

CORPORATE SOCIAL RESPONSIBILITY AND INNOVATION – THE MEANINGFUL CONNECTION

The purpose of this study is to present the relationship that exists between the Corporate Social Responsibility concept and the innovations realised by companies. The connection is determined by corporate culture and is linked to overall organisational performance. The fundamental theoretical statements of the above constructs are outlined, as well as the relationship that exists between them. The importance of the CSR – innovation relationship is formulated. The theory is exemplified by a case study of a real Bulgarian company, VB Studio Ltd. The conclusion is that understanding the essential importance of the two-way link between the implementation of innovation in the context of CSR leads to an increased overall organisational performance by meeting specific public needs, and current general needs encourage the generation and introduction of innovation.
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Introduction

Modern companies are operating under the conditions of constant change. Maintaining and enhancing their competitive advantage requires appropriate management related to trending monitoring and analysis, as well as the ability to provide relevant feedback to take the company to a new level of competitiveness.

The trends that organisations need to follow are also related to changes in the behaviour of stakeholders who have increased demands on them in terms of socially responsible practices, transparency, generating and maintaining trust.

According to the CSR concept, companies are no longer just producers of goods and services; they are active participants in public regimes of communities and societies. Companies function as networks – all of their key stakeholders are co-actors in value creation. They seek to generate the trust that underpins social capital, leading to a positive reputation and, from there, to increasing overall competitive performance. *Okwemba et al. (2014) stated that CSR is an effective strategy to protect the company from risks and corporate scandals.*

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The CSR link is a necessary prerequisite not only for fostering competitiveness but also for establishing organisations as legitimate corporate citizens.

The main drivers of the CSR concept can be identified as internal and external. Inside, leadership stands out, mostly as ethical (Kotter, 1996; DeSimone, Popoff, 2000; Gill, 2003). The corporate culture and shared values and their alignment with social needs and expectations (Porter, Kramer, 2006; Lee et al., 2013), the reputation, moral and ethical aspects of responsible organisational behaviour have a significant impact.

Among the external ones are the legal, political and economic regulations that support the implementation by companies of policies and standards in the context of the CSR Concept; access to resources, growing societal expectations and demands, environmental issues, opportunities for interaction between different social and organisational actors.

Innovations and their management are becoming an essential part of the vision and strategy of the organisation that seeks to maintain and enhance its competitiveness.

The more the organisation is understood as a “boundaryless organisation” the easier it is to bring innovations, because organisations that are involved in different networks and strategic partnerships are much more innovative than those, which are more limited than interactions. All collaboration across a broader set of stakeholders in the macro and the micro organisational system is needed to deliver sustainability.

Systematic Approach and theories to Corporate Social Responsibility

Today’s companies are under increasing pressure to maintain socially responsible behaviour towards stakeholder groups relevant to their existence. The CSR link is a necessary prerequisite not only for fostering competitiveness but also for establishing organisations as legitimate corporate citizens.

In this regard, we will briefly explain the characteristics of the corporate social responsibility domain, focusing on its relationship with business ethics and the concept of sustainability.

The concept of CSR is directly related to business ethics. Business ethics (Ferrell, Crittenden, Ferrell, Crittenden, 2013) and social responsibility are viewed from a normative and descriptive perspective. Most researchers use them as interchangeable concepts (Fassin, Van Rossem, Buelens, 2011), but there are exceptions to Weller’s (2017).

The connection between two concepts can be found in the following ways – meeting the expectations of critical stakeholders and enhancing the confidence, creating and maintaining a work environment shaped by the ethical values that build the corporate culture. It guaranteed equal opportunities for professional and career development for employees, protection against unethical actions of competitors and employees, involvement and assistance in solving problems of the local community. Mentioned is the needed integration of CSR principles into the overall policies and strategies of the organisation.

The society in which organisations carry out their activities has specific regulations, subject to standards of conduct and laws that must be strictly adhered to (Jourdan, Kivleniece, 2016). Ethical responsibility can be defined as “a corporation’s voluntary actions to promote and pursue social goals that extend beyond their legal responsibilities” (Carroll, Shabana, 2010). It is related to what organisations do correctly (Grbac and Loncaric, 2009). By embracing ethical responsibility, organisations outperform economic and legal regulation by voluntarily agreeing to meet public expectations (Longo et al., 2005).

The concept of CSR is based on the idea that business is part of society and must manage its actions in a way that allows it to co-exist with different stakeholder groups (Freeman et al., 2004). CSR is understood as the organisation’s response to social pressure, environmental concerns and stakeholder needs (Crisostomo et al., 2011). Filho et al. (2010: 296) conceptualise CSR as “a form of management that is defined by the ethical relationship and transparency of the company with all the stakeholders with whom it has a relationship with as well as with the establishment of corporate goals that are compatible with the sustainable development of society, preserving environmental and cultural resources for future generations, respecting diversity and promoting the reduction of social problems”. CSR provides many different benefits to companies operating in its context. It minimising conflicts with stakeholders and enhancing their loyalty, enhancing competitive advantage, enhancing corporate reputation, financial revenue, improving product and service quality, innovation, similarity and retention of competent employees (Morrison-Paul, Siegel, 2006; Mozes et al., 2011; Ali et al., 2010; Buciuniene, Kazleuskaite, 2012; Cegarr-Navarro, Martinez-Martinez, 2009).

Another concept related to CSR is that of sustainability. The border between the two is fragile because they are too close and overflowing with each other. Van Marrewijk and Werre (2003) add resilience to the well-known “Profit, People, Planet” model. Van Marrewijk (2010) recommends that both CSR and sustainability if differentiated, distinguish CSR from transparency, stakeholder dialogues and official documents intended for them. Sustainability focuses on values, value systems, environmental issues, human resources management. Sustainability is a significant factor in the CSR dimension associated with stakeholders. It requires companies to take responsibility for their direct or indirect actions towards the various groups related to the company.

The current state of CSR theory is influenced by various theories – institutional theory, the resource-based view of the firm, agency theory, stakeholder theory, the theory of the firm (McWilliams et al. 2002; Windsor 2006). the result of which are different conceptualisations of CSR.

What is the essence of the Corporate Social Responsibility Concept?

Corporate Social Responsibility (CSR) is a corporate governance philosophy that transforms companies into active participants in overall social development. An essential element of corporate strategies of socially responsible companies is respecting and acting by the interests of their stakeholders – shareholders, employees, customers, suppliers, the local community, government institutions, non-governmental organisations, etc. In short – Corporate Social Responsibility and perception in line with the postulates of the People,

Planet and Profit model, which expresses respect for the interests of stakeholders, the management of processes in an organisation in the context of sustainable development, the increase in profits in proportion to the rise in social welfare.

Mentioned requires that the components of social responsibility become the values, norms and underlying assumptions of the corporate culture. Most CSR dimensions are defined as ethical. The culture of the organisation determines the attitude to different trends – problems, opportunities, challenges and ways of acting towards or according to them.

One of the most popular definitions of CSR is that of Carroll (1991), who defines it “the corporate social responsibility of business as a harmonious continuous interaction of economic, legal, ethical and philanthropic responsibilities”. *To the three most popular dimensions of CSR – environmental protection, social and economic dimensions of business, two more appear in the contemporary research literature – the voluntary aspect of dimensions and stakeholders dimensions.*

In the light of this Van Marewijk (2003) understands CSR as an integrated process within which each organisation must select its specific sustainable goals to more easily adapt to the changes and challenges arising from the business environment. Voluntary dimension focuses on the ethical and philanthropic aspects of CSR. Business ethics must also be understood following CSR dimension. Companies also have a significant responsibility to avoid corporate social irresponsibility.

Companies adopt and act on CSR principles to maintain their relationships with stakeholders. Their perception is accompanied by a change in corporate culture. Many companies want to comply and fulfil their social commitments, but not to internalise CSR values. However, other companies take a more holistic perspective and see action in the context of CSR as an opportunity to change the corporate culture towards a culture of innovation (Azzone, Noci, 1998).

In the context of what has been said one of the most comprehensive definitions presents CSR as the process of integration in organisational activities of social, environmental, ethical and human concerns from their interest groups, with two objectives: (1) to maximise value creation and (2) to identify, prevent and mitigate the adverse effects of organisational actions on the environment (European Commission, 2011). The definition presented emphasises the importance of the stakeholders, the creation of value and the implementation of activities related to raising public well-being and environmental protection.

In short, the concept of CSR represents a strategic advantage for the organisation it has adopted. It is a significant source of competitive advantage, as well as the conditions for its enhancement. Through its socially responsible activities, it maintains positive relationships with relevant stakeholder groups (Hess, Rogovsky, Dunfee, 2002).

The challenge of integrating CSR into an organisational strategy can be addressed in several ways – in terms of corporate culture – related to changing and optimising values, norms, beliefs and core assumptions. In terms of innovation, change is linked to opportunities for learning, free sharing of knowledge, participation and empowerment, through which to develop the capabilities of the organisation’s members and build on the

corporate culture – regarding the organisation's actions as a corporate citizen, adequately involved in public regimes. Communication on CSR practices of the company to its internal and external stakeholders should not be underestimated here. It is essential for a modern learning organisation (Senge et al., 2004). Mentioned is connected with the view of Steinhörsson's and Söderholm's (2002), that states an organisation co-exists with its environment and unique co-creates relationships with it.

Directly related to the CSR concept is the domain of corporate culture. Corporate culture is the invisible infrastructure of an organisation where all other constructs and elements exist.

Embracing the concept of CSR by companies requires the existence of a corporate culture that is characterised by opportunities to respond appropriately to the social needs and expectations of society, its ethos and its legal protection. These priorities should take into account both corporate and company development strategies, and they should be at the heart of the overall corporate policy.

Adoption of the principles of CSR requires that the company inevitably changes its business ethics. That process depends on the individual values of the members of the organisation and the corporate culture postures that senior management introduces, as well as the principles that are formalised and act in the organisational reality (Welford, 1995, p. 29). We can note that the changed business ethics also harmonises with a change in the corporate culture that is "in line with the concept of sustainable development" (Welford, 1995, p. 114). As the concept of CSR is multifaceted, the change of corporate culture should be carried out at all levels (Schein, 1992) to successfully adopt practices in line with CSR and adaptation of organisational behavior to them (Linnenluecke, Griffiths, 2010).

There are various studies in the academic literature on the relationship between corporate culture and CSR (Maon, Lindgreen, Swaen, 2010; Ubius, Alas, 2009; Strautmanis, 2007; Trevino, Nelson, 2007; Maignan, Ferrell 2004; Doppelt, 2003). Corporate culture is also closely linked to stakeholder theory (Wood, 1991; Jones et al., 2007; Maon, Lindgreen, Swaen, 2010). Several authors have argued that corporate culture and the value system shared by members of the organisation largely determine the acceptance of CSR principles and the actions of members of the organisation in harmony with them (Collier, Esteban, 2007; Maignan, Ferrell, Hult, 1999; Van Marrewijk, Werre, 2003).

The concept of socially responsible organisational culture is relatively new in the field of organisational studies (Hemingway, 2013), but it must find real expression in business organisations. At the heart of the concept is the significant connection between exposed values and corporate actions and processes. There is also a growing interest in the study of the essence of a socially responsible organisational culture in research circles. The construct needs refinement and emphasis on its role in the overall development of organisations (Ganescu, Gangone, 2017). We may conclude that corporate culture is an essential determinant of the ethical behaviour in the organisation.

More and more organisations are measuring their performance with the help of not only hard metrics but also the influence of soft factors and "intangible values".

Jaakson, Vadi, and Tamm (2009) conclude that organisational performance mediates the link between corporate culture and CSR. Organisations with a well-managed corporate

culture initiate policies related to CSR initiatives designed to enhance the well-being of stakeholders.

Obligations related to responsibility and ethics are fundamental to corporate culture. The value system allows to rank situations, actions and ideas as ethical and unethical. According to Carroll (1991), the moral responsibility of the company is part of CSR. Innovative attitudes are part of the culture of the organisation. A socially responsible corporate culture must create a climate that fosters creativity and innovation to provide organisational and stakeholder needs.

Organisations can strengthen their culture through socially responsible actions and contribute not only to enhancing the sustainability of their business but also to creating a sustainable business.

In connection with the above, Tsai and Yen (2008) propose that organisational performance be measured through social and innovative production, in addition to financial and market performance. Mitchell (2002) formulates four dimensions for measuring organisational performance, which include – relevance to meeting stakeholder needs, efficiency and effectiveness of the company, financial performance. According to Lee (2008), organisational performance can be measured by stakeholder satisfaction, corporate communication, teamwork, strategic performance, knowledge management and organisational growth. External and internal factors influence the performance of the organisation. Internal ones include corporate culture, management style, HRM policy. External are market perceptions and preferences, the economic situation in the country, specific rules and regulations (Mirza and Javed, 2013).

We can agree that the concept of CSR is a multidimensional construct. It is directly linked to different ideas and organisational theories, some of which we will look at, as well as their relation to innovation.

Innovation

The goal of each company is the creation of value, and the essence of innovation lies in the renewal of companies' businesses to maintain and positively exploit the competitive advantage as well as to increase the value creation potential (Hax, Wilde, 2003). In general, innovation is defined as the introduction of inventions, as well as processes generating new results (Gloet, Terziovski, 2004). According to Michael Porter (1990) "...innovation is the only way to maintain a competitive advantage". He believes that innovation is the result of much more organisational learning rather than formal research and development, i.e., of the continuous improvement that is at its core.

The choice of an organisation's innovation strategy is influenced by internal and external factors, related to the characteristics of the organisational nature and the environment in which it operates (Dodgson, Gann, Salter, 2008).

In the OECD's Oslo Manual (2005) states that there is no need innovation to be something significant new market and be a minimum of unique or significantly affected by the

organisation improvement. Innovation is “the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations...” (OECD, 2005, p. 46). Mentioned is consistent with the incremental and radical aspects of innovation.

Innovation is a unique source of competitive advantage (Wang, Ahmed, 2004).

Increasingly relevant regarding turbulence and uncertainty in the business environment that and require constant application of new approaches to adaptation and competitiveness of the organisation through active interactions with customers, suppliers, users, research organisations, competitors, is the concept of open innovation. Open innovation is expressed in the ability of organisations to overcome their limitations and to embrace the knowledge and technology of their environment (Chesbrough, 2003; 2006). Open innovation is also associated with the implementation of an open strategy. It consists of creating and implementing a policy as a result of the interaction between internal and external expertise, between all organisational stakeholders.

In the light of this, it is necessary to emphasise that stakeholder theory is one of the most fundamental topics in CSR-related research (Carroll, 1991; Clarkson, 1995; Friedman, Miles, 2006; Jones, Wicks, Freeman, 2002; Wood, 1991). It sets out a framework for assessing CSR through the social activities implemented by the company. The innovations are also intended to contribute to meeting the needs of stakeholders.

The ability of an organisation to create and maintain relationships with all its key stakeholders in continuous interaction and continuous commitment guarantees not only its long-term existence but also the generation, management and enhancement of its value creation capacity (Post, Preston, Sachs, 2002; Clarkson, 1995). Freeman, Harrison et al., (2010, p. 263) even suggest replacing the term “corporate social responsibility” with their idea of “company stakeholder responsibility”, which implies a new interpretation of the purpose of CSR practices.

The idea is adequate to the primary purpose of CSR, which is to create value for key stakeholders in fulfilling the company’s responsibilities to them. This idea examines business and society in their interconnectedness and determines that when relationships with stakeholders are managed competently, they will increase the competitive advantage of the company. In this regard, it is necessary to be aware of to whom precisely the organisation has specific responsibilities and what their nature is Jensen (2001).

In recent years, the theory of “shared value” has been affirmed in the specialised literature as a concept directly related to CSR and the enhancement of the company’s competitive advantages. The shared value created by the organisation must be maintained through CSR programs that emphasise values that align with crucial stakeholder concepts (Maignan, Ferrell, 2005). Porter and Kramer are significant proponents of shared value theory. *Porter and Kramer’s (2011) definitions of shared value, relates companies policies and operating practices that enhance its competitiveness and in the same time advancing the business and social conditions in the communities in which it operates and is strictly related to corporate governance (Dimitrov et al., 2014). Thus, the concept of shared value*

connects it with the strategic importance of social good as an objective of business, which is an integral part of corporate governance. Therefore, CSR and shared value can link increasing company performance to creating benefits for society as a whole.

Shared value is a necessary precondition for economic success. Shared value helps rediscover products and markets by reformulating productivity in the value chain and creating clusters – i.e. the transformation of the value chain into a value network, which in turn facilitates innovation. Porter and Kramer explicitly state that CSV replaces CSR as philanthropy is driven by external pressure that focuses on the company's reputation. At the same time, CSV's goal is to generate cost-benefit economic and social profits as a basis for maximising profit while creating value in the community (Dimitrov et al., 2014). Innovation is directly related to value creation.

Corporate communication is an integral part of managing stakeholder relationships. In principle, every organisational strategy is accompanied by a communication strategy.

Corporate communication, in the context of CSR and innovation, builds, manages and maintains the corporate reputation of social responsible company. Company disseminating information that not only draws attention but also encourages proactive actions by stakeholders to promote the harmonisation of different social values (Kuhn, Deetz, 2008, p. 190) and support its functioning as a socially responsible actor.

A key aspect of CSR and innovation is the way companies interact with their stakeholders (Huijstee and Glasbergen 2008; Neville and Menguc 2006). It must be transparent, with the presumption of values around which all are united and in the context of constant dialogues and debates. The latter are seen as mediators between the organisation and the stakeholders, helping to understand the messages. The concept of stakeholder engagement is broader than that of stakeholder dialogue and is essential for engaging them in the affairs of the organisation (Erdiaw-Kwasie et al., 2014).

CSR postulates that the organisation exists in a stakeholder network, meets potentially conflicting interests, and translates those interests into CSR goals and policies.

Often organisations try to change the expectations of their stakeholders (Lamberg et al., 2003). To achieve CSR, organisations need to carry out formal and informal dialogues and initiate practices related to increasing engagement and supporting the company's strategic actions. The ultimate goal of the meeting is to build and manage mutually beneficial relationships with relevant stakeholder groups (Maak, 2007) and to create value for the long term (Morsing, Schultz, 2006). Stakeholder dialogue reduces scepticism about their authenticity, which translates into a return on investment raising the financial and non-financial performance of the company (Golob, Podnar, 2014: 248; Amaladoss, Manohar, 2013).

Positive relationships with stakeholders are a guarantee of maintaining an organisation's competitive advantage (Andriof, Waddock, 2002; Post et al., 2002; Johnson-Cramer et al., 2003).

Innovation and CSR

Innovation is an opportunity to create conditions for seeking and generating better solutions (Martins and Terblanche, 2003). The prospect of balancing the social and economic dimensions of CSR can be viewed in the light of the importance of social influence between different stakeholder groups, which can be achieved by creating innovative tools and communication channels to provide and encourage feedback (Clark, 2000).

Various researchers (Cohen, Winn, 2007; Schaltegger, Wagner, 2011) emphasise the intermediary role of CSR in the organisation's ability to innovate.

CSR initiatives lead to innovation through the use of social, sustainable or environmental mechanisms through which they create new ways of working, new products, services, processes and marketing strategies (Little, 2006). Many companies are redefining their business models because they view CSR initiatives as an opportunity to increase their competitiveness and to streamline HR management.

The concept of innovation involves developing and implementing new combinations of resources to create and add value to the organisations that generate them, and to enhance the well-being of stakeholders (Drucker, 1985; Baldwin, Curley, 2007). It can be found in various forms (product, market, process, social innovation), stemming from different sources (closed and open innovation) and associated with different aspects of change (incremental, radical, disruptive) (Chesbrough, 2003; MacGregor, Fontrodona 2008). As early as 1984, Drucker emphasised the enormous potential of turning social problems into business opportunities, economic benefits, human capital competences and the public good (Prahalad, 2005; Prahalad, Hart, 2002; Fox, 2004; Bendell, Visser, 2005). An excellent example of the link innovation – CSR is the “innovation sandbox” created by Prahalad (2012). By focusing on managers' attention on 4 A's – awareness, access, affordability, and availability, resource constraints can be overcome, and an environment conducive to innovation is created. The implementation of the concept of “innovative sandbox” requires the creation of new business models, the result of which is to increase the competitive advantages of companies by satisfying significant social needs.

At this stage, the relation between CSR and innovation has not been sufficiently studied in the scientific literature, where the main focus is still on conceptual assumptions (McWilliams and Siegel, 2000), which are supported by limited empirical studies of the relationship between the mentioned concepts (Locket et al., 2006). Based on the existing academic research, we can conclude that the link between CSR and innovation is two-way, because on the one hand it strengthens and promotes the company's reputation and, on the other, contributes to resolving environmental and social problems.

The link between innovation and CSR promotes organisational change and requires a holistic management approach that responds to sustainability challenges (Roome, 2011). The pursuit of innovation has a positive effect on organisational performance and sustainability (Chandler et al., 2000; Zahra, Covin, 1995). Grayson and Hodges (2004) note that the company-specific instinct for competition and entrepreneurship drives them to come up with innovative solutions in non-traditional CSR domains. Porter and Kramer

(2006; 2011) support the need to strengthen the link between CSR practices and business strategy, in a way that facilitates innovative solutions to improve public well-being and company itself enhances its competitive advantage. It is the placement of CSR at the heart of the company's strategies and vision that successfully supports the company's innovative efforts. Teece (2007; 2010), based on the theory of dynamic capabilities, emphasises the ability of senior management to articulate creative responses to socio-economic challenges through CSR-related conditions and problems. In the context of this, the positive relationship between CSR and innovation has been found in several academic studies, such as Surroca et al. (2010) consider that intangible resources (associated with innovation) are the missing link in explaining the CSR-financial relationship.

Empirical studies on the relationship between innovation and CSR also indicate that it has a positive impact on value creation and some management strategies, such as innovative ones (Husted, Allen, 2007; Trebucq, Evraert, 2008). The link between research and development, one of the essential elements of innovation and CSR, with companies applying CSR principles to their production systems, requiring modification of the application technologies themselves and incorporating R&D expenditures (Siegel, 2001; Bansal, 2005). In their research, Gallego-Alvarez and colleagues create a two-way model in which the innovations realised by companies are a function of CSR practices, the sector in which they operate their size and the risk that exists. In the other direction, CSR practices are the result of innovation, the field of activity, size of companies and degree of risk. The effects are adverse to the two-way relationship. Still, they find that investing in socially responsible activities adds value after three years and the relationship that exists between CSR-related practices and innovation is different for the diverse sectors in which the companies surveyed operate. A research study of Graafland and Noorderhaven (2019) shows that the intensity of technological competition influences the strategic motivation of European managers to engage in CSR. MacGregor and Fontrodona (2008) examine the CSR-innovation relationship in European companies and find that CSR-driven product and service innovation emphasises social benefits, while values and social-driven solutions questions drive CSR-driven innovation (cited in Szutowski, Ratajczak, 2014).

The conclusion that can be drawn from what has been said here is that the relationship that exists between innovation and CSR practices needs further in-depth theoretical and empirical research to formulate specific parameters for its measurement and to characterise its nature in particular.

Creating socially responsible practices and actions help the company generate innovations and new resources through which it establishes know-how and enriches its corporate culture. The result is economical, and it is reflected in increased performance while meeting the needs and demands of stakeholders. The company can generate and innovate that can help to strike a balance between stakeholder interests.

One type of innovation, directly associated with CSR, is the responsible innovation.

Responsible innovation is a concept that builds on ethical and social commitments made before the start of innovation processes. Stakeholders are encouraged to become involved and to take collective responsibility for managing innovation in an ethically acceptable, sustainable and socially acceptable way. In this way, innovation will have more significant

social benefits. In the context of responsible innovation, science and innovation are called upon to contribute to the well-being of future generations through their achievements today. Social and sustainable innovation also aims to respond to societal challenges. They are a transparent, interactive process between those who involved in, who become mutually responsive in other with the creation of an ethical, acceptable, sustainable innovation process and its products (Owen et al., 2013).

The goals that are set in innovation networks can be more successfully achieved when different stakeholder groups share similar values or when they tend to overcome the difference to achieve the goals. The diverse expertise of the participants in the innovation network is also essential for the achievement of the objectives. Making and managing high levels of engagement and dedication is more successful when information is shared – between the organisation and its stakeholders. Information sharing and transparency are mandatory, but organisations need to be selectively ‘open’ – i.e. to emphasise what information to share, from what perspective and to whom.

Several studies indicate that companies are engaged in dialogues with different stakeholders. Improving dialogues and debates with stakeholders is done through an emphasis on qualitative and transparent information, constructiveness in pursuit of shared interests, trust. Articulating or visualising innovations, in genesis, development and implementation, as well as expected results, will help to understand (Owen et al., 2013; Van de Poel, Sand, 2018).

Socially responsible companies must continuously monitor the information received from the external business environment and use it for innovation purposes. New data on innovation could encourage innovators to look for further improvement solutions. Companies can use this information as feedback and an opportunity for corrective action – for example, whether innovation is responsible and if not, it is possible to become one. Following the introduction of market innovation, follow-up of stakeholder reactions is required as well as the need to track the ongoing change in their needs. The ethical aspects of innovation must also be communicated for innovations that would have the negative effect of being withdrawn or not made available to the market.

Companies can benefit from collaborating with other companies or stakeholders, in the context of open innovation, to ensure continuous access to information flows, to track changes in the innovation system, and to provide them with answers. In some cases, it may be necessary to redefine the business model to be successful in responding to changes in the external environment. When developing innovations with different stakeholder groups, it is essential to have clarity about their roles and responsibilities. Stakeholders can interact with each other if they are flexible and able to reformulate the positions they have during the innovation process. Successful innovations have been developed in conjunction with stakeholders who wish to build on the innovation process and are open to learning when new information becomes available. Mentioned is more likely to be achieved when stakeholders can identify with a common purpose and invest in innovation by attracting resources.

Incorporating innovation into the overall CSR policy enhances the company's social legitimacy and reputation (Bachmann and Ingenhoff, 2016). CSR is a source of competitive advantage, through value creation for clients, economic values are also created.

In the pursuit of innovation, the presumption of related ethical values is essential. It requires particular attention to the role played by ethics-related components in the creation of new products and services, as well as in the origins of innovation-generating firms (Adolphson 2004; Madsen 2005). Individual and organisational values formulate the context in which technologies (products, services, processes) are understood and implemented. In this way, technology can be a way to disseminate and reinforce ethical values.

We can summarise that the implementation of innovation in the context of CSR leads to an increase in overall organisational performance by meeting specific public needs, and current general needs encourage the generation and introduction of innovation. The process is understood as two-way – innovation meets different social needs. Companies that adopt and act in the context of CSR principles are more likely to encourage the creation and introduction of innovation. As stated above, this is valid in deepening the research and refining the nature of the relationship.

Empirical study

Method: For our study, we use the Case Study method (Yin, 2006) based on four in-depth interviews with one manager of the company – VB Studio, Ltd. – during 2015-2019 and questionnaire inquiries with company employees. Author of this article conducts all abovementioned.

VB Studio Ltd.

Company history, characteristic and structure

VB Studio Ltd. (www.vbstudio-bg.com) is a company specialised in offering complete design and construction of exterior and interior solutions by integrating Architecture, Furniture, Audio / Video equipment. The company employs 22 employees. VB Studio has built and maintained a successful business in partnership with other companies.

The company works sustainably with its clients, with most of them having long-term cooperation. Members of its team have repeatedly won recognition and awards in various architectural competitions in the country and abroad.

In basic terms, the studio has two managers and consists of three departments – Architectural, Furniture and Hi-Fi. The furniture and Hi-Fi departments have one manager each.

Corporate culture, innovation, CSR and organisational performance

Corporate Culture

Although that the VB Studio Ltd is a small company, we are talking about corporate culture. It is the result of leadership perception of good management practices in the corporate culture inherent in big companies (Dimitrova, 2015).

Managers of VB Studio Ltd are defined as the bearers of the values and knowledge of the company. At this stage, they make decisions, and they are the core of the company. Their goal is to train employees seeking for innovations, as well as to use innovative ways for their development. They see motivation as the basis for success. They emphasise trust – both with customers, partners and within the company. The company's business-philosophy is looking for practical solutions.

Innovations

The idea of VB Studio Ltd is to develop a very high-competitive innovative concept. They always looking for opportunities to implement new technology solutions that reduce costs and optimise processes. They are aimed at striving to fill the lack of clients through competent employees and quality services. They believe that the primary value they create for their clients is flexibility, ability to comply and to do their utmost in line with innovative methods.

VB Studio confirms that they are oriented towards open innovation and understand it as a constant process. They consider every contact, all kinds of professional relationships as an opportunity. According to them, this generates more confidence.

Managers of the VB Studio Ltd determine the company as becoming innovative and it is defined as a company that realises the views of its clients. VB Studio says that they are also looking for opportunities to introduce technological solutions that will reduce the cost.

The idea of the company's managers is to develop a competitive approach to help them to achieve a certain degree of sustainable competitive advantage. They focus on marketing because it is not typical in their area, and fewer companies use it successfully. The company works with a large number of customers and believes that such a business model would be appropriate.

The communication between employees of VB Studio and clients is continuous, with a high degree of audibility and striving to offer a maximum range of services.

The new products introduced by VB Studio are the sought-after complexity of closing the cycle – from investment to execution and subsequent maintenance, and on the other – construction as a new component in the services they offer.

The process of recruiting and hiring employees for motivation and full involvement in the corporate culture is considered as an investment in the future realisation of innovations. They then seek out and hire individuals with whom they can build, to have long-term

relationships. Understand the motivation in pursuit and pursuit of common goals and in the competitive attitude to pursue market leadership.

VB Studio is a change-oriented company. The VB Studio manager shares the opinion that company employees can create a product that can be more or less innovative, as well as more or less out of the market niche they are. VB Studio is considered to be a company that operates in the field of the realisation of ideas of its clients. If they succeed in delivering an innovation that meets the severe need of the customers, then they will be allowed to realise a perfect product, which will initiate a major transformation of the company.

CSR

VB Studio Ltd. develops practices in line with the concept of Corporate Social Responsibility. The members of the company work on joint projects with the Union of Architects in Bulgaria (NGO). They are co-organisers of the conference “Energy Efficiency and Architectural Environment”, the purpose of which is to encourage and intensify dialogue between the various parties involved in the field, as well as to include consumers in the processes. VB Studio is housed in a building that is a cultural monument and employees take care of its maintenance and preservation. Last but not least, the company supports the Protected Homes Together project. It aims to provide adequate support for children deprived of parental care and raised in state homes, as well as providing housing and qualification for young people who have left after the age of 18, these state institutions.

After presenting the case study on the example of VB Studio Ltd., we can state that the company is oriented towards introducing and applying a culture of innovation with an emphasis on leadership, confidence, the attitude to generate and submit changes in the context of sustainability.

Challenges to VB Studio Ltd

Competition in the business field in which the company operates is severe and to increase its competitiveness requires a combination of professionalism, high level of expertise, innovation, strategic thinking, economic culture, socially responsible behaviour. Competition monitoring and analysis are critical factors in maintaining and enhancing the expertise of members of the organisation.

VB Studio is a socially responsible company – it shows concern for critical stakeholders, monitors. It strives to meet their needs, works with them sustainably and maintains a high level of trust. We emphasise once again that CSR is a source of value creation, and by creating value for customers, economic benefits are designed for the company.

The case study on the example of VB Studio clearly outlines the existing link between the company's socially responsible actions and the attitudes towards innovations that will lead to increased competitive performance.

Taking and acting in the context of the innovation culture of VB Studio is essential because it is at the heart of the sustainable competitiveness of each company, understanding its vital importance and making efforts for its competent management.

Conclusion

Innovation has become imperative for any company that wants not only to survive but also to maintain and increase its competitive advantages in a highly unprofitable environment. A necessary condition for this is the implementation of responsible innovation, which contributes to improving the welfare of society. In responsible innovation, we find the two-way connection between the concept of CSR and innovation, which represents the balance between the interests of the company and stakeholders by generating shared value. The example with VB Studio is proof that when the members of the company implement innovative socially responsible practices, then they can overcome crises and changes and generate sustainability of competitive performance.

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