Exploring the relationship between CSR and innovation: A comparison between small and large-sized French companies

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This paper explores the relationship between Corporate Social Responsibility (CSR) and innovation and seeks to identify potential specificities related to small-sized companies. We analyze the complementarities between stakeholder and social capital theories on the one hand, and strategic management and evolutionary theories on the other hand, in order to determine whether and how CSR practices can lead to technological innovation. Seven French case studies show that, contrary to theoretical predictions, large companies are not the only ones that can create value through innovation driven by strategic (and formal) CSR. Indeed, small companies can also introduce radical innovation based on their CSR involvement.

Keywords: *Corporate Social Responsibility, Innovation, Small-sized companies, Strategic, Theories.*

Cet article explore la relation entre la responsabilité sociale des entreprises (RSE) et l'innovation et cherche à identifier les éventuelles spécificités liées aux petites et Moyennes entreprises. Nous analysons les complémentarités entre les théories des parties prenantes et du capital social d'une part, et entre les théories du management stratégique et évolutionnistes d'autre part, afin de

déterminer si et comment les pratiques de RSE peuvent conduire à l'innovation technologique. Sept études d'entreprises françaises montrent que, contrairement aux prédictions théoriques, les grandes entreprises ne sont pas les seules à pouvoir créer de la valeur grâce à l'innovation tirée par une RSE stratégique (et formalisée). En effet, les petites entreprises peuvent également introduire des innovations radicales grâce à leur implication en matière de RSE.

Mots-clés: *Entreprises de petite taille, innovation, responsabilité sociale d'entreprise, stratégique, théorie.*

RESUME ESPAGNOL

Introduction

Corporate Social Responsibility (CSR) has received greater attention in the past decade. The many recent special issues dedicated to the subject attest to the fact that CSR has become an important aspect. The literature has focused on various dimensions (and measurement criteria) of CSR: the determinants of CSR engagement, the specificities of CSR in SMEs, the link between CSR and company performance or value creation. Our objective in this study was to explore the relationship between CSR and innovation, focusing on SMEs. Prior research has identified a potentially strong relationship between CSR and innovation (McWilliams and Siegel, 2000). Several authors have highlighted its bi-directional nature (Moore and Spence,

2006; Husted and Allen, 2007a). However, this relationship remains to be explored as theoretical and empirical researches remain scarce, especially where SMEs are concerned. This paper addresses the following questions: what type of CSR do companies adopt and what are the potential links between the different types of CSR and technological innovation? We aimed to partially fill this gap and to contribute to a better understanding of the complex relationship between technological innovation and CSR, especially in the case of SMEs.

We first developed an analytical framework. On one hand, we reviewed some of the main theories that have been used to explain CSR practices as well as innovation practices in small and large companies. On the other hand, we focused on their contributions to analyze the potential links between CSR and technological innovation. We then present exploratory qualitative research based on seven case studies of companies engaged in innovation and CSR activities. We selected companies of different sizes in order to identify potential specificities related to SMEs. Finally, we discuss our results before concluding and proposing suggestions for further research.

Review of the literature on CSR and innovation: a SMEs perspective

On an academic ground, the relationship between CSR and technological innovation has still not been evidenced. The literature on CSR provides an understanding of the process by which "*companies integrate social and environmental concerns to their business operations and in their interactions with stakeholders on a voluntary basis*" (Commission of the European Communities, 2001, p. 6). This literature puts forth a clear-cut frontier between two perspectives: the stakeholder theory and the business ethics approach, which are seen as alternative approaches for explaining CSR in both large companies and SMEs (Russo and Perrini, 2010). However, it does not explicitly address technological innovation since these works typically present a static interpretation of CSR. On the other hand, the strategic management and dynamic evolutionary approaches offer an interesting angle for reconciling CSR and technological innovation but they neglect the potential specificities of SMEs. Combining both streams of literature, we developed an analytical framework in order to explore the link between CSR and technological innovation, and also to identify potential specificities in SMEs.

CSR literature

The stakeholder theory is generally viewed as the conventional theory for CSR. It places economic objectives in the foreground and adopts a rather instrumental approach when incorporating stakeholders' objectives into business (see Porter and Kramer, 2006). Stakeholders are the central parts of this approach, which can prove useful in order to explain and guide companies' operations (Donaldson and Preston, 1995). The CSR approach is not only the final result of a process, it is also a process in itself that must be considered in all decision-making and must be evaluated and measured. The stakeholder theory thus stresses the necessity to formalize CSR processes. CSR formalization implies the availability of written documents describing CSR practices, especially in relation with the various stakeholders, codified processes, establishment of CSR targets and objectives, etc.

Business ethics and social capital perspective

Business ethics theories offer another alternative to the conventional stakeholder theory (Jenkins, 2004, 2006; Murillo and Lozano, 2006; Moore and Spence, 2006). These works assume that human beings and managers are fundamentally oriented towards ethical and moral goals, placing these aspects above all others. One main argument is that the stakeholder theory "*is based on the myth that large companies are the norm*" (Jenkins, 2004, p. 38). Thus, it does not provide an appropriate framework to capture the specifics of social responsibility in small businesses (see Spence, 2007, for a review of these characteristics). In other words, there are a number of specificities associated with CSR issues in small businesses that make these latter distinctive. For instance, while the nature of stakeholder relationships may not be different for SMEs and for large companies, the management of such relationships may differ. For an SME, stakeholder relationships may be more informal, based on trust and characterized by intuitive and personal commitment (Jenkins, 2004). There is clearly a lack of codification for CSR in small companies (e.g. Jenkins, 2004; Moore, Slack and Gibbon, 2009; Murillo and Lozano, 2006). Compared to large companies, the latter are unlikely to engage in carefully planned, formal, stakeholder management (Jenkins, 2004). This leads to difficulty when measuring CSR practices with the indicators used by large companies (Spence, 2007). It is all the more complicated that the language of CSR and its acronym itself are not always clearly understood in SMEs. Social capital approaches may provide an extension to these frameworks and could emphasize the importance of informal relations.

In short, as these two approaches rely on radically opposite assumptions as to human behavior, they can be seen as alternatives for explaining the idiosyncrasies of both large companies and SMEs (Perrini, 2005; Russo and Perrini, 2010). For these authors, social capital theories (informal approach) will be more useful to understand CSR as implemented in SMEs, whereas stakeholder theories (formal approach) will be better suited when analyzing CSR in large companies. The stakeholder theory has been traditionally formulated in a static perspective. Thus, it provides a good understanding of the environment for the company, but it cannot help the company to act proactively and to manipulate its own environment. Moreover, in this approach, external stakeholders are considered as applying constraints on the firm, rather than as acting as a lever for innovation. Although by nature they are distinct from the conventional CSR theory, business ethics and capital social perspective seem to present the same caveats when the link between CSR and technological innovation is concerned. Indeed, to our knowledge no research has addressed this aspect, with the exception of evolutionary theorists and strategic management researchers (Porter and Kramer, 2006), who "*have asserted that CSR can provide opportunities for innovation*" (Husted and Allen, 2007a, p. 597).

To sum up, neither the CSR literature, nor the business ethics and social capital approaches explicitly link CSR with the creation of value and innovation. At best, this is considered as a by-product. However, the objective is not to view CSR as a potential value creating strategy from which the full integration of stakeholders is considered as a key determinant of innovation activity. To include this perspective, we relied on the literature pertaining to evolutionary and strategic management which stresses the fact that SMEs have a largely non-formal CSR.

Evolutionary and strategic management literature

Evolutionary literature (which explicitly incorporates technological innovation) is particularly useful when examining pro-active companies with strategic CSR. Strategy starts with the reviewing and learning about a company's resources/capabilities, how these might be deployed and in what future context? This view considers technological innovation as an endogenous force that drives new resource combinations in order to sustain a competitive advantage. CSR and evolutionary strategic processes are mutually reinforcing. Engaging in social, societal or environmental programs appears to provide valuable resources for the company (Sharma and Vredenburg, 1998) and to foster product and process innovation

(Husted and Allen, 2007b). Employee involvement seems to play a key role in environmental strategy for instance, as it enhances process innovation (Sharma and Vredenburg, 1998). Nidumolu et al. (2009) stated that CSR and sustainability are now considered as "*key drivers for innovation*" (p. 57). These (mainly theoretical) studies therefore explicitly indicate that CSR can lead to technological innovation.

In the view of Porter and Kramer (2006), CSR is seen either as a response (responsive CSR) or as a strategic lever (strategic CSR). Responsive CSR corresponds to the "0 level" of CSR, "*acting as a good corporate citizen, attuned to the evolving social concerns of stakeholders, and mitigating existing or anticipated adverse effects from business activities*" (Porter and Kramer, 2006, p. 85). Through the implementation of best practices, responsive CSR creates goodwill, improves relations with stakeholders, and permits to identify the social and environmental impacts of the unit's activities throughout the value chain. However, its effects are quite limited and modest in terms of (incremental) innovation. On the other hand, strategic CSR goes beyond the implementation of best practices. It is based on the exploitation of complementarities between inside-out and outside-in linkages (when external social conditions affect the company) in order to achieve a unique and distinctive position as compared to competitors ('lower cost, better service'). From this point of view, the relationship between CSR and technological innovation is well established: strategic CSR based on a symbiotic relation between society and a companies' own competitiveness appears to be a main determinant for (radical) product and process innovations. This approach therefore explicitly allows space for the link for the link between (the type of) CSR and (the type of) innovation: the more strategic the CSR, the more radical the technological innovation. However, this research is limited to large companies[1].

Embracing this strategic approach of CSR, Burke and Logsdon (1996) were the first authors to propose five strategic dimensions for CSR projects that may affect a company's ability to create value. To our knowledge, no other study has proposed such dimensions to characterize strategic CSR. Their model introduces five key dimensions (Burke and Logsdon, 1996, p. 497):

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1. The emergent tetranormalization approach (Savall and Zardet, 2005) deals with the way management can integrate and combine four types of, sometimes contradictory, norms (social, ecology, trade and economy). As such, this perspective could be used to the study of the discrepancies between innovation and CSR. Nevertheless, we did not retain it as we focused on CSR practices rather than on the various norms a firm may have to adopt and integrate.

- centrality: "closeness of fit to the company's mission and objectives";
- proactivity: "degree to which the program is planned in anticipation of emerging social trends and in the absence of crisis;
- voluntarism: "the scope for discretionary decision-making and the lack of externally imposed compliance requirements";
- visibility: "observable, recognizable credit by internal and/or external stakeholders for the company";
- specificity: "ability to capture private benefits by the company".

We did not retain this latter dimension for our framework, as this ability is precisely what we sought to measure through the technological innovation produced by the company via its CSR. In our approach, "specificity" corresponds to innovation performance, i.e. the ability to develop new or improved products and processes through CSR. Indeed, "*value creation is necessarily about innovation*" (Husted and Allen, 2007a, p. 597).

In this literature, the relationship between CSR and technological innovation appears to be clear, at least for large companies, especially for those engaged in strategic CSR. However, SMEs are not treated as a separate category in relation to social issues, with their own specificities. For instance the largely non-formal approach used to manage stakeholders and CSR aspects, were not taken into account. Combining the formal/informal distinction with the strategic/responsive distinction, we propose the following framework that has enabled us to identify four types of firms (Table 1):

Table 1: Analytical framework developed in order to analyze the link between CSR and technological innovation

	Responsive CSR	*Strategic CSR (*)*
Formal CSR	Stakeholder theory	Strategic management Evolutionary theories
Informal CSR	Business ethics and social capital theories	

(*) The strategic management and evolutionary literature does not address the distinction between formal and informal practices. Thus, we were not able to distinguish between the two forms of CSR in those approaches, which do however take into account tacit knowledge and informal routines.

In order to further investigate the concept of CSR, which is still subject to many definitions, recent research (especially in the *Journal*

of Business Ethics) has focused on qualitative empirical research (e.g. Jenkins, 2006; Moore et al., 2009; Murillo and Lozano, 2006; Tencati et al., 2004, etc.). We also adopted this methodology, focusing on the link between CSR and technological innovation as, to our knowledge, no empirical study has illustrated this link placing the emphasis on the specificities of small companies.

Seven case studies on the relationships between CSR and innovation

We present here the methodology used for the seven case studies and the results of the empirical research followed by a discussion. We start by positioning the seven companies within the conceptual framework. We then identify the links between the different dimensions of CSR and technological innovation.

Methodology

We conducted case studies on seven companies located in the French Rhône-Alpes region. These companies, known for their "good CSR practices", were selected with help from various experts such as the Chamber of Commerce, Industry associations, and business angels. The companies varied in size but none of them entered the category of large companies, i.e. multinational entities with more than 10 000 employees worldwide. We chose to concentrate on SMEs and on "medium-sized" groups so as to identify more easily the potential links between CSR and technological innovation, as fewer players are involved. Four companies were SMEs (following the European definition). A fifth was a medium-sized subsidiary of an international group (Pilot). The sixth was a large subsidiary of a worldwide group (Salomon), and the last was a medium-sized group with 5400 employees (Somfy). We choose to have a highly heterogeneous sample, both in size and sector of activity, so as to determine precisely whether "small companies" could be distinguished from "larger companies" and also whether a sector-related effect could be identified, i.e. whether some sectors are more inclined than others to adopt CSR practices (due to demands from major suppliers or clients, etc.).

We relied on press articles, internal reports and corporate websites. We also conducted 15 interviews, lasting about 2 hours each, in the 7 companies (see Table 2). All interviews were recorded and coded according to the four dimensions of strategic CSR, placing

a particular emphasis on the definition and formalization of CSR practices so as to capture potential specificities related to SMEs' as stressed by business ethics and social capital approaches. The same codes were applied to the secondary data collected from press articles, internal reports and company websites, which enabled us to triangulate primary and secondary data.

Table 2: List and nature of interviews for the 7 case studies

Name of the company	Activity and size (number of employees)	Number and function of interviewees	Status of the company
Sunea	Solar panels, 5 persons	2 (two founding directors)	Independent
Trialp	Sorting and waste collection, 120 employees	2 (general director and a deputy general director)	Independent
Inddigo	Sustainable engineering, 140 employees	2 (vice-president)	Independent
Routin	Beverage, 150 employees	1 (general manager)	Independent
Pilot Corporation of Europe	Subsidiary of Pilot group (2400 employees), writing tools and solutions, 185 employees	2 (general secretary, controller in charge of CSR, general manager)	Subsidiary of a Japanese group
Salomon S.A.	Subsidiary of Amer Sports (6400 employees), mountain sports, 950 employees	4 (Human Resource director, HR director of Winter Sports, Director of General Services and chairman of CHSCT[2], Deputy to the HR director)	Subsidiary of a Finnish group
Somfy S.A.	5400 employees, home automation (shutters, gates, doors..) for domestic and industry applications	2 (general manager and vice-president in charge of communication)	French group (headquarters)
7 case studies	4 SMEs, 1 small subsidiary, 1 large subsidiary and A medium-sized group	**15 interviews**	

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2. *Commission de la Santé et de la Sécurité au Travail* : French Committee for Health and Security at Work

Results

Results are linked to the definition of CSR and to the four dimensions as retained by Burke and Logsdon (1996), taking the generation of innovation as a measure of CSR "specificity" (value creation and performance dimension). Indeed, as underlined by Bertoin Antal and Sobcak (2007), there is no reason to consider a priori a French specificity, even though Husted and Allen (2007b) found that only three of the five dimensions actually fitted the CSR approach adopted by Spanish companies. Hereunder we present the results for each company according to the different dimensions.

Definition of CSR

In order to understand what CSR actually covered for the companies interviewed[3], we first asked them to provide a spontaneous definition of CSR. We then used an assisted method proposing a conventional definition of CSR to the respondents. Most of the managers did not agree with the CSR terminology. Indeed, they used words such as "responsible" or "social practices" (Sunea), "societal" responsibility (Routin), or "sustainable development" (Somfy). Small companies insisted on the involvement in their local environment (territory), whereas large companies had a broader vision of their environment such as "the planet" (Somfy) or "society as a whole" (Routin). The fact that CSR spans "beyond legal requirements" as well as the "cultural aspects of CSR" were also mentioned. The scope of CSR and the different dimensions it covered largely depended on the size of the company. Small companies were more inclined to focus on internal stakeholders and on social, less directly marketable aspects of CSR, whereas larger companies tended to have a broader and more economic-oriented approach, rationalizing on the stakeholders that will increase economic returns such as clients and suppliers. This aspect is in line with companies and leaders' objectives and motivations with respect to CSR.

Centrality: Motivation and main goal for implementing CSR actions.

To the question as to whether CSR was considered as a priority in the company's objectives, most company managers (small companies, even those such as Sunea that were created with the social objective of integrating workers with special needs, and Trialp, which is also partly

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3. We assimilate the views of the interviewed persons to the companies' opinions as this is usually the case for SMEs when the general manager is the owner (or owns a major part of the capital). By extension, we also applied this to the other companies in our sample, as we also interviewed the general management.

concerned with "rehabilitation") declared that the first objective was to be profitable, although "something else" (ethical and moral aspects) is also necessary. Our results support the idea that even if the motivations are social by nature, no company (or few) will implement social and environmental practices merely on the basis of moral aspects. Although profit is not the only objective, the aim of the founders and owners is to make the company profitable based on its activity. The role of management and of leadership is seen as key. All companies, regardless of size, acknowledged the essential role played by the general management (and by the leader for small companies) with respect to CSR.

Voluntarism and proactivity: responsive versus strategic CSR.

CSR also helps the company to position itself within its environment, adopting an offensive or defensive approach. First, although strategic CSR offers a good means for differentiation, we observed that it was implemented when stakeholders did not really demonstrate any particular demand for it. Second, defensive CSR is implemented as a response to internal constraints such as a social unrest, or external constraints, responding to customers' requirements, identifying potential risks along the value chain. This attests to the fact that the companies act like "*good corporate citizens*" (Porter and Kramer, 2006). To investigate further the nature of the CSR actions, respondents were asked to identify the main obstacles they faced when implementing their strategies or practices. Most of the obstacles reported were internal, especially for SMEs that often lacked time, human and financial resources (financial constraints were also mentioned by the larger entities, especially in times of crisis). The nature of CSR initiatives seemed to affect the perception of the obstacles. Whereas "offensive" companies (Trialp) seek to overcome these obstacles, others adopting a more defensive position seem to simply give up (Routin). Interestingly, the companies that were the most offensive and deeply engaged in CSR seemed to have a better perception of the obstacles, insisting more on these than on the motivations. This confirms the idea that companies are able to address issues only when they are confronted with the difficulties.

Visibility: formalization and codification.

In terms of formalization/codification, many companies have implemented formal standards such as ISO 9001, 14000 or SD 21000 (Afnor) in order to "*do what we say we're doing*" (Somfy). However, these standards are only procedures. In the opinion of our respondents, regardless of company size, the codification of codes of conduct or the

vision was more important because they relied on the commitment of all persons within the organization. Most of the interviewees also underlined the necessity for using objective criteria when measuring CSR commitment and for following-up the process, as well as the complexity of such measurement, not only because of the required time and financial resources (factor underlined by SMEs), but also because many actions are qualitative by nature. SME managers expressed having difficulty in finding the right measures (and allowing time) and insisted on the importance of "*doing it*". Although the Japanese subsidiary (Pilot) had implemented precise indicators and formal processes, the emphasis was placed more on values than on indicators. Generally speaking, the system must be in line with the company's size and activity. The approach and formalized systems should be adapted to these factors to allow for the continuous improvement process which characterizes CSR (at least in large companies).

Specificity: CSR and technological innovation performance.

As previously mentioned, Burke and Logsdon (1996) used a fifth dimension to characterize strategic CSR: "specificity". We retained this dimension here as an indicator for innovation performance. Companies develop two types of perception concerning the relationship between CSR and technological innovation. For some companies, CSR is clearly oriented towards technological innovation and opportunity recognition, contributing to their competitive advantage. This is the case for the more innovative companies. Most often, companies do things differently in a way that better serves customers. Other companies view CSR as a social strategic engagement that can facilitate learning and adaptation. The focus is on the "social competence" (Ghemawat, 2001) that can improve process and product innovations. However, the effect seems more limited because innovations are mainly incremental. These results show a clear relationship between CSR and technological innovation, although at different degrees. We observed that companies engaged in responsive CSR mainly developed incremental innovations, whereas those having adopted strategic CSR were more inclined to opt for more radical technological innovation (Porter and Kramer, 2006) – although these results are obviously related to the type of innovation in the sector of activity. However, and contrary to theoretical expectations, small companies, even those engaged in non-formal CSR, can also be engaged in strategic CSR and may develop radical innovation (see Figure 1).

Our results, together with the review of the websites enabled us to assess the four dimensions of strategic CSR for the seven companies (Table 3). The classification and assessment of the strength of each company on each of the four dimensions was carried out by the authors based on the results obtained and was then submitted to the interviewees for validation. Categorization of innovation performance (incremental/ radical, defined respectively as "new to the company"/"new to the market", OECD, 2005) was performed following Burke and Logsdon (1996) according to the "specificity" dimension, by considering whether the company had filed patents or had used other protection methods (such as secrecy, first-mover advantage) related to product and process innovation (OECD, 2005). This was also submitted for confirmation to the interviewees.

Table 3: The four dimensions of strategic CSR and innovation performance

| Name of the company	Centrality Closeness of fit to company's mission	Proactivity Degree to which the program is planned	Voluntarism The scope for discretionary decision-making	Visibility Observable, recognizable credit by stakeholders	Total + (assessment of strategic CSR)	Innovation performance
Sunea	3	4	3	3	13	radical
Trialp	3	4	4	3	14	radical
Inddigo	3	4	4	4	15	radical
Routin	2	2	2	N.A.	6	incremental
Pilot Corporation of Europe	4	2	4	4	14	radical
Salomon S.A.	2	2	2	-	6	incremental
Somfy S.A.	3	3	2	3	11	radical

Source: Adapted from Burke and Logsdon, 1996 ("innovation performance" replacing "specificity")

In order to assess the strategic aspect of CSR for each company, we totaled the scores for each dimension (from 1: "very weak" to 5: "very strong"). This enabled us to identify three groups: those very much engaged in strategic CSR (Inddigo, Trialp, Sunea, Pilot), those "in the middle" (Somfy) and those that adopt CSR as a response to their environment (responsive CSR: Routin and Salomon). These two latter companies also scored low on technological innovation performance resulting from CSR (with only minor incremental innovations). Surprisingly, the strategic orientation regarding CSR was not linked to the size of the company.

Discussion

In most cases, CSR was clearly viewed as a means for standing out (Siegel and Vitaliano, 2007). This confirms the idea that CSR is not used merely for moral and/or ethical motives. The discussion will focus on two main results: the distinct approaches to CSR that companies adopt in their daily activities and in their strategy, and the links between the different dimensions of CSR and technological innovation. Based on our categorization of CSR (Table 1), we positioned the 7 companies on the matrix presented in Figure 1. First, we used the strategic CSR scores (see Table 3) to position the companies on the responsive/strategic CSR axis (according to the evolutionary and strategic management perspectives). Second, in order to account for the specificities related to small companies, and following the social capital and business ethics perspectives we focused -as in Table 1- on the formal/informal CSR axis (an aspect included in the "visibility" dimension proposed by Burke and Logsdon, 1996).

Figure 1: Proposed matrix
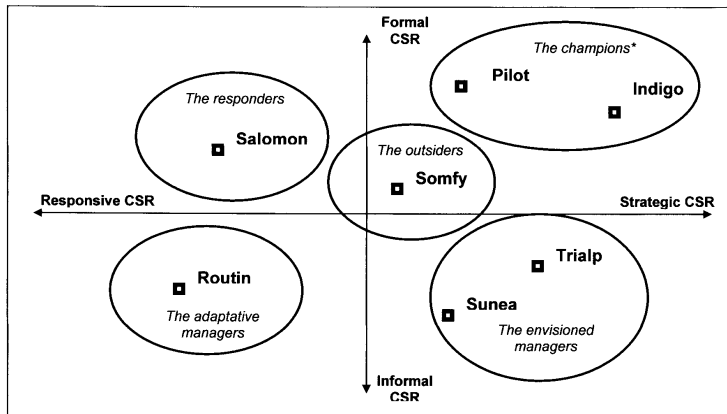
* N.B: The term "Champion" is adapted from Jenkins (2006).

In our typology, the "champions" were most often large companies that "*transform value chain activities to benefit society while reinforcing strategy*" (Porter and Kramer, 2006, p. 89). Indigo was the exception: this was mainly due to the founders' initial business model and to the sector of activity. Two main results emerged from our study:

- The first result relates to the link between CSR and technological innovation. Most small companies in our sample implemented CSR as a social strategy that contributed to improve their innovative performance. It seems that companies engaged in strategic CSR are able to develop more radical technological product innovations than those engaged in responsive CSR, for which innovations are mostly incremental. But, as suggested by Porter and Kramer (2006), the impact is still limited, as they do not make use of the possibilities offered by their involvement in societal or environmental aspects of CSR to innovate with stakeholders. They rely heavily on 'closed' (internal) innovation. These results are in line with the differences that have been identified in studies stressing the variety of responsible behaviors towards specific categories of stakeholders (Russo and Tencati, 2009). Companies engaged in strategic CSR tend to adopt a large multi-stakeholder approach, whereas responsive companies tend to focus on certain (mostly local) immediate stakeholders (internal stakeholders at first –employees- then on clients; Murillo and Lozano, 2006);

- A second result is related to the specificities of small companies: following theoretical predictions, the bottom right quadrant of Figure 1 (companies engaged in strategic and informal CSR) should not exist. Indeed, business ethics and social capital approaches acknowledge that small companies adopt largely informal CSR practices, but the link with value creation and innovation, therefore the strategic aspect of CSR, is neglected. On the other hand, evolutionary and strategic management studies on strategic CSR neglect SMEs. We reconciled these two streams of literature and showed that companies (small-sized) may combine informal and strategic CSR, thus leading to radical technological innovation. The combination of the strategic and informal dimensions is not surprising for small companies since it is embedded within the manager's values;

- A third result is related to the sector effect, which appears to be particularly important for small companies. This factor influences the culture with respect to CSR. In our study, three companies (Inddigo, Sunea, and Trialp) operated in sectors where social and environmental aspects were key determinants in order to have a competitive advantage. These SMEs are more inclined to identify CSR opportunities as they operate on a favorable ground. The centrality dimension, linked to strategic CSR, characterizes these small companies which follow the same evolutionary trajectories as those taken usually by larger companies due to their activity and to their strategic profile. Also, certain sectors of activity may be more prone to pressure from suppliers and/or customers encouraging them to engage

in CSR practices. This result, evidenced in our sample of small companies, should be taken into account for future research on SMEs in other sectors.

Conclusion

This paper presents some contributions to a largely unexplored subject which is becoming increasingly important considering the growing interest for CSR on one hand and for innovation strategies on the other hand.

From a theoretical point of view, the paper synthesizes the major approaches used to study CSR practices within companies. It departs radically from solely ethical or moral views, and proposes rather to combine "social" approaches (social capital and stakeholders) with strategic and economic paradigms, and with the notion of embeddedness. We believe, as supported by our empirical results, that companies (especially small companies and larger ones that are still either dominantly family-owned or were founded in cultures such as the Japanese culture) do not pursue only economic and profit-maximizing objectives. Therefore, both theoretical streams should be combined, although they rely on slightly different assumptions (such as, for instance, the human nature, coordination, or the possibility for a company to lever its own resources and to have an impact on its environment). The 2X2 matrix and its 4 possible combinations made it possible to study large and small companies together, as well as to address the link between CSR and technological innovation. In so doing, we reasserted the idiosyncrasies of SMEs. This is particularly true in our sample where the companies' strategic profile and sector of activity played a more important role than size on the CSR dimensions. Further research should investigate these aspects more closely so as to study the link between companies' strategic profile and CSR characteristics and technological innovation. Another avenue for future research could also be to take into account the companies' human potential in order to better assess the relationship between both variables (CSR and innovation)[4].

Our results can prove useful for SMEs owners and managers who could investigate which dimension of CSR is central to their strategy,

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4. We thank an anonymous review for this suggestion.

and how they could use their strategic CSR to develop radical innovation, thus taking advantage of their CSR orientation to further develop value creation and innovation performance. When opting for a dimension (social, societal, environmental) when implementing a CSR, the question of how to measure progress should be considered first so as to anchor the approach within the day-to-day operations. Using the dimensions developed by Burke and Logsdon (1996) represents a first step to evaluate which of these fits best with the corporate strategy. More generally speaking, the bi-directional links between CSR and technological innovation remain to be further explored.

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