


Chapter 3

The Strategic Role of the Board of Directors in Driving Corporate Sustainability, Innovation, and Performance: Evidence From Greek Enterprises

Eleftheria Panagiotidou

 <https://orcid.org/0000-0003-0420-3991>

Democritus University of Thrace, Greece

Elena Kagioglou

Democritus University of Thrace, Greece

Athanasios Mandilas

Democritus University of Thrace, Greece

Giannoula Florou

 <https://orcid.org/0000-0002-2621-2832>

Democritus University of Thrace, Greece

ABSTRACT

CSR is an important business consideration that involves addressing social, economic, and environmental issues. Implementing CSR practices can improve a business's reputation and attract customers who value social responsibility. This chapter examines the implementation of CSR practices in Greek businesses and their effect on innovation and business performance. The Greek businesses apply CSR practices

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to a high degree, are innovative and perform well. The implementation of social dimension of CSR was more strongly supported by General Managers. Economic dimension of CSR and innovative practices was observed more in businesses with international scope. In contrast, the environmental dimension of CSR was less observed in in-service businesses. However, these businesses showed a higher financial performance. Implementing environmental CSR practices is expected to increase business innovation and, by extension, its non-financial performance, which is also enhanced by social CSR practices.

INTRODUCTION

In recent years, Corporate Social Responsibility (CSR) has transitioned from a voluntary, philanthropic initiative to a central component of corporate strategy and governance. The growing societal, environmental, and regulatory pressures have compelled businesses across sectors and regions to adopt more sustainable and socially responsible practices. At the same time, global economic volatility and technological advancement have brought innovation to the forefront of organizational resilience and competitive advantage.

The European Union has intensified legislative efforts through frameworks such as the Corporate Sustainability Reporting Directive (CSRD), increasing corporate accountability in environmental, social, and governance (ESG) practices. Firms are expected not only to maximize profits but also to minimize negative externalities and actively contribute to societal well-being (European Commission, 2023).

In Greece, the CSR discourse has gained momentum, particularly during and after the financial crisis, as businesses sought new ways to regain legitimacy and rebuild stakeholder trust. Empirical findings suggest that Greek companies increasingly recognize CSR as a strategic necessity rather than a reputational add-on. Nevertheless, CSR integration remains uneven across industries and is often constrained by firm size, leadership orientation, and available resources.

Simultaneously, innovation is regarded as a vital mechanism through which firms can respond to dynamic market challenges, enhance performance, and align with sustainability goals. Prior research has indicated that CSR-driven firms are more likely to introduce innovations in management, marketing, and operations (Porter & Kramer, 2011; Hart, 1995).

Despite the expanding international literature, there is limited empirical research that systematically examines the relationship between CSR, innovation, and firm performance within the Greek context. Moreover, the potential mediating role of innovation in the CSR–performance linkage has received inadequate attention in national studies. In addition to these broad developments, there is a growing rec-

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