

THE COMPLEMENTARITY OF CORPORATE SOCIAL RESPONSIBILITY AND INNOVATION: EVIDENCE FROM BELGIAN FIRMS

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ABSTRACT

In recent years, more and more companies, both small and large, have become aware of issues related to sustainable development. In spite of the significant presence of small and medium enterprises (SMEs) in Europe, few studies have examined the social responsibilities of SMEs. Corporate social responsibility (CSR) requires numerous changes for companies, and innovation can thus constitute a tool supporting the implementation of CSR. In addition, sustainable development can generate new opportunities for SMEs to innovate. Thus, the goal of this exploratory study is to better understand the connections linking CSR and innovation in the context of SMEs. Semi-structured interviews with leaders of seven SMEs in Wallonia (Belgium) have allowed us to provide insight regarding the role of innovation in the process of defining social responsibility in the SME context.

JEL: M10, M14, O32

KEYWORDS: Sustainability, CSR, Innovation, Small business

INTRODUCTION

At the present time, sustainable development (SD) constitutes more than a simple fad and has instead progressively become “an unavoidable reality” (Renault & Ashta, 2007, p. 5). In particular, financial crises, pollution, resource depletion, labour rights, and various other factors have stimulated certain organisations to focus on SD (Asselineau & Lechalard, 2008). In recent years, an increasing number of companies have become aware that it is possible to manage a company in a sustainable way by considering and prioritising long-term interests, and these companies have therefore undergone profound managerial changes as a result (CIDD, 2006).

However, one certainly does not find the same level of commitment to SD in all companies. Firm size is certainly one of the factors that is linked to the observed differences in firms’ commitment to social responsibility; in particular, large companies and small firms generally do not commit to corporate social responsibility (CSR) in the same manner (Lepoutre & Heene, 2006). In Europe, small and medium enterprises (SMEs) represent a significant economic sector. In Belgium, as in most countries, the majority of companies are SMEs (Gendre-Aegerter, 2008; Spence et al., 2007). However, numerous authors have regretfully observed that despite the important presence of SMEs in the European economic landscape, there exist only a small number of studies addressing CSR in SMEs (Lapointe, 2006).

In addition, several authors have examined the potential relationship linking CSR and innovation (Labelle, 2008). However, this relationship has rarely been studied in the context of SMEs (Bocquet & Mothe, 2010; Temri, 2008). CSR initiatives may prove important for SMEs, as according to Little (2006), these initiatives can lead to the implementation of processes of innovation that respond to social, environmental, and economic needs by creating new work methods, products, services, processes, and markets in a context that could lead numerous firms to redefine their strategy.

The goal of this study is thus to analyze the conditions under which innovation can either favor or result from social responsibility considerations of SMEs. The use of innovation in the service of CSR is a

complex challenge that connects the concepts of innovation and SD, both of which display multidimensional characteristics.

To begin, we shall define the field of the CSR and the innovation. We shall then attempt to develop the concept of innovation and the conditions in which it can facilitate and promote CSR. After we had specified our methodology, we shall present the main results of our study as well as their interpretation.

LITTERATURE REVIEW

From Sustainable Development to Corporate Social Responsibility

In the literature, we find numerous definitions of SD and CSR. To better understand these two concepts, it is important to be precise about the definitions that are used. Although SD is a fuzzy concept, a report by Brundtland (1987) defines SD as development that allows for “responding to the needs of the present without compromising the abilities of future generations to respond to theirs”.

We find the concept of responsible entrepreneurship to be an extension of SD; in particular, this concept, as stated by the European Commission (EC) (2004, p. 7), designates “strategies voluntarily adopted by companies to contribute to SD”. This definition fits with the concept of CSR, which represents, according to the CIDD (2006, p. 7), “a process of improvement in which companies integrate to their management considerations of social, environmental and economic order in a voluntary, systematic and coherent way, in consultation with their stakeholders.” This definition of CSR alludes to firms’ centers of activities, which have been labeled theoretically by Elkington (1998) as the triple bottom line, a concept that leads CSR-oriented firms to define their results in terms of the following three pillars of SD: Planet (respect for the environment), People (respect for employees, customers, suppliers, stakeholders, and society), and Profit (profitability of the company, its growth, and the growth of the economy as a whole) (David et al., 2005; Labelle, 2008; Spence, 2007). Numerous empirical studies indicate that the commitment of companies to CSR tends to increase with company size. Despite this finding, however, it has been claimed that half of European SMEs are already invested in one or more socially responsible activities (Lapointe & Gendron, 2004; EC, 2002). Various actors have attempted to promote CSR in the context of SMEs, and specifically adapted tools have been developed to encourage CSR. An awareness campaign, for example, has been launched by the EC (consisting of a guide, a list of best practices, and seminars). The numerous scientific studies and science communications addressing CSR demonstrate growing interest in SD and emphasize the benefits of adopting socially responsible strategies (Quairel & Auberger, 2005). We have observed that SMEs are increasingly aware of the impact that their activities can have on SD (CIDD, 2006; Spence, 2007).

Social Responsibility and Innovation

If one consults the extensive literature on the subject, various ambiguities can be found regarding the notion of innovation. Thus, to better comprehend the concept of innovation, it is important to distinguish between innovation and creativity. Carrier and Garand (1996) emphasize the confusion that may exist between the two concepts and note that creativity corresponds to the initial discovery of ideas and can therefore be a source for a subsequent process of innovation. It is thus necessary to distinguish creativity and innovation by considering these notions as two distinct phases of a process chain; for this chain, creativity represents the point of departure from established practices, whereas innovation finalizes and implements novel and creative concepts.

Furthermore, it is not always easy to distinguish change from innovation. The implementation of an innovation systematically leads to change for the company, whereas the company can make an organizational change without innovation. We therefore wish to emphasize the fact that, in the literature,

we find the following different ways of evaluating innovation: the relative perception of the adopter, the objective novelty, the degree of originality of the innovation, and the nature and breadth of the change induced (Carrier & Garand, 1996). In this study, we will distinguish innovation from change in a company by assessing the relative perception of the change within that company. Thus, change within an organization will be considered to be an innovation if that change is perceived to be a novel one by the organization's actors. We thus choose to retain the definition of innovation provided by the Organization for Economic Co-operation and Development (OECD); in this definition, innovation corresponds to the "implementation of a product (good or service) or of a new or notably improved procedure, of a new method of commercialization, or of a new organizational method in a company's practices, in the organization of the workplace, or in external relations" (OECD, 2005, p. 54).

Recently, increasingly better methods have been used to incorporate the concept of innovation into the context of addressing SD. The adoption of CSR concepts will produce changes in the way in which SD is managed, as CSR involves important modifications in company management and produces various organizational innovations (Mathieu, 2005). To understand the concept of SD in a global way, it is important to examine the notion of innovation (Mathieu, 2005). According to Asselineau and Lechalard (2008), a company that seeks to integrate a vision of SD should review its ways of thinking and develop new working methods. Innovation is one of the drivers of company competitiveness, but it is not always easy to implement. According to Labelle (2008, p. 1), "innovation and SD are two contemporary issues which are faced by entrepreneurs. Certain entrepreneurs have chosen to face them head on.

In doing so, they have caused an interesting result, that is, that management focused on sustainability favors innovation". CSR initiatives can thus lead to the implementation of processes of innovation that respond to social, environmental, and economic needs by creating new work methods, products, services, processes, and markets in a context that could lead numerous firms to redefine their strategy (Little 2006). In addition, the entrepreneur, as Schumpeter (1934) suggests, is a natural innovator. SD will provide the responsible entrepreneur with opportunities to innovate that respond to the considerations of the various parties concerned with improving current modes of consumption, production, and organization (Spence, 2007). The real challenge for companies pursuing innovation is not simply the generation of good ideas; instead, the more important aspect of the challenge is converting these ideas into products and services that will be successful in the market. It could thus be the case that social responsibility generates new ideas and stimulates various ethical considerations (EC, 2007). In addition, as noted by MacGregor et al. (2007), responsible innovation demands a proactive attitude on the part of the company. A proactive approach is customarily one of the characteristics of innovative companies. These companies do not wait for competition or external pressure to take action and innovate. Both innovation and a proactive perspective are required in the implementation of a CSR strategy.

The Bidirectional Relationship between CSR and Innovation

One can increasingly find studies that examine the connections between innovation and CSR (Labelle, 2008; MacGregor et al., 2007). In addition, several authors have investigated the direction of the relationship between innovation and CSR (EC, 2007; MacGregor et al., 2007). Within the framework of the Response Project of the EC (EC, 2007), which has the goal of convincing SMEs to implement CSR through the use of innovative activities, MacGregor et al. (2007) demonstrate the bidirectionality of the interactions between innovation and CSR. In particular, two separate pathways have been emphasized thus far in the study of this relationship. In certain companies, CSR leads to innovation, a phenomenon that can be explained by the fact the companies in question are guided primarily by their values. These firms seriously consider the impact of their activities on the environment and the community, although it should be noted that these considerations do not imply that the companies in question lose sight of the importance of profit. By contrast, innovation leads to CSR in companies that are principally focused on the creation of value. These companies value their workforce, their production chain, and their customers

and invest continually with the goal of creating added value (EC, 2007). Nevertheless, a review of the literature suggests that there is still a lack of understanding regarding the ways in which CSR initiatives can both rely on processes of innovation and improve performance for SMEs. We therefore seek to better understand the connection that can exist between innovation and CSR practices in the specific context of SMEs, thus allowing us to appreciate the role of innovation in the process of improving the CSR of concerned SMEs.

METHODOLOGICAL CHOICE AND SAMPLE CHARACTERISTICS

The CSR of SMEs and the relationship between this CSR and the process of innovation has rarely been studied, particularly in Belgium (Peeters, 2005). As the research field of this study is novel and the object of study is relatively original, we chose to pursue a qualitative investigation that is exploratory in nature. This type of approach seeks to provide a finer and deeper comprehension of the object of research (Miles & Huberman, 2003). In particular, in this instance, the study results will allow us to better understand the move towards CSR by SMEs; this move is already beginning to take place in Wallonia (a region of Belgium).

The Definitions of SMEs Used for Our Study

In the framework of our study, we chose to retain two complementary definitions of SMEs that are both frequently referenced within the scientific community. From this perspective, we thus chose to value both quantitative and qualitative approaches by considering both the definition of the European Commission (2006) and the definition of Julien (1997). The European definition is based on quantitative criteria (EC, 2006). This new definition distinguishes between three different categories of companies and takes the following three criteria into account: staffing, annual turnover, and annual balance sheet. Julien's definition (1997) is interesting because it accounts for supplementary criteria that are qualitative in nature, thereby emphasizing the human factor. In particular, in Julien's definition (1997), a company is an SME if it meets the following criteria: small company size, management centralized around the manager who directly contacts other organization members, weak specialization (of management and staff) in the division of responsibilities, simple or less organized systems of processing internal and external information (through dialogue rather than formal or written procedures) and an intuitive or relatively informal strategy.

The Makeup of the Sample and the Collection of Data

In Wallonia, it is still difficult to identify SMEs that are adopting CSR. Although we met various economic actors directly connected to SMEs in Wallonia, we did not have a database available that would be useful in helping us to prepare a sample of SMEs that were engaged in at least one CSR-related action. We nevertheless were able to discover a channel for identifying responsible SMEs, due to the fact that various economic actors organize the distribution of rewards (prizes) in the field of CSR to honor companies in Wallonia for their environmental, social, and/or economic commitments.

Thus, our sample is composed of SMEs from Wallonia that were distinguished by receiving an external reward for their involvement in social, environmental, and/or overall SD. The homogeneity of the cases in our sample is thus based on the commitment to responsibility of these SMEs, as recognized by an external organization. In practice, each manager of the SMEs participating in the study was the object of a semi-structured interview that was recorded within the company at the manager's convenience during the year 2010. To address the question of the number of interviews needed for our study, we used the concept of theoretical saturation; the conditions for theoretical saturation were satisfied after seven interviews.

The Profile of Sample Companies

A brief description of the companies included in the sample is presented below:

Company A :This family company, created in 1934 and specializing in the manufacture of cooking margarines, employs 85 people. It received the Energy and Environment prize for SD in 2006 for the installation of a cogeneration unit for utilizing renewable energy. It was certified organic in 2009 and launched its first product based on 100% segregated palm oil in 2011.

Company B : This computer services company, created in 1998, employs eight people. Its manager, concerned with the workers' well-being, created the company with the goal of developing a work environment that differed from the environment of large companies. The company has always followed cutting-edge technologies very closely to and has the ability to suggest and implement technological solutions for its customers. It received the Mercury prize for SD in 2008.

Company C : This computer services company employs 14 people. Created by the manager in 2000, this company is experiencing significant growth. It received the ALFER prize for social economics in 2007.

Company D : This company, which employs disabled workers, was created in 1970 and now employs 160 people. The chief activities of the company are related to timber and logistics (packing and packaging). The present manager took charge of the company in 2007. After losing an important customer, the company successfully managed to diversify its activities. It received the Godefroid prize for SD in 2009.

Company E: This enterprise, created in 1978, employs 90 persons (nearly 80 persons from the Walloon Agency for Inclusion of the Disabled, and roughly 15 non-handicapped employees). This firm is a nursery that offers activities such as park fencing, eco-construction, gardening and masonry. Since assuming the management of the company in 1989, the present manager has striven to achieve financial equilibrium. In addition, the company has been nominated for the Godefroid prize in SD in 2010.

Company F : This enterprise in the area of bulky waste collection, created in 2005, employs 20 people and works in collaboration with a non-profit organization that provides the firm with disabled staff members. The company envisages extension of these activities to other locations. It has co-managers instead of a single overall manager. The company received the Walloon Entrepreneurship Grand Prize in 2008.

Company G :This family company, created in 1998, employs 14 people and is active in the area of alternative heating. It received the Energy Award prize in 2007. Since the economic crisis, the manager, who is the creator of the company, has foreseen a negative future for his company. Nevertheless, he is investing in a project related to mobile boiler rooms.

RESULTS AND DISCUSSION

To explore the relationship between CSR and innovation, we analyzed our discourses with the managers of the seven companies in the sample. Complementarity between CSR and innovation could be identified in the seven SMEs. Furthermore, this complementarity highlighted several distinct corporate trajectories related to the two concepts in question, which are discussed below.

Ecology Creates New Opportunities for Innovation

This trajectory was uniquely identified for *company A*. The commitment to responsibility of this company is chiefly focused on the implementation of environmental actions. This firm did not seek to distinguish

itself in the social aspect of CSR. The company has been invested in a continual process of innovation for several years, and it seeks to be ahead of its competitors and describes itself as “avant-garde”. This firm would like to optimize its productivity and develop as complete of a range of products as possible. It has devoted its innovative processes to the service of its ecological objectives. These innovative projects (Table 1) demonstrate to us that company A seeks to innovate to stay ahead of its competitors. It thus tries to launch new products regularly. The company has also committed its innovation processes towards its core ecological commitments, as it seeks to ensure that it is at the forefront of addressing new environmental issues as they arise.

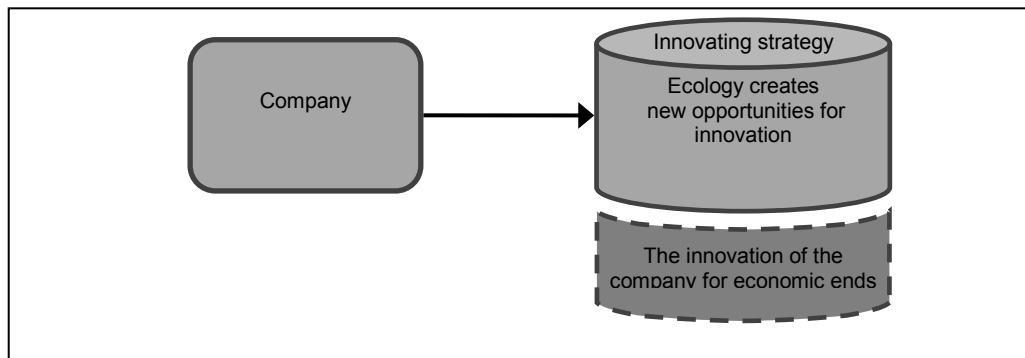
Table 1: Innovation and Outcomes (Company A)

	Innovations	Outcomes Expected for the Company	Outcomes Expected for CSR
Product innovations	The regular launching of new products	The company provides a range of quality products that is as complete as possible	
	Products that are certified as organic		New potential market
	Product based on 100% segregated palm oil		Weak current sales
Commercial innovations	The creation of the “Green Energy” logo (indicating energy cogeneration) that is visible on most products	Positive image with customers	Products guarantee respect for primary forests and their fauna as well as decent working conditions in producing countries
Procedural innovations	Continuous innovation in the process of production	Greater productivity	
	The creation of a plant that is a cogenerator of renewable energy		The use of green electricity by the company

This table shows the innovation activities of the company A as well as their outcomes expected for the company and for CSR.

The company thus continually finds new opportunities to innovate with regard to these environmental issues (Figure 1).

Figure 1: The Innovating Strategy for Company A



This figure shows that besides the innovation for economic ends, the ecology creates too, for the company A, new opportunities for innovation.

The Pursuit of Sustainable Goals through Innovation

We identified four companies that pursue their commitment to responsibility (both social and environmental) through the implementation of innovative activities.

Company D (Table 2) allows disabled individuals to be involved in the business activities of the

company. As its activities have diversified, the company has supplied its staff with additional training to ensure their well-being. This diversification has also allowed the company to assure its own longevity. The company was not invested in a continuous process of innovation before the arrival of its current manager. When he arrived at the firm, the present manager had the idea of diversifying the activities of the company. He had to implement considerable changes in the management of the company and brought his SD approach to all company activities. In particular, the firm has implemented SD by constructing passive buildings, re-using the by-products of its sawmill and pallet shop, and recycling waste, among other measures.

Table 2 : Innovation and Outcomes (Company D)

	Innovations	Outcomes expected for the company	Outcomes expected for CSR
Product and service innovation	Opening a restaurant and a store	The diversification of company activities	The opening of enterprise for the local community
Organizational innovation	The restructuring of company management and management tools	The writing of management procedures to engage in a process of certification in the future	
Procedural innovations	The acquisition of new tools	Greater potential diversification of company activities	
	The creation of a trigeneration plant		The use of green electricity by the company

This table shows the innovation activities of the company D as well as their outcomes expected for the company and for CSR.

Company E (Table 3) has undertaken numerous activities that favor SD, particularly due to the system of environmental management that the firm has implemented. At the social level, the company has invested a considerable amount in the training of its staff. It also organizes “SD weekends” and discovery activities for the schools of the region to raise the awareness of children and the general public with regard to SD issues. Finally, the company does not hesitate to inform the public about SD and makes a weekly newsletter known as “SD Advice” available to all. Thus, since its creation, this company has always been strongly invested in a process of innovation that allows it to implement numerous new, socially responsible projects.

Table 3 : Innovation and Outcomes (Company E)

	Innovations	Outcomes expected for the company	Outcomes expected for CSR
Product and service innovations	Eco-construction The creation of green roofs Biological cultures		The promotion of sustainable products to customers
Commercial innovation	The creation of an eco-construction building within the company		The promotion of sustainable construction and company services
Organizational innovation	The creation of a newsletter		The promotion of sustainable development
Procedural innovations	The creation of a container yard		Better waste management
	The creation of a watering nursery with a drip system		Better management of water consumption
	The recovery of water from roofs in a pond		
	Lagoon systems		

This table shows the innovation activities of the company E as well as the outcomes expected for the company and for CSR.

Company F (Table 4) can be considered to be wholly responsible in the sense that it is invested in all three CSR areas (environmental, social, and economic). Its responsibility was established through the company’s strategy. Thus, this company aims to have its activities evolve in a way that better integrates CSR considerations in the future. One of the responsible actions implemented by this firm is the free collection service for bulky waste that this SME offers to the populace. Direct contacts between the

collecting staff and the local populace promote the exchange of information about how to better sort waste. The home collection service also has the advantage of being accessible to persons with reduced mobility. With regard to CSR, numerous innovations have thus allowed the company to become more involved in the social and environmental spheres of SD.

Table 4 : Innovation and Outcomes (Company F)

	Innovations	Outcomes Expected for the Company	Outcomes Expected for CSR
Procedural innovations	The creation of new containers	Containers that are better adapted for the sorting work of company staff	
	The purchase of a shampooer for seats		Favors recycling and recovery of seats as well as their sale in a second-hand shop
Organizational innovations	The creation of a framework for the professional inclusion of individuals with weak skills		The employment of a social worker who will promote an agreeable working environment
Commercial innovations	The creation of a second-hand shop		Emphasizes the importance of shop presentation
			Encourages customers to engage in a responsible acts
	The online sale of products via a virtual shop		The installation of a kiosk to improve customer awareness of environmental imperatives. Generate a flow of rare objects or discontinued items sought by specific customers
			The expansion of the firm’s catchment area
	The labeling of appliances		Traceability and after-sale service can be proposed for appliances

This table shows the innovation activities of the company F as well as the outcomes expected for the company and for CSR.

Company G (Table 5) stood out due to its manager’s testimony regarding the firm’s experience with various external actors; in particular, this experience included both the organization of open houses directed at schools and initiatives that informed the public about alternative heating options. The company has invested in innovation at various levels. It participates in a continuous process of innovation that allows it to pursue its ecological objectives.

Table 5 : Innovation and Outcomes (Company G)

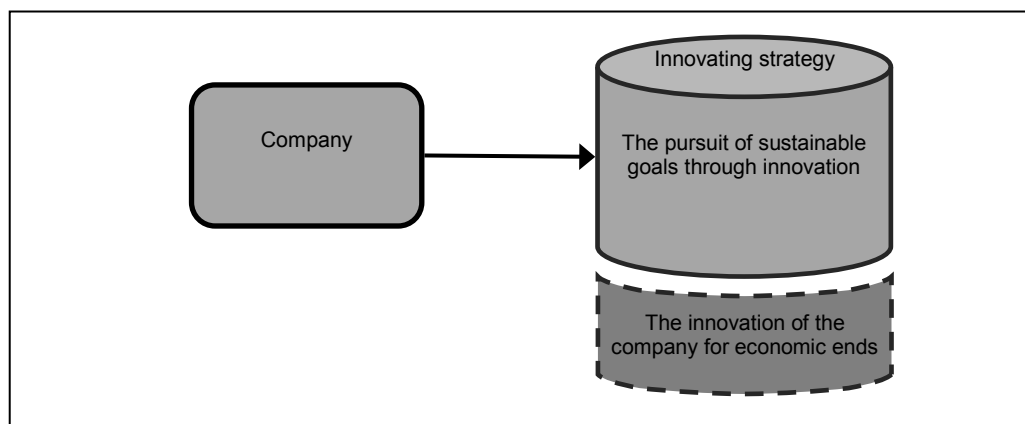
	Innovations	Outcomes Expected for the Company	Outcomes Expected for CSR
Product innovation	Project for mobile boilers in collaboration with the region of Wallonia		Provide a sustainable long-term solution
			Generate a potential market that could create jobs.
Procedural innovation	A test laboratory for boilers using alternative energy		The direct presentation of boilers to customers
Organizational innovation	The creation of a second company		The training of technicians on boilers at the company
			Submit a quality pellet to customers of company G and its competing companies
			Encourage differentiation from fellow installers

This table shows the innovation activities of the company G as well as the outcomes expected for the company and for CSR.

Figure 2 indicates the desire by responsible companies (companies D, E, F, and G) to pursue their sustainable commitments by implementing innovative activities, in the hope that positive effects will be generated at the social and environmental level. Firstly, the innovative projects of company D demonstrate to us that it seeks to innovate to favor the diversification of its activities and to continue to operate (that is, innovation for its own economic ends). When he took on the management of the

company, the manager developed a project that associated diversification and investment in equipment with SD issues. Innovation thus constitutes a means for the company to achieve its new economic and socially responsible goals. Moreover, the innovative projects of company E indicate to us that it seeks to innovate to favor the implementation of its numerous new sustainable projects and to maintain the equilibrium among the three pillars of SD. Innovation thus constitutes a means for this company to achieve its socially responsible goals. Furthermore, innovative projects have allowed company F to continue to invest in social responsibility. It is with the goal of constantly improving its social responsibility that this company has implemented a continuous process of innovation. Lastly, the innovative projects of company G indicate to us that it seeks to innovate to offer more ecological products and services to its customers. The involvement of this company in developing an innovating strategy can be interpreted as an expression of its desire to both pursue these sustainable objectives and take advantage of the social and environmental effects that result.

Figure 2 : The Innovating Strategy for Companies D, E, F, and G



This figure shows that besides the innovation for economic ends, the companies D, E, F and G are able to pursue also their sustainable goals through innovation activities.

The Pursuit of Social Objectives through Innovation and the Discovery of New Ecological Opportunities for Innovation

Two companies in the sample are characterized as having a double trajectory with regard to innovation and CSR. In particular, these firms seek to pursue their social objectives through innovation while concurrently perceiving new ecological opportunities for innovation. Company B (Table 6) sets itself apart from its competitors by its policy of training young graduates. Instead of hiring from other firms, as is common for computer services companies, the company offers young computer specialists the possibility of gaining experience and/or more specialized knowledge about its activities.

The company also does not hesitate to share its experience in schools when the opportunity for this type of outreach presents itself. Thus, the primary consideration for the company is its involvement in social considerations. In addition, the company also conducts activities related to the environmental pillar of SD. Its management employs a long-term perspective and is focused on SD issues. According to the manager, this ecological investment leads to benefits for the environment as well as new opportunities for the company to save money. At present, the company participates in a continuous process of innovation. In particular, it promotes the exchange of ideas among staff members through its organization of team meetings and the creation of its “Idea-manager” data-exchange software. The company has not innovated solely with the objective to reach sustainable goals, but SD issues have been key components underlying the development of the firm’s processes of innovation.

Table 6 : Innovation and Outcomes (Company B)

	Innovations	Outcomes expected for the company	Outcomes expected for CSR
Procedural innovation	Virtualisation	The creation of virtual servers on a single computer	Reduced energy consumption
Organizational innovation	Telecommuting	Flexibility	Greater autonomy and well-being of company staff
		Staff accountability	
		Reduced costs for the employer	Reduced CO2 emissions
		Flexibility	

This table shows the innovation activities of the company B as well as the outcomes expected for the company and for CSR.

Company C’s status as a co-operative company (Table 7) requires it to have a very specific internal management; in particular, its management must be directed toward the social well-being of its workers. Its status as a co-operative firm thus allows the company to make its workers socially aware of the various issues of the firm. The firm’s workers become associates after one year and thus rapidly assume roles as central actors in the decision-making processes of the company. The company is invested in innovation at various levels. It participates in a continuous process of innovation that allows it to pursue its ambitions as a co-operative company that provides computer services.

Table 7 : Innovation and Outcomes (Company C)

	Innovation	Outcomes expected for the company	Outcomes expected for CSR
Product innovation	A capped system of governance	Greater customer accountability Reward customers who manage their IT infrastructure well	
Commercial innovations	The purchase of a drone piloted by an iPad for a trade show	Attract customers to trade show booth	
	The purchase of an iPad abroad before its release in Belgium as part of organizing a competition	Generate buzz for the company	
Procedural innovations	The purchase of new cars with low CO2 emissions	Reduced transportation costs	Reduced CO2 emissions
	The construction of new passive buildings	Reduced costs of energy consumption Generate indirect publicity	Reduced energy consumption
Organizational innovation	A co-operative company structure	Increased support by workers for new projects	Increased well-being and development of workers within the company Increased worker responsibility and participation in decision-making processes

This table shows the innovation activities of the company C as well as the outcomes expected for the company and for CSR.

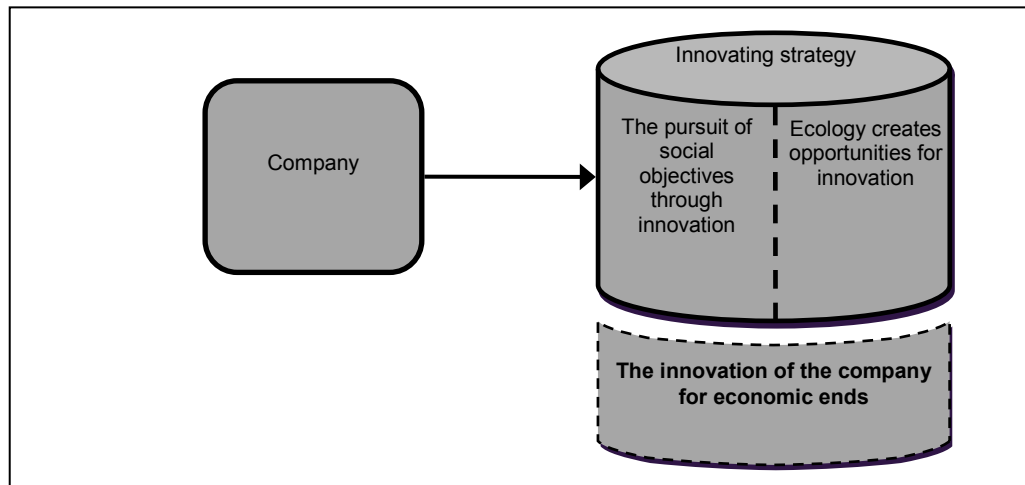
Figure 3 illustrates the complementarity of this double trajectory for companies B and C. The involvement of company B in innovation can be seen through its desire to pursue its economic objectives in a structure that respects social imperatives (the pursuit of social objectives through innovation). The company also finds that environmental issues provide it with new opportunities to innovate that also ensure economic advantages. Moreover, the innovative projects of company C indicate to us that this firm seeks to innovate to secure its future. The involvement of this company in a continuous strategy of innovation (for economic ends) can be viewed through the perspective of its desire to pursue its economic objectives within a structure that respects social imperatives (the pursuit of social objectives through innovation). The company also finds that environmental issues provide it with new opportunities to innovate that also ensure economic advantages.

Interpretation of the Results

All of the SMEs from the sample are companies that are voluntarily committed to responsibility. This

commitment is revealed through the firms' responsible actions at the environmental, social, and economic levels. We are able to observe that to pursue their sustainable objectives, the SMEs in the sample implemented innovative activities that allowed them to become socially responsible. As a consequence, the commitment to responsibility of the seven companies was always accompanied by a process of innovation (although this process varied in intensity from one company to another).

Figure 3 : The Innovating Strategy for Companies B and C



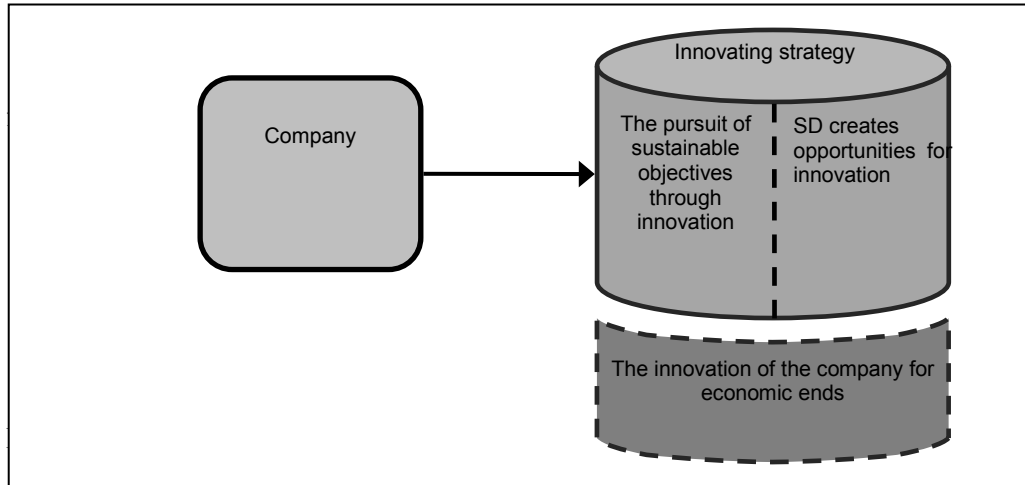
This figure shows that besides the innovation for economic ends, the companies B and C are able to pursue also their social objectives through innovation activities. Moreover, the ecology creates, for this company, new opportunities for innovation.

Thus, the complementary of CSR and innovation could be established for all of the SMEs in the sample. Among the companies that were studied, three were set apart by their involvement in a continuous process of innovation that was not exclusively intended to express their commitment to sustainability. Thus, the following companies implemented innovations for ends that were more economic in nature:

- Company A invested in a process of regular creation of new products and also seeks to innovate to increase its productivity.
- Company C innovated for commercial ends and with a desire to reduce its costs.
- Company D implemented various innovations that allow it to diversify its activities.

In addition, more fundamentally, an analysis of the innovating strategies of companies in the sample allowed us to identify two trajectories related to the way that the studied companies envisage innovation as it relates to adopting CSR principles. The first trajectory characterizes companies that wish to invest in CSR and manage to pursue their sustainable objectives (social and/or environmental) by implementing activities of innovation. For these companies, the process of innovation is viewed as a necessary tool for integrating CSR. The second trajectory envisages a constantly innovating SME, that is, a company that is invested in a continuous process of improvement and innovation. As the company in question is also concerned about its commitment to CSR, it finds new opportunities in this commitment to innovate that can not only provide it with cost reductions but also add social value to its environment. Figure 4 illustrates not only the two trajectories that can be implemented (not necessarily mutually exclusively) as innovating strategies for responsible companies (socially and/or environmentally) but also the possible presence of an innovation process that is primarily economically driven instead of CSR--focused.

Figure 4 : The Cross-Sectional Analysis of Innovating Strategies



This figure shows the cross-sectional analysis of innovating strategies for the seven companies of our sample.

The first trajectory was followed in an exclusive way by four companies in the sample (companies D, E, F, and G). These SMEs implemented the innovation activities that were necessary for pursuing their commitment to SD. This first trajectory was identified both in companies innovating for economic ends and in companies devoting all of their efforts to innovation for the purposes of sustainability. The second trajectory is generally applicable to companies invested in a continuous process of innovation that is not wholly devoted to CSR. This trajectory is more focused on the environmental pillar of SD than the social pillar of SD. Of the companies sampled, one company (A) chose to only employ this trajectory. This company found that SD provided it with opportunities to launch new green products.

In addition, two companies (B and C) employ both trajectories. These companies view innovation as a necessary tool for allowing them to pursue their internal social work (the first trajectory), and they also believe that ecological considerations generate new opportunities for innovation (the second trajectory). As these two firms integrate the second trajectory with the first, they are not only invested in the process of innovating for CSR but also motivated by economic incentives as well. This conceptual framework also indicated to us that regardless of the trajectory or trajectories that SMEs choose to follow, we observe SMEs implementing innovation activities and SD initiatives in a complementary fashion; this movement towards SD can allow SMEs to become more socially responsible companies.

CONCLUSION

Our study sought to address the gaps observed in the literature regarding the issue of complementarity between CSR and innovation in the context of SMEs. The goal of this study was to conduct empirical research to explore the trajectories that could unite CSR and innovation. We were able to establish the complementarity of CSR and innovation at the level of the innovating strategies of the sample of responsible companies examined in this study. The commitment to responsibility for the seven companies sampled was always accompanied by a process of innovation. We were therefore able to identify two distinct trajectories describing the way in which the companies envisage innovation in the adoption of CSR (specifically, the pursuit of sustainable objectives by innovation and/or the creation of innovation opportunities by SD). In addition, we were able to note that these two trajectories are not necessarily mutually exclusive. Certain companies that were sampled prioritized the first trajectory for the social pillar of SD and the second trajectory for the environmental pillar of SD.

In practice, the results and reflections inspired by this exploratory study may be useful for all of the actors who are connected with SMEs and seek to understand and support the implementation of CSR by SMEs. Due to the exploratory character of this study, certain limitations were inevitably present in our investigation. Nevertheless, we believe that a study of this type generally allows for the better understanding of a poorly studied issue and opens new paths for future research. On the methodological level, the major limitations of this study stem from the exploratory nature of the data analysis and the small size of our sample. It might be interesting to choose a more diverse sample of companies, or a sample that extended into either other regions of Belgium (such as Brussels and Flanders) or other countries. Cultural differences might be likely to appear in a more extensive study, and these cultural distinctions could influence the ways in which companies engage in CSR.

After this exploration, we believe that we can offer a certain number of insights. The fact that the research addressing this intriguing topic continues to be incomplete leads us to surmise that sufficient investigative potential for the study of CSR in SMEs exists to justify more targeted studies; these targeted studies could then provide a progressively better understanding of this issue, which is continuing to grow in importance in the field of management science.

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