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Corporate Social Performance and Innovation with High Social Benefits: A Quantitative Analysis

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Abstract

This article analyses the link between innovation with high social benefits and corporate social performance (CSP) and the role that family firms play in this. This theme is particularly relevant given the large number of firms that are family-owned. Also the implicit potential of innovation to reconcile corporate sustainability aspects with profitability justifies an extended analysis of this link. Governments often support socially beneficial innovation with various policy instruments, with the intention of increasing international competitiveness and simultaneously supporting sustainable development. In parallel, firms pursue corporate social responsibility (CSR) and environmental management activities partly in the hope that this will foster such innovation in their organisation

(alongside their main aim of improving CSP). Hence, the main research question of this article is about the association of CSP with innovation with high social benefits and the determinants of the potential moderation of this association. Based on panel data, the article analyses the link between CSP and innovation, and the effect of being a family firm using panel estimation techniques. The results point to a moderating role of family firms on the link between innovation with high social benefits and CSP. The article concludes by assessing the policy implications of this insight.

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