moderating variable. The primary aim was to analyze the impact of CSR on information relevance and the role of IFRS in moderating this effect within Canadian companies.

Theoretically, we employed legitimacy, stakeholder, and signaling theories to explain the connection between CSR practices and information relevance. These frameworks help us understand how CSR can affect the quality of financial information and how IFRS adoption might enhance this relationship. Empirically, the study focused on a sample of 31 Canadian companies from the TSX 100 index, covering 434 observations from 2005 to 2018. The average information relevance score was 0.9243, indicating that most firms disclose relevant information about their assets. Using a multiple regression model for panel data, the results confirmed that CSR positively impacts the relevance of the disclosed information.

These findings have significant implications for various stakeholders. CSR encourages companies to disclose reliable, transparent information, fostering investor confidence and enhancing market transparency. The results offer practical insights for investors, policymakers, and companies. For investors, CSR disclosures may become a more important factor in decision-making processes, leading to increased demand for CSR information. For regulators, the findings suggest that integrating CSR reporting into financial frameworks could improve transparency, potentially prompting updates to IFRS to include CSR-related disclosures.

In terms of CSR reporting, companies should consider aligning their disclosures with IFRS requirements to enhance the reliability of CSR data, improving the overall quality of financial reporting. Furthermore, the study highlights the growing importance of engaging with a wide range of stakeholders, including investors, employees, customers, and communities, to better understand their expectations regarding CSR information and increase its relevance.

This study does have some limitations. The sample size of 31 companies is relatively small due to resource and time constraints. Additionally, the dependent variable was measured using a single proxy, and future research could explore alternative proxies for a more comprehensive analysis. The results are specific to the Canadian context and cannot be generalized across countries. Future studies should address these limitations by expanding the sample, including other countries, and utilizing different proxies for measuring the quality of financial information, such as persistence, timeliness, and predictability.

In conclusion, this paper contributes to the literature by examining how CSR practices, moderated by IFRS adoption, enhance the relevance and quality of financial disclosures. It provides important implications for investors, companies, and regulators seeking to improve corporate transparency and the usefulness of financial reporting.

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