

Corporate Social Responsibility Practices and Financial Performance: The Case of French Unlisted SMEs

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Abstract : There exists a large empirical literature concerning the relationship between corporate social responsibility (CSR) and corporate financial performance. This literature, however, applies mainly to large corporations and/or listed firms. To the best of our knowledge, the question of whether meeting CSR requirements impacts the financial performance of small and medium-sized unlisted SMEs has not so far been analyzed. This paper aims to analyze, for the first time, the effect of CSR on the financial performance of SMEs. Using an original database including 5,257 French SMEs, we show that adopting CSR practices has a positive but weak effect on a firm's financial performance. To develop this further, we analyzed CSR practices interactions assessing the best combination of CSR components that positively influence SME financial performance. Our results show that French SMEs benefit more from their pro-social behavior when they choose a combination of CSR components best adapted to their individual characteristics.

Keywords : corporate social responsibility, financial performance, unlisted firms, SMEs

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