ISCTE Business School
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Strategic Social Responsibility and its impact on Startup Strategy: A qualitative study with Portuguese Startups

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Abstract

Strategic Social Responsibility is the incorporation of a holistic perspective within an organization so that the company is managed in the interests of a broad set of stakeholders to achieve sustainable economic, environmental and social value over the medium to long-term.

Considering the Portuguese context in which the number of Startups continues increasing significantly, this constitutes a relevant study universe to understand how the conceptualization of Social Responsibility and the perceived motivations and obstacles to its implementation have an impact on Strategy in the initial phase of the business life-cycle.

With this purpose, an interview was applied to nine *founder-manager*s of Portuguese Startups to understand their role in determining Strategic Social Responsibility engagement. The main conclusion seems to be that there is a common understanding that Social Responsibility practices must be connected to the core of the business. Despite with this understanding, Startups admit they are considering Social Responsibility; however they are not in a stage of applying it, mainly due to the lack of resources that inherent to the birth stage of the business life-cycle in which they are. Furthermore, the conceptualization of Social Responsibility as well as the perceived benefits in its integration across the organization, are deeply connected with the *founder-manager*'s moral attributes which are reflected in the company's Mission (either explicit or perceived) that will frame Strategy. What becomes evident is the development of new forms of Social Responsibility in these Startups that expand the traditional view and evidence the need for further research on their specificities.

Keywords:

Strategic Social Responsibility, Startup Strategy, Founder-Manager, Small Business Social Responsibility

JEL Classification System: **M14** Corporate Culture; Diversity; Social Responsibility
M130 New Firms; Start-ups

Resumo

Responsabilidade Social Estratégica é a incorporação de uma perspetiva holística dentro da organização para que a empresa seja gerida no interesse de um conjunto amplo de *stakeholders* com o objetivo de conseguir alcançar simultaneamente, e de modo sustentável, valor económico, ambiental e social a médio-longo prazo.

O contexto português, no qual o número de Startups continua a aumentar, constitui um universo de estudo relevante para compreender como a conceptualização da Responsabilidade Social e as motivações e obstáculos identificados à sua implementação, têm impacto na Estratégia do negócio.

Com este objetivo, foi aplicada uma entrevista a nove Fundadores-Gestores de Startups portuguesas, para compreender o seu papel na determinação da implementação de Responsabilidade Social Estratégica. A conclusão principal parece ser que as práticas de Responsabilidade Social têm de estar conectadas ao *core* do negócio. Apesar deste entendimento, as Startups admitem que, embora considerem a questão da Responsabilidade Social, não estão numa fase em que seja possível implementá-la, sobretudo devido à falta de recursos que é inerente à fase do ciclo-de-vida do negócio em que se encontram. Adicionalmente, compreendeu-se que a conceptualização do conceito de Responsabilidade Social, assim como os benefícios identificados na sua integração em toda a organização, estão profundamente ligados aos atributos morais do Fundador-Gestor, que são refletidos na Missão da empresa (quer explícita, quer implícita) que irá enquadrar a formulação da Estratégia. Torna-se evidente o desenvolvimento de novas formas de Responsabilidade Social nestas Startups que expande a visão tradicional e demonstra a necessidade de desenvolver pesquisa acerca das suas especificidades.

Palavras-chave: Responsabilidade Social Estratégica, Estratégia nas Startups, Fundador-Gestor, Pequenos Negócios

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1. Introduction

Social Responsibility (SR) is increasingly viewed as a key component of Business Strategy (Porter & Kramer, 2006). The concept incorporates a number of dimensions, inconsistencies, and ambiguities; clarifying their significance and identifying their scope in relation to Strategy, is an issue that crosses various areas of knowledge and that is relevant both in academic studies and business practices.

In today's globalized market, organizations are subject to higher scrutiny, increased competition, analysis of labor conditions and international regulations (Bal, Bozkurt, & Buyukbalci, 2014). With organizations increasingly made accountable by stakeholders for the impact of their decisions and actions on the economy, the sustainability of the planet and the well-being of society (Chandler & Werther, 2014), motivations grow to engage in Social Responsibility practices.

Discussions around the concept of Social Responsibility have evolved from the role of businessmen in society (Bowen, 1953), and the nature of Social Responsibility (Carroll, 1999) to focus on how Social Responsibility can become an integral part of the organization's Strategy (Porter & Kramer, 2006) and an inescapable priority for business that wish to sustain in today's competitive market (Porter & Kramer, 2011). Strategic Social Responsibility is defined by Chandler & Werther (2014: 65) as "The incorporation of a holistic CSR perspective within a firm's strategic planning and core operations so that the firm is managed in the interests of a broad set of stakeholders to achieve maximum economic and social value over the medium to long-term".

Despite the increasing recognition of the importance of Social Responsibility for the prospering of the economy, the society and the sustainability of organizations, academic studies have been mostly focused on multinational corporations (MNCs), a trend which is accompanied by the existent regulations and non-financial impact assessment tools (Soundararajan, Jamali, & Spence, 2018), demonstrating the need for a diversification of the research in the field.

Small and Medium Enterprises (SMEs) constitute up to 90% of business worldwide and account for 50–60% of the world-employment (Jenkins, 2004), which explains the increasing attention and interest from academics and practitioners in the last couple of years on the peculiarities that arise from the intersection of Social Responsibility and SMEs. However, the literature is still short in the subject of Social Responsibility in SMEs (Morsing & Spence, 2015), especially how Social Responsibility can be strategically used by these organizations as a framework for Strategy and long-term sustainability.

Startups, as a subcategory of SMEs, are a new business model whose importance in the economic scene is growing and that present a natural inclination to Social Responsibility (Soundararajan et al., 2018). Social Responsibility practices frequently lack a formal structure or even reporting and are often incorporated in the organization's core (its DNA) and translated into a Mission and Vision that are deeply connected to the personal moral attributes of the *founder-manager* (Bonchek, 2016) as well as their awareness and understanding of the concept and its dimensions.

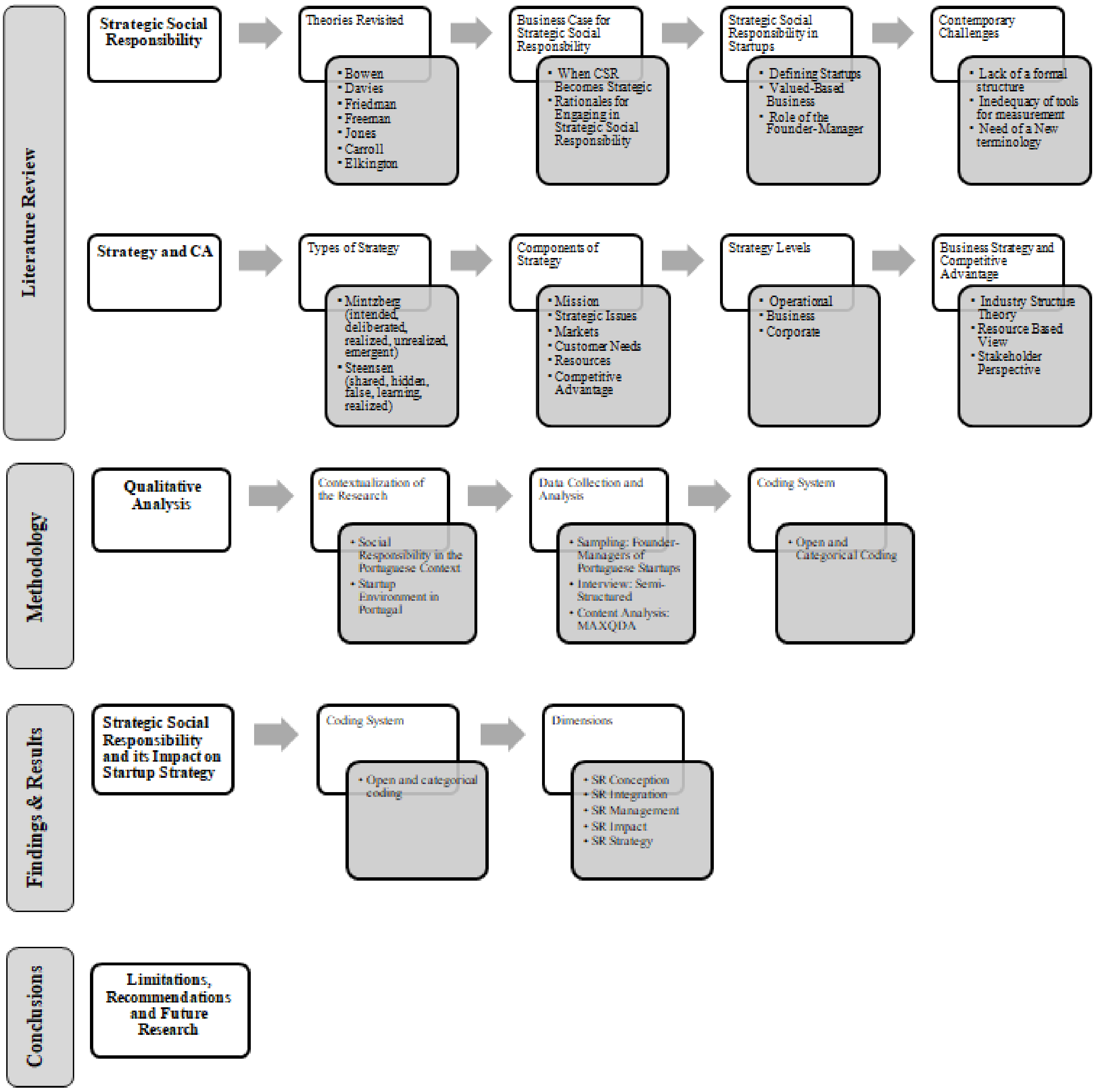
As identified by Aguinis & Glavas (2012), Strand (2011), Bal et al. (2014), the *founder-manager*'s values, individual concerns, and intellectual stimulation constitute strong predictors of Social Responsibility engagement. As a result of the personal motivations and moral inclinations of the *founder-manager*, new framings and practices of Social Responsibility arise in Startups aligned to the organizations' Strategy, (Chandler & Werther, 2014) re-thinking the way value is created and Strategy is conceptualized (Waldman, Siegel, & Javidan, 2006).

This study seeks to analyze how Strategic Social Responsibility impacts Startup Strategy. Impact is here defined as any effect or influence of an event or initiative on a situation or person (Streatfield & Markless, 2009), acknowledging that it can be both intended or non-intended. To achieve this, a study is conducted in the context of nine Portuguese Startups, hence, qualitative interviews to nine *founder-manager*s of Portuguese Startups were conducted with the scope of analyzing the *founder-manager*s conceptualization and personal definition of the subject of Strategic Social Responsibility, determining their understanding of the concept and its dimensions (as defined by Windsor, 2006); the acknowledged motivations and obstacles of the implementation of Strategic Social Responsibility and how it is framed by the organization's Mission, to understand its impact on Strategy and business decisions.

The main contributions of this thesis to the field are the analysis of Social Responsibility classical theories under the lens of a new form of business, Startups and the evidence of the need of new terminology within the field, as well as the identification of new forms of Social Responsibility being developed by Startups as something intrinsic to the organization, part of its core and inseparable from its mission and strategy.

This study starts by reviewing some of the main theories in the field of Social Responsibility, exploring the business case for Strategic Social Responsibility and its specificities in the context of Startups. Next, it explores the concept of Strategy, its elements and the role of the *founder-manager* and implications of the organization's DNA in Startups' Strategy. The following chapter approaches the methodology used in this dissertation, contextualizing the research performed and characterizing the research method and data collection process; followed by the forth chapter where the results presented and collected are discussed to reach a contribution to the field. Finally, the fifth chapter will present the concluding remarks regarding the relationship between Strategic Social Responsibility and Startups' Strategy (Illustration 1).

Illustration 1: Structure of the Thesis



Source: Author's Elaboration

2. Literature Review

2.1. Strategic Social Responsibility

2.1.1. Social Responsibility Theories Revisited

To look for the genesis and historical evolution of the concept of Social Responsibility (SR) is a challenge hard to locate in time. As Carroll (1999: 268) stated, "It is possible to trace evidences of the business community's concern for society for centuries". Different theories have been utilized for explaining Social Responsibility at different levels of analysis, a better understanding of these theories can help to trace boundaries and make sense out of the multiplicity of notions that constitute the empirical field of Social Responsibility.

The empirical field of Social Responsibility can be traced back to the 20th century, having evolved from early considerations regarding businessmen's responsibility towards society (Bowen, 1953) to the prevailing mentality during the 1960s that began introducing social concerns into the business scene. In the 1960s, Davis proposed that the concept of Social Responsibility involved "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest" (Davis, 1960: 70).

The petroleum crisis in the 1970s, lead to the arising of new voices with a different view on the role of Social Responsibility, as authors like Friedman (1970) argued that the principles which guided Social Responsibility would result in compromising a firm's ultimate responsibility: to be profitable. The author defended that a business' responsibility is, first and foremost, to its shareholders, claiming that - "there is one and only one Social Responsibility of business – to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud." (Friedman, 1970: 17).

The 1980s literature is marked by the attempts of measurement and alternative thematic frameworks in the field of Social Responsibility (Carroll, 1999). The evolution of the concept is closely linked with the arising concerns with the environment and sustainability (Bansal & Song, 2017). During this decade the Social Responsibility subject gains prominence with the 1987 Brundtland Commission, where the concepts of ethical business and Social Responsibility are introduced as bases for the sustainable development of the firm - "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs**"** (Commission on Environment,1987: 41)**.**

In 1984, Freeman highlights the need for companies to balance the maximization of value for the shareholders with the interests of other agents who can influence the outcomes of the organization. Freeman defines these agents as stakeholders "A stakeholder is any group or individual who can affect, or is affected by, the achievement of a corporation's purpose" (Freeman, 1984: iv). The *stakeholder perspective,* has helped re-conceptualize the nature of the firm by introducing new agents beyond the traditional ones and has allowed enterprises to determine the agents that are affected by the organizations' actions (Jamali, Zanhour, & Keshishian, 2009) and at the same time, strategize and prioritize among those stakeholders' demands to retain their support (Chandler & Werther, 2014).

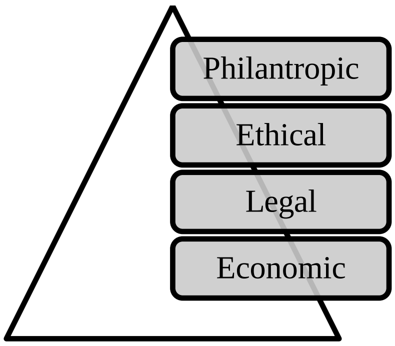
Peter Drucker (1984) opens the path for Social Responsibility to be seen as a strategic element that could help organizations achieve profit – "the proper 'Social Responsibility' of business (…) is to turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth" (Drucker, 1984: 59).

The decade of 1990 marked the adoption of the strategic management model of Social Responsibility (Lee, 2008). Jones (1995) determined that organizations engaged in transactions with stakeholders based on the values of trust and cooperation were motivated to be honest, trustworthy, and ethical because the returns of such behaviors were beneficial for the organization and, in that sense, those interactions became strategic. In a world increasingly more competitive, companies tried to stand out in the market by using price and quality as differentiators (Porter, 1996); in this context, social practices were viewed as a distinctive factor, capable to distinguish one company from the others, opening the way for academics and practitioners to start strategizing Social Responsibility.

During the 1990s, two frameworks were created that remain relevant for the research field of Social Responsibility up to these days and reflect the integration of Social Responsibility and Strategy: Carroll's pyramid model of the four responsibilities of the firm (1991) and Elkington's Triple Bottom Line (TBL) model (1994).

In 1991, Carroll developed a model establishing four different kinds of organizational responsibilities that businesses have towards society. The four responsibilities were hierarchically organized in a pyramid shape (Illustration 2).

Illustration 2: Carroll's Pyramid



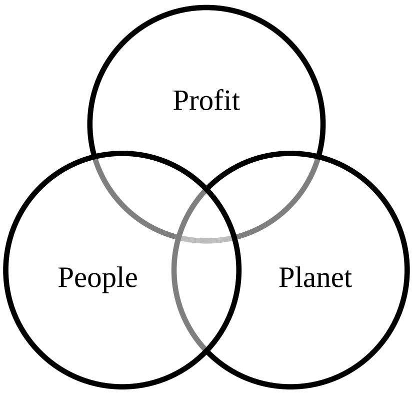
Source: adapted from Carroll (1991)

Economic Responsibilities relate to profit as the "primary incentive for entrepreneurship" (Carroll, 1991: 40). Business success became linked to the notion of not only making a profit but also generating profit maximization for the shareholders (*ibidem*). By achieving a sustainable source of competitive advantage, corporations would manage to be profitable and thus maximize share value. Besides economic responsibilities, Carroll (1991) also identified Legal Responsibilities, related with society's expectations that corporations conduct business complying with the law and regulations; Ethical Responsibilities that reflect the values and norms of the society that are not codified in the law; and Discretionary or Philanthropic Responsibilities that "encompasses those corporate actions that are in response to society's expectations that businesses be good corporate citizens" (Carroll, 1991: 42). Carroll's pyramid of Social Responsibility, according to the author himself, constitutes a framework to understand and evaluate the firm's four responsibilities to the society, in which it is integrated (Carroll, 1991).

Carroll's pyramid is intended to be seen as a whole through the lens of the stakeholder perspective (Carroll, 2016). The author has revisited the model many times after its initial publication (1999, 2003, 2004, 2012 and 2016), his work, constitutes an important contribution to the Social Responsibility field by adding that his model represents a set of long-term obligations of business towards society and that the social responsible business should strive to be profitable, act legal, engage in ethical activities and be a good corporate citizen (Carroll, 2016).

The Triple-Bottom-Line model, developed by Elkington (1994) is a reflex of the trend that incorporates Social Responsibility and Sustainability under the same field and constitutes a framework that examines a company's social, environmental, and economic impact. The model addresses profit, people and planet as bottom-lines that the business should strive to achieve (Illustration 3). It is in the intersection of the three that Social Responsibility is put in place.

Illustration 3: Elkington's Triple-Bottom-Line Model



Source: Elkington (1994)

In 2018 the author revisited the model to reinforce that TBL had a wider purpose rather than being applied as an accounting tool used by business to measure gains and losses, instead, the model was aiming to encourage business to "track and manage economic (not just financial), social, and environmental value-added — or destroyed" (Elkington, 2018)[1].

[1] Cf. Elkington (2018) in https://hbr.org/2018/06/25-years-ago-i-coined-the-phrase-triple-bottom-line-heres-why-im-giving-up-on-it accessed on 01/03/2019

Even though early definitions of the concept of Social Responsibility may often be general and ambiguous, a literature analysis shows they reflect common concerns that include: (i) the impact of the company's actions on others, (ii) the obligation of managers to look beyond profit maximization and improve the welfare of society and (iii) the company's overall responsibility to extend its actions beyond the economic and legal responsibilities (Visser, Matten, Pohl, & Tolhurst, 2015).

By analyzing 37 definitions of the concept of Social Responsibility, Dahlsrud (2008) identified 5 dimensions most commonly associated with the concept of CSR: social, environmental, economic, stakeholder and voluntariness. The author argues that the contemporary challenge for business is not so much to define Social Responsibility, "as it is to understand how CSR is socially constructed in a specific context and how to take this into account when business strategies are developed" (Dahlsrud, 2008: 6).

2.1.2. Business Case for Strategic Social Responsibility

The field of Social Responsibility has become much broader than the original argument presented by Bowen (1953), regarding managers' responsibility towards society. Organizations are becoming increasingly concerned with the impact of their actions on the environment and society's welfare. In today's business environment, where legal is not enough and the globalization enhances the scrutiny over the organization's actions, organizations are faced with a decision: be reactive or proactive when it comes to incorporating Social Responsibility efforts into their business plan. The typical approaches to Social Responsibility, which include developing codes of conduct, environmental impact reports, and PR campaigns, are too disconnected from Strategy and are no longer enough (Galbreath, 2009a).

2.1.2.1 When Social Responsibility Becomes Strategic

Social Responsibility becomes strategic, when it "yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission" (Burke & Logsdon, 1996: 496). Social Responsibility can be more than a cost or a philanthropic deed; it can become a source of innovation, opportunity, and ultimately, a Competitive Advantage (Porter & Kramer, 2006).

Galbreath (2009: 134) defines Strategic Social Responsibility as the "intersection between how the firm competes in the marketplace (Strategy) and the firm's impact on relevant stakeholders (Social Responsibility)." Although simplistic, Galbreath's definition bridges the concepts of Social Responsibility and Strategy through the processes (how the firm competes) and its results (impact on society). The author adds that when talking about Strategic Social Responsibility, this should be present across the organization – from the company's DNA to the strategic process and every-day tactics and it should be understood by all stakeholders (*ibidem*).

More detailed definitions can be found in Burke & Logsdon (1996: 496), who claim that "Social Responsibility is strategic when it yields substantial business-related benefits to the firm, in particular by supporting core business activities and thus contributing to the firm's effectiveness in accomplishing its mission" and Chandler and Werther (2014: 65), who characterize Strategic Social Responsibility as "The incorporation of a holistic CSR perspective within a firm's strategic planning and core operations so that the firm is managed in the interests of a broad set of stakeholders to achieve maximum economic and social value over the medium to long-term" - introducing new dimensions that characterize Strategic Social Responsibility in the literature: (i) firms must incorporate a Social Responsibility perspective into their Strategy; (ii) Social Responsibility practices should be directly aligned with core business activities; (iii) they must include a stakeholder perspective; and (iv) organizations must shift from a short-term perspective to managing relations with stakeholders and resources over the medium to long-term (sustainability perspective) (Chandler & Werther, 2014).

Strategic Social Responsibility incorporates a commitment to meeting the needs of stakeholder groups and reducing the firm's environmental impact, without compromising its economic goal. Coombs and Holladay (2011:29), synthesize the concept of Strategic Social Responsibility by arguing that "In essence, CSR becomes strategic when it is integrated into the larger corporate plans and goals."

Hence, the business-case for Strategic Social Responsibility argues that doing the right thing does not mean forfeiting the goal of profit maximization (Coombs & Holladay, 2011). As Werther and Chandler (2014: 45) state, a company' survival "depends on success, and success in business equals profits". However, the profit search *per se* is not enough to define a Strategy for the company. The topic of Social Responsibility merges with the Strategy of the organization in the matter of "how" the profits are maximized. The authors frame Social Responsibility as both a means and an end, claiming that "A firm that seeks to implement CSR policy that carries strategic benefits is concerned with both the ends of economic profitability, but, more importantly, is concerned about the means by which those profits are achieved" (Chandler & Werther, 2014: 12). The connection between means, ends, and processes by which the organization operates, is central to Strategic Social Responsibility In fact, according to McWilliams, Siegel, & Wright, (2006) "Business and social interests are not mutually exclusive and can be integrated via Strategic CSR" (Coombs & Holladay, 2011: 30).

By looking at the organization's DNA and stakeholders' expectations when applying Social Responsibility to the Corporate Strategy, Social Responsibility transcends the level of philanthropy and becomes truly strategic. Incorporating Social Responsibility into business goals requires firms to look into their Mission and Vision statements to frame their field of activity in terms of Social Responsibility and ensure it remains aligned with the firm's goal. Strategic Social Responsibility must always measure business decisions through a lens that ensures that the firm's triple-bottom-line goals are attained simultaneously or at least with no harm to a specific bottom-line's goals.

The introduction of Social Responsibility as a strategic element zwith positive influence in corporate performance made the concept of Social Responsibility more attractive for entrepreneurs, owners, and investors and helped the diffusion of Social Responsibility amongst all stakeholders (Lee, 2008). According to McWilliams, Siegel, & Wright, (2006), Social Responsibility is no longer perceived as a philanthropic action used for marketing and PR, or a cost made at the expense of shareholders' money (as suggested by Friedman, 1973), but instead as a strategic resource "to be used to improve the bottom-line performance of the corporation".

The business case for Strategic Social Responsibility seeks to reconcile business interests with societal interests (Jamali et al., 2009). Its main argument is that the "firms that best reflect the current needs of their stakeholders and anticipate how those needs will evolve over time will be more successful in the marketplace over the medium to long-term" (Chandler & Werther, 2014: 165). When incorporated into the strategic planning, Social Responsibility enables the firm to enhance its competitive advantage (Carroll & Shabana, 2010) and reduces costs and risks that could arise from losing societal legitimacy.

2.1.2.2. Rationale for Engaging in Strategic Social Responsibility

More than ever, organizations are expected to use the power of the marketplace to help build a sustainable future, in that context, Social Responsibility becomes an inescapable priority for business in all sizes.

According to Bal et al. (2014) Social Responsibility's growing importance in a global context, can be attributed to three factors: (i) an increasing competition amongst firms and necessity to respond to customers' ethical concerns; (ii) the threat of trade barriers against products produced unethically and (iii) the increased web scrutiny that puts brands under analysis like never before.

There are several studies approaching the question: What makes firms engage in Strategic Social Responsibility? Despite the many theories, the rationale for engaging in Strategic Social Responsibility may be synthesized in four arguments: (1) it reduces costs and risk; (2) increases legitimacy and the organization's reputation; (3) may constitute the source of a Competitive Advantage; and (4) creates value for both, the organization and the society (Kurucz, Colbert, & Wheeler, 2009).

When it comes to small organizations, such as Startups, MacGregor and Fontrodona, (2011: 82) add that engaging in Social Responsibility practices "may be used as the means by which the small enterprise may develop a strategy and increase their level of formalization, professionalization and quality of service".

Chandler and Werther (2014) identify 4 arguments that seek to explain the motivation for engaging in Strategic Social Responsibility that fit all organizational sizes and are summarized in the table below (Table 1):

Table 1: Arguments for Engaging in Social Responsibility

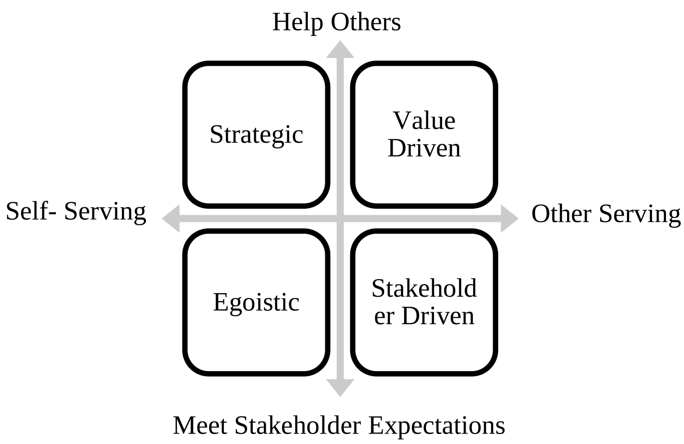
Ethical Argument	Companies must act ethically according to the conventional standard by doing the right things and doing things right
Moral Argument	Businesses have a moral responsibility towards the society in which they operate – the moral obligation to go beyond profit.
Rational Argument	SR is a means of anticipating and reflecting societal concerns to minimize operational and financial costs on business
Economic Argument	SR may constitute a point of differentiation and a source of competitive advantage upon which success can be built.

Source: based on Chandler and Werther (2014)

The Economic Argument is perhaps the most important for businessmen and investors. Since it creates a direct relationship between engaging in Social Responsibility practices and the economic success of the firm in the long-term, it shifts the view on Social Responsibility from a cost to an opportunity. Social Responsibility can be a competitive differentiator and a brand insurance that enhances the firm's reputation. It is a distinctive factor and motivator not only for customers, but also to investors that are willing to invest in companies that are good citizens, either for moral or economic reasons (Chandler & Werther, 2014).

Coombs and Holladay's matrix of Social Responsibility Motives (2011), identifies two relevant dimensions for the analysis of Social Responsibility involving the motivation basis (help others vs. meet stakeholders expectations) and the main beneficial actor (self-serving vs. others serving). The strategic motive reconciles the firm 'self-interest with societal interests, while the stakeholder-driven motive is more philanthropic, looking to meet stakeholder expectations and serving others, irrespective of whether it will have a return for the business or not (Illustration 4).

Illustration 4: Matrix of Social Responsibility Motives



Source: Coombs & Holladay (2011)

On a different perspective, Zadek (2004) establishes 4 rationales for engaging in Social Responsibility based on two motives: strategic and instrumental (Table 2). Instrumental motives include risk reduction, potential cost savings, increasing efficiency and even legitimacy (Soundararajan et al., 2018), while strategic reasons go one step further by truly incorporating Social Responsibility in every aspect of the firm, aiming to maximize both economic and social value (Zadek, 2004).

Table 2: Rationales for Engaging in Social Responsibility

Defensive Approach	By engaging in CSR, firms avoid implicit costs arising from Societal Pressure
Cost-Benefit Approach	Firms should engage in CSR activities that yield a greater benefit than cost
Strategic Approach	Firms engage in CSR as part of a deliberate corporate strategy
Innovation and Learning Approach	CSR engagement provides new opportunities to continuously learn and adapt to the current market trends which leads to a Competitive Advantage

Source: (Zadek, 2004)

It is important to notice that the benefits of Social Responsibility are not homogeneous (Burke & Logsdon, 1996). Social Responsibility effectiveness rests on the establishment of an appropriate Strategy that connects to the business core and DNA of the organization. There is no generic strategy that fits all businesses - “firms should understand the circumstances of the different Social Responsibility activities and pursue those activities that demonstrate a convergence between the organization’s economic objectives and the social objectives of society” (Carroll & Shabana, 2010: 102). Burke and Logsden (1996) argue that strategic benefits arising from Social Responsibility activities should be assessed by the value they create for both the firm and the society (Hancock, 2015). The organizations' focus should be on maximizing both economic and social value over the long-term (Chandler & Werther, 2014).

2.1.2.3. The Goal of Strategic Social Responsibility

A company is a productive organization that develops, systematically and autonomously, an economic activity oriented towards the satisfaction of a need in the market (Di Carlo, 2016) and by doing so, it creates value for its stakeholders. Value creation is the goal companies should strive to achieve and simultaneously, it presents a condition for companies to survive and prosper (Chandler & Werther, 2014). What Strategic Social Responsibility will do, offer a lens to reframe how value is created, based on economic, social en environmental bottom-lines directly linked with the company's core business (Visser, 2010), guided by principles of ethics, transparency, and sustainability and framed by the organization's DNA.

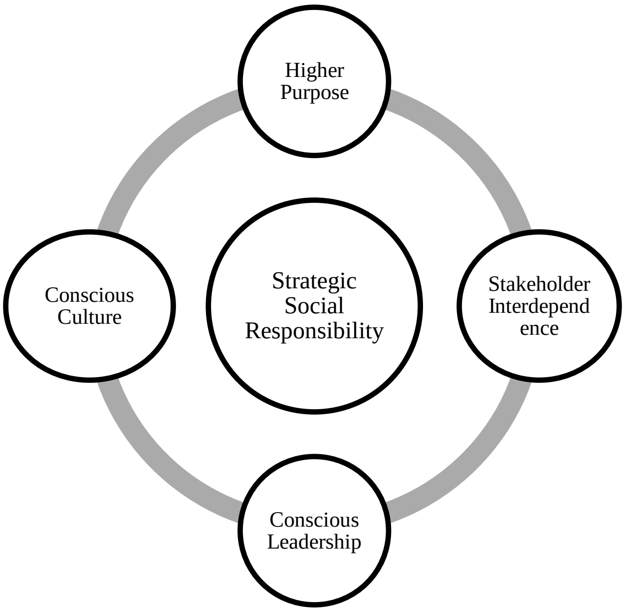
A Strategic Social Responsibility lens "will limit firm's involvement to areas in which it has competence" (Husted & Allen, 2000: 29); and most of it, it will limit the firm's social action to activities that benefit both the society and firm. Porter and Kramer (2006) translate this goal into the notion of *shared value* – that establishes that business decisions and social policies must benefit both sides. Shared value must go beyond economic value and also create value for society by addressing a need or challenge, connecting company success and social progress. (Martínez, Fernández, & Fernández, 2016). Chandler and Werther (2014) explore the notion of a *CSR filter* which adds an extra consideration stage into the decision-making process and define it as a "conceptual screen through which strategic and tactical decisions are evaluated for their impact on the firm's various stakeholders" (Chandler & Werther, 2014: 141).

Strategic Social Responsibility theories defend that success in a globalized business environment is highly correlated with ethical, inspiring and responsible behavior. It retains the focus on creating and adding value, framed by the commitment to meet the needs of the society and respect the resources of the planet. According to Chandler and Werther (2014:215), "the goal is to build firms that are ethical and responsible, firms that are profitable because they inspire the stakeholders with whom they interact." The focus is on maximizing both economic and social value over the long-term and in an ethical manner (*ibidem*).

Incorporating Social Responsibility into business goals requires that firms look into their mission and vision statements to frame their field of activity in terms of Social Responsibility and ensure it is aligned with business core (Galbreath, 2009b). Academics and practitioners in the field, agree that Strategic Social Responsibility will only make a difference if it is fully integrated into the firm's core and framed by its values (Galbreath, 2009a; Visser, 2010; Baumgartner, 2014; Chandler & Werther, 2014). According to Web (2012) values provide a framework in which decisions are made and allow creating a responsible and sustainable value creation approach.

Strategic Social Responsibility is based on principles that encourage the development of Values-Based Business. These business are for-profit organizations founded on a vision and mission based of social and environmental values and the principles of: (i) higher purpose (value creation); (ii) stakeholder interdependence; (iii) conscious leadership; and (iv) conscious culture (Chandler & Werther, 2014; Visser, 2010) (Illustration 5).

Illustration 5: The Four Principles of Strategic Social Responsibility



Source: based on Chandler & Werther (2014)

In today's globalized market, there has been an increasing demand in the field of Social Responsibility for business to move beyond the philanthropic aspect of Social

Responsibility towards a holistic approach rooted into the organization's core (MacGregor & Fontrodona, 2011), so that they take part in helping to generate sustainable value for the economy, the society, and the planet.

2.1.3. Strategic Social Responsibility on Startups

There are many definitions of *Startup* in the literature. The most common definition characterizes Startup as a venture or a new business organization in the early stages of its development intended to pursue a sustainable business model (Fonseca, Lopez-Garcia, & Pissarides, 2001). According to Neil Blumenthal, co-founder and co-CEO of Warby Parker, in an interview to Forbes, "A Startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed" (Robehmed, 2013)[2]. Following the European Startup Monitor's definition, Startups have three characteristics: (i) they are younger than 10 years; (ii) feature (highly) innovative technologies and/ or business models and (iii) have (strive for) significant employee and/or sales growth (Kollmann, Stöckmann, Hensellek, & Kensboco, 2016).

Even though the literature is exhaustive when it comes to the subject of Corporate Social Responsibility[3], the current literature and academic studies, as well as tools, regulations and legislation, are scarce when it comes to Social Responsibility on Small and Medium Enterprises (SMEs), (Jamali et al., 2009; Baumann-Pauly, Wickert, Spence, & Scherer, 2013; Spence, 2016) - more specifically on Startups. Due to the lack of literature dedicated specifically to Social Responsibility on Startups, for the purpose of this research we will frame Startups as part of Small and Medium-sized Enterprises, since (i) Startups are in size[4] small companies and, as such, can be included in the SME group; (ii) Startups share most of the characteristics of SMEs; and (iii) they face the same constraints in the implementation of Social Responsibility as SMEs.

[2] Cf. Robehmed (2013) in https://www.forbes.com/sites/natalierobehmed/2013/12/16/what-is-a-startup/#760038df4044 accessed on 03/12/2018

[3] A research on Google Scholars by the subject "Corporate Social Responsibility" reveals 493,000 results (21/09/2019)

[4] Size is here defined by a "diverse range of indicators, such as number of employees, investment capital, total amount of assets and sales volume"(Soundararajan, Jamali, & Spence, 2018: 935).

According to the European Commission's page *Social Responsibility in practice*[5], SMEs are the most common type of businesses in the European Union which makes them key for the economy. As the Small Business Act recognizes, "Although 99% of companies in the EU are SMEs (companies with a maximum of 250 employees and a maximal turnover of € 50 million), most legislation and administrative procedures don't distinguish on the basis of company size" (Commission for the European Communities, 2008). Due to their proximity to the community, employees and business partners, "they often have a naturally responsible approach to business" and "the process by which they meet their Social Responsibility goals is likely to remain informal and intuitive" (European Commission, n.d.).

The implementation of a socially responsible behavior is not directly a function of company size (Baumann-Pauly et al., 2013). Although the concept of Social Responsibility applies to all organizations, the academic and business discussion tend to focus on corporations as they tend to have higher visibility and have the ability to have a higher impact on society (Visser et al., 2015). Nonetheless, size restrains organizational characteristics, some of which may be more or less advantageous for implementing Social Responsibility (Baumann-Pauly et al., 2013). According to MacGregor and Fontrodona (2011: 88), the specificity of context for SMEs can be defined by "size of the enterprise, the sector of activity, degree of maturity and location."

Small firms engage in Social Responsibility based on "implicit behavioral guiding principles rather than formal structures and codes of conduct common in large firms" (Jenkins, 2004 in Wickert, Scherer, & Spence, 2016: 1170). Even though small firms may be challenged by the lack of resources, (Wickert et al., 2016), this does not mean that they are incapable of incorporating Social Responsibility principles into their business practices. However, these practices are often diluted into organizational practices and lack a formal structure and reporting, so the visibility of such practices tends to be lower than in large firms (*ibidem*).

Firm dynamics, including the firm's mission, ownership structure, and strategic orientations, influence the engagement in Social Responsibility (Soundararajan et al.,

[5] Cf. European Comission in http://ec.europa.eu/growth/industry/corporate-social-responsibility/in-practice_en accessed on 07/12/2018

2018). At this level, the authors have identified strategic or instrumental reasons as predictors of Social Responsibility engagement, related to cost and risk reduction, increased efficiency, and legitimacy (*ibidem*). However, the authors have also found that small business *founder-manager*s have a natural inclination to Social Responsibility (*ibidem*), often combining social entrepreneurship and strategic approaches to Social Responsibility (Littlewood & Holt, 2018).

Many Startups are born as a *value-based business*. They are built with a higher ethical purpose and guided by the moral and ethical values of the *founder-manager* - "entrepreneurs who start successful businesses don't do so to maximize profits. Of course they want to make money, but that is not what drives most of them. They are inspired to do something that they believe needs doing." (Mackey and Sisodia, 2013 in Chandler & Werther, 2014: 217), these Startups are socially responsible at their core. Their entire business model is guided by Social Responsible values that provide a framework for decision-making. These businesses are founded based on a conception of Social Responsibility as an opportunity rather than a cost. (Chandler & Werther, 2014) Other Startups may acquire Strategic Social Responsibility awareness in a posterior phase of growth, and some never acquire it at all - "we may identify several stages, including awareness, implementation, integration and continuous improvement (MacGregor & Fontrodona, 2011: 89).

MacGregor and Fontrodona (2011) believe that Social Responsibility can provide a Competitive Advantage for SMEs, by providing a lens that guides Strategy. The authors defend that to move to a strategic level, small companies must surpass the stage of Social Responsibility awareness - that includes the application of guides, tools and implementation of small actions, to explore how to drive value from Social Responsibility by examining the business core. This process includes identifying the firms' strengths, weaknesses, opportunities and threats; identifying and profiling stakeholders; and measuring the benefits and costs of Social Responsibility. The authors defend that "CSR may be used as the means of framing a suitably longer-term view of value creation that is based on sustainability and shared value with stakeholders." (MacGregor & Fontrodona, 2011: 90). According to Soundararajan, Jamali, and Spence (2018), the organization's DNA, ownership structure and strategic orientation, constrain the organization's engagement in Social Responsibility, identifying strategic or instrumental reasons as predictors of Small Business Social Responsibility engagement.

2.1.3.1. The Role of the founder-manager in Strategic Social Responsibility Engagement

The literature shows that small-business' CEOs have a natural inclination for Social Responsibility (Soundararajan, Jamali, & Spence, 2018). The strategic use of Social Responsibility brings the discussion about the role of Startup's *founder-managers*[6] in determining the propensity of the company to engage in Strategic Social Responsibility (MacGregor & Fontrodona, 2011). CEOs are charged with the responsibility of formulating the strategic path for the organization. The *founder-manager* is charged with the responsibility of formulating the Mission of the company and is responsible for establishing the strategies to reach it (Waldman et al., 2006) and inspiring the creation of value within the company (Epstein, 2018). The *founder-manager's* effective leadership should guarantee the alignment between environmental and social activities and the company's goals (*ibidem*).

Their strategic choices are often subjective and based on their personal interpretation, that results from their experiences, values, and personality (Huang, 2013). Nonetheless, the organization's Strategy should be framed by the firm's Mission and Vision, and translated into goals and tactics that will be guided by a set of values.

According to Murillo and Lozano (2006), the founders of small business are often inseparable from the business in terms of values, policies, and everyday actions. Thus, personal ethos and business behavior are deemed inseparable in the case of founder-managed business (Fuller & Tian, 2006). Soundararajan et al., (2018) argue that Strategy formulation will be influenced by the *founder-manager's* perception of Social Responsibility, ethical orientation, and stakeholder inclination. As noted by Fuller & Tian (2006: 287) "There is a close link between personal motives and ethics (i.e. internally formed) and the responsible behavior in small businesses". *Founder-*

[6] The concept of *founder-manager* was adapted by the author from the concept of owner-manager, described by (Soundararajan et al., 2018) to fit the reality of Startups, where founders are not always the owners of the company, as they trade ownership for investment from Angel Investments and Venture Capitals, they remain, however in a managerial position inside the firm.

managers may use Social Responsibility instrumentally, promoting it either for their own benefit (Friedman, 1970), to enhance profitability; or in a strategic perspective (McWilliams & Siegel, 2011) or in a philanthropic perspective of "doing good" (Soundararajan et al., 2018).

In this context, it becomes relevant to understand the factors that guide the decision of Strategic Social Responsibility engagement. A study by Waldman et al. (2006) shows that personal attributes and leadership style influence the extent to which *founder-managers* chose to engage in Strategic Social Responsibility, revealing a positive relationship between charismatic leadership and Social Responsibility engagement. In a similar study, MacGregor & Fontrodona (2011) conclude that intellectual stimulation is a predictor with a positive relationship in Strategic Social Responsibility engagement.

Soundararajan et al., (2018) conducted a study to understand the extent to which *founder-manager's* perceptions were related to the implementation of Strategic Social Responsibility in small business. They have proceeded with a literature review on the topic, highlighting that the *founder-manager's* awareness and ability to diagnose their organization's impact on the environment and society, lead to a proactive adoption of Strategic Social Responsibility. They also found that personal, professional and perceptional attributes, such as the *founder-manager's* personal value system and leadership style, constitute the main predictors of Social Responsibility engagement. Their findings are synthesized in the table below and show the predictors, outcomes, mediators and moderators of a Strategic Social Responsibility engagement (Table 3).

Social Responsibility in Startups needs to have a purpose (Hemingway & Maclagan, 2004) and requires the support of the *founder-manager* (Coombs & Holladay, 2011), as well as the coordination of all business units. Its implementation is constrained not only by the founder's personal values and perceptions but also by the organizational structure (Wickert et al., 2016), resource availability and firms unique capabilities (Barney, 1991) and also by national and international regulations (Faria, 2015). The *founder-manager's* perceptions of Social Responsibility, stakeholders and ethical orientations, influence Social Responsibility engagement (Soundararajan et al., 2018).

Table 3: Founder-manager Strategic Social Responsibility: Predictors, Mediators, Moderators and Outcomes

Predictors	• Personal Attributes: personality, beliefs, values • Professional Attributes: leadership, ambition, vision • Perceptual Attributes: perception of Social Responsibility
Mediators	• Awareness of the environmental and social impacts of their firms result in the adoption of proactive SBSR strategies, eventually leading to better social and environmental performance • Commitment of *founder-managers* to Social Responsibility improves their reputation among employees, which, in turn, leads to improved employment relations.
Moderators	• Personal Attributes: values and system of beliefs • Professional Attributes: social networks and entrepreneurship • Perceptual Attributes: ability to comprehend ethical problems
Outcomes	• Psychological Outcomes • Sense of Achievement • Emotional Satisfaction

Source: based on Soundararajan, Jamali, & Spence, (2018)

2.1.4. Contemporary Challenges for Strategic Social Responsibility in Startups

Social Responsibility applies to all organizational sizes, however, discussions tend to focus on multinational corporations (MNCs) because they tend to be more visible and have more power (Faria, 2015), which does not mean that Startups and other small business, are not capable of responding effectively to society's needs (Chandler & Werther, 2014). Social Responsibility in small business, namely Startups, has been, according to Spence (2016: 54), "a distant relative of the main field, only really having an impact at the margins." According to the author, the reason for this is the shared belief that MNCs have higher responsibilities towards society and the little awareness of the economic importance of small firms.

Small businesses like Startups, arise interesting curiosities in the field of Social Responsibility, especially concerning the differences they have from big corporations. According to Faria (2015), these differences regard the conception of Social Responsibility, realized initiative and applicable standards, tools, and resources. These businesses have several organizational characteristics that are favorable for promoting the implementation of socially responsible practices in core business functions (Baumann-Pauly et al., 2013).

Although there has been an increasing movement in the field of Social Responsibility to move beyond the traditional approach towards considering Social Responsibility as an integral part of strategy and the organization itself (Porter & Kramer, 2006), it is difficult to convince the leadership as the benefits of Social Responsibility "(…) typically constitute an intangible resource or capability" (McWilliams & Siegel, 2011: 1481). Small business engagement in Social Responsibility is restrained by resource availability and firm dynamics, which includes the firm's Mission, ownership structure and strategic orientation (Soundararajan et al., 2018).

Social Responsibility cannot be separated from strategy (Galbreath, 2006), it must be deliberated, planned and evaluated (Coombs & Holladay, 2011). The implementation of Strategic Social Responsibility in Startups presents a challenge because: (i) Startups have fewer resources and Social Responsibility is often associated with Carroll's philanthropic notion, causing dystrophic expectations for *founder-managers* of Startups in regards to what is expected from them; (ii) they lack a formal structure and reporting; and (iii) the existing measurement models are not adapted to their specificities. Most legislation and administrative procedures, do not distinguish on the basis of company size (Commission for the European Communities, 2008). Measurement tools were created for MNCs and are often not transferable to the peculiarities of small business, ignoring their structures and resource availability (Baumann-Pauly et al., 2013).

Throughout the last couple of years, we have been witnessing the introduction of organisms, standards and norms to improve the dissemination and practice of Social Responsibility. Faria (2015) attributes this phenomenon to some events observed during the last century that include environmental catastrophes, abusive labor practices and financial and political scandals which are leading the society to demand that business take responsibility for the impact of their actions on the common wellbeing of both local and global communities, and is forcing International Organisms to take part in the public discussion and address the subject of Social Responsibility.

In the last decade, due to public and investors pressure, the European Union created the directive 2013/34/EU, recently amended by the directive 2014/95/EU, that establishes the requirement of all publicly held companies with over 500 employees, to include non-financial statements in their annual reports from 2018 onwards (European Parliament, 2014). The goal of this reporting is to help investors, consumers, policymakers, and other stakeholders to evaluate the non-financial performance of large companies while encouraging these companies to acquire a socially responsible approach to how they conduct their business. The over 6,000 companies that are included under this directive, have to publish reports on the policies they implement in relation to: “(i) environmental protection; (ii) Social Responsibility and treatment of employees; (iii) respect for human rights; (iv) anti-corruption and bribery and (v) diversity on company boards (in terms of age, gender, educational and professional background” (European Parliament, 2014)[7].

Although the law only makes it mandatory for Multinational Corporations (MNCs) that fill the requirements mentioned above, many other firms and Small and Medium Enterprises (SMEs) voluntarily chose to follow the established guidelines and report on the non-financial impact of their actions, however they are confronted with instruments and tools of analysis that are poorly adapted to their realities and characteristics (Spence, 2016).

Regardless of being voluntary or not, there is a need for information on the impact the businesses’ operations have on society and the sustainability of the planet, not only for the internal public as for the external public of the organization.

In 2001, the European Community developed a green paper entitled “Promoting a European framework for Corporate Social Responsibility (CSR)” - the 35-page document is the official introduction of Social Responsibility in the European Union agenda and sets out the principles underlying the concept corporate Social Responsibility. According to this paper, “Being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders.” (Commission of the European Communities, 2001: 8). Later revisions of the original paper (2002 and 2011) have come to establish the strategic relevance of Social Responsibility to core

[7]Cf. European Parliment https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:32014L0095&from=PT accessed on 04/12/2018

business practices, adding that Social Responsibility goes beyond legal obligations towards the society and the environment and stating that acting legal is not enough, companies must take responsibility as acting agents inserted in the society.

In 2014 a Social Responsibility agenda is created to establish the European's Commission compromise to Social Responsibility practices that establishes eight goals:

> "(i) enhancing the visibility of CSR and disseminating good practices; (ii) improving and tracking levels of trust in business; (iii) improving self and co-regulation processes; (iv) enhancing market rewards for CSR; (v) improving company disclosure of social and environmental information; (vi) further integrating CSR into education, training, and research; (vii) emphasizing the importance of national and sub-national CSR policies and (viii) better aligning European and global approaches to CSR" (European Commission, 2014) [8].

Despite the global efforts to promote Social Responsibility, Spence et al. (2018) highlight the need to start by adapting the terminology to small business, introducing the notion of Small Business Social Responsibility (SBSR). The Social Responsibility theory is not transferable wholesale to small business (Jamali et al., 2009; Wickert et al., 2016) and most of the existent tools and terminology present a challenge for the implementation of Social Responsibility in Small Businesses.

To choose which is the best strategic path for Social Responsibility, companies must identify and estimate costs and benefits (Sprinkle & Maines, 2010) aligning Social Responsibility plans to the firm's strategic goals – using as criteria the firm's DNA and stakeholder expectations; without forgetting their economic goal. "Strategic Social Responsibility argues that success in today's globalized business environment is correlated highly with ethical, responsible and inspiring behavior" (Chandler & Werther, 2014: 215).

Even though the pressure on business to implement Social Responsibility practices is high, few have managed to successfully embed them into the organization's DNA (Knopf & Mayer-Scholl, 2013). In this context, Startups arise interesting curiosities and

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[8] Source: https://ec.europa.eu/growth/content/european-commission%E2%80%99s-strategy-csr-2011-2014-achievements-shortcomings-and-future-challenges_en accessed on 30/01/2019

present favorable organizational characteristics for the implementation of Social Responsibility in its core (Baumann-Pauly et al., 2013). They have a heavy focus on their Mission and on building businesses with a higher purpose, guided by the *founder-manager's* personal, professional and perceptional attributes (Soundararajan et al., 2018), giving origin to new forms of Social Responsibility and new forms of business based on values, which incorporate Social Responsibility in its core (Chandler & Werther, 2014) making it indistinguishable from Strategy and the organization itself.

2.2. Strategy and Competitive Advantage

Strategy can be defined as "the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations" (Johnson & Scholes, 1999: 10).

The relationship between Strategy and Competitive Advantage is evident in many definitions in the literature. Porter (1996) claims that Strategy is concerned with the choices and actions that companies do to respond to their environment and to position themselves in the market with the aim of achieving higher levels of performance than its competitors. Husted and Allen (2000) argue that companies use Strategy to attain a competitive advantage or avoid a competitive disadvantage through the leverage of unique resources and organizational routines. This perspective on Strategy is corroborated by Galbreath who argues that "Strategy serves as a foundation for a business firm's creation, while establishing its position in the market, its competitiveness and its on-going existence" (Galbreath, 2009: 113).

In more recent literature, the trend remains as Chandler and Werther (2014) affirm that the goal of Strategy is to identify the company's strengths and align them with the opportunities in the environment, setting a course for the company. The authors add the notion of "social legitimacy" that argues that, in order to sustain, businesses must be legitimated by society.

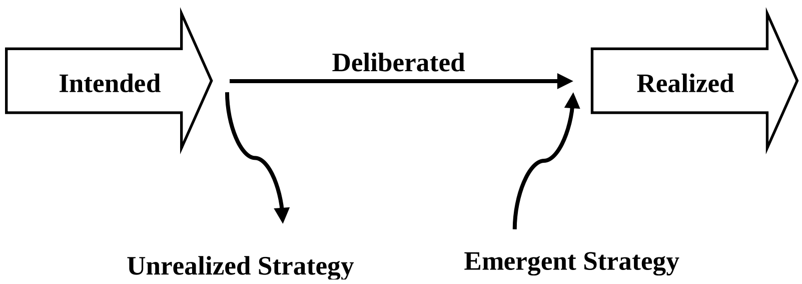
All of the above definitions highlight the notion that companies are not a closed system that can stand alone; they must learn to work and integrate the environment in which they operate if they wish to sustain and prosper. This environment constitutes a source of opportunities, but also threats for the firm, which must be managed. The concepts of Strategic Planning and environmental adaptation are closely tied to Business Strategy (Galbreath, 2010).

Social Responsibility can be the means through which small companies, such as Startups, frame their Strategy, utilize resources efficiently, retain employees and develop a Competitive Advantage, building a sustainable business guided by ethical, environmental, social and economic considerations (Faria, 2015).

2.2.1. Types of Strategy

In the academic literature, it is possible to find several considerations regarding Strategy types. In this chapter, we will focus on two models that conceptualize types of Strategy based on Mintzberg (1979) and Steensen (2014). Mintzberg (1979) defines Strategy as a plan, claiming that it constitutes "a deliberate, conscious set of guidelines that determines decisions into the future" (Mintzberg, 1979: 68). The author divides the process of Strategy formulation into three distinct types of Strategy: intended, deliberate and realized strategies. Mintzberg's model (Illustration 6) presents strategy as a dynamic element that evolves and is adapted according to the business needs and learned lessons and highlights that strategies may emerge along the way and that not everything that is intended, is necessarily realized.

Illustration 6: Mintzberg's Types of Strategy



Source: based on Mintzberg (1979)

The author conceptualizes five distinct ways of perceiving Strategy: plan, ploy, pattern, position, and perspective, claiming that each gives an important contribution to understanding what strategy is (Mintzberg, 1987). According to Mintzberg, strategies have two characteristics: they are planned in advance to actions and they are intentional and have a purpose (Mintzberg, 1987). Mintzberg's model presents a rather mechanic perspective of Strategy and leaves out how the Strategy is composed.

A literature analysis by Steensen (2014) of the concept of Strategy has revealed that the concept incorporates dimensions such as 'communications', 'intentions' and 'realized'. Based on the model the author developed a framework distinguishing different types of Strategy that is shown below (Illustration 7).

Illustration 7: The Strategy Wheel - Five Types of Organizational Strategy

Source: Steensen (2014)

The five types of strategies include: (i) shared strategy, which are courses of action openly communicated to the organization members; (ii) hidden strategy, when there is a course that is not openly communicated to the organization's members; (iii) false strategy, when the communicated strategy does not represent the real strategic intentions (what Mintzberg (1987) characterizes as strategy as a ploy); (iv) learning strategy, when "patterns of action may emerge in an organization from the pool of opportunities" (Steensen, 2014: 272) without having been previously planned; and (v) realized strategy, which is the strategy that is materialized into decisions, actions and reactions.

For managers and scholars, the goal of Strategy is to enhance the firm's position in the market, by establishing a strategic path and goals that the firm must strive to achieve in its everyday actions. Strategy will be framed by the firms' DNA that incorporates the Vision, Mission and Values that guide the business and establish the basis for a Competitive Advantage to be achieved (Bonchek, 2016).

2.2.2. Components of Strategy

Galbreath (2009) identifies six dimensions that compose the element of Strategy inside an organization: mission; strategic issues; markets; customer needs; resources and competitive advantage (Illustration 8). For the purpose of this analysis, we will focus on the firm's Mission – expanding its view to incorporate what Bonchek (2016) refers to as the company's DNA – and on the element of Competitive Advantage – reviewing the most common literature theories.

Illustration 8: Strategic Dimensions

Source: adapted from Bonchek (2016)

2.2.2.1. The Role of the Founder-manager in Defining Strategy

The company's strategic orientation is defined by the leader of the organization (founder-manager). The role of leadership is highlighted by Porter (1996: 29) "The challenge of developing or reestablishing a clear strategy is often primarily an organizational one and depends on leadership”. Porter (1996) highlights that the leader’s role goes beyond operational improvements; it is concerned with the core strategy of the business, which includes “defining and communicating the company’s unique position, making trade-offs and forging fit among activities” (*ibidem:* 29).

Strategy requires the establishment of a company’s path with the aim of obtaining a superior position in the market - “it involves the continual search for ways to reinforce and extend the company’s position” (Porter, 1996: 30), it is developed by the leadership and it is framed by the company’s DNA. The Strategy will guide everyday-business operations, processes and actions that involve the firm’s stakeholders, which have an influence on the key outcomes of the company, creating a mutual dependency that must be considered and managed.

The key to how a company does business seems to be in its DNA. A company’s DNA is defined at the company’s birth and it is heavily influenced by the founders’ personal vision of how the business should be conducted, how the profit should be maximized (Bonchek, 2016). Bonchek (2016) suggests that the DNA can be found on the original vision and values of the founders and is guided by “their core insight about human behavior and the creation of value”. According to the revision of literature, the vision and moral values of the founders are highly related to the organization’s Strategy Formulation. This strategy is limited by the firm’s vision and mission, which is ultimately determined by leadership.

Chandler and Werther (2014) define Vision, Mission and Strategy in the following terms: Vision: statement of what a firm seeks to do and become; Mission: what the organization is going to do to achieve its vision; Strategy: how the organization intends to achieve its mission and vision.

On big companies, Mission and Vision are notions relatively stable and implemented coming from the very own foundation of the company, meaning that Chief Executive Officers (CEOs) tend to lean their strategy on a course that was previously set to the company at its foundation – “Strategy must be aligned to the company’s own DNA as well as the marketplace. Transplanted organs are rejected if there isn’t a genetic compatibility between donor and recipient. Similarly, one can’t simply transplant a best practice from another company. It needs to be consistent with the DNA of the company" (Bonchek, 2016). In the fast-changing environment of Startups, models and scenarios are created, tested and readjusted until the recipe for success is found, giving the *founder-manager* the important role of setting the ground Strategy for how the business will develop.

2.2.3. Strategy Levels

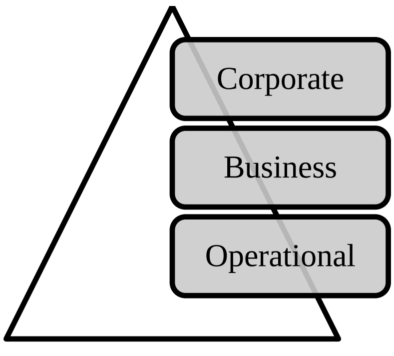
Firms must address several levels of strategic management. Throughout the strategic management literature, it is possible to identify three levels of Strategy inside an organization: Corporate Level, Business Level and Operational Level (Illustration 9) (Meneses, 2016).

The Corporate Level of strategy is concerned with the organization's overall purpose and scope, it is designed for the long-term and includes the elements that constitute the firm's DNA: mission and vision. It defines how each business should be conducted and how it relates to society.

At a Business Level, strategy is concerned with competing successfully in a market. At this level, the Strategic Planning establishes (i) the scope of each business and which products/services should be developed, linking to the organizational scope defined; and (ii) how to achieve and maintain a Competitive Advantage within the Industry.

The Operational Level is concerned with supporting the corporate and business levels of Strategy, by using the firm's resources, processes and people to deliver the expected result as established in the upper levels of strategy.

Illustration 9: Three Levels of Strategy



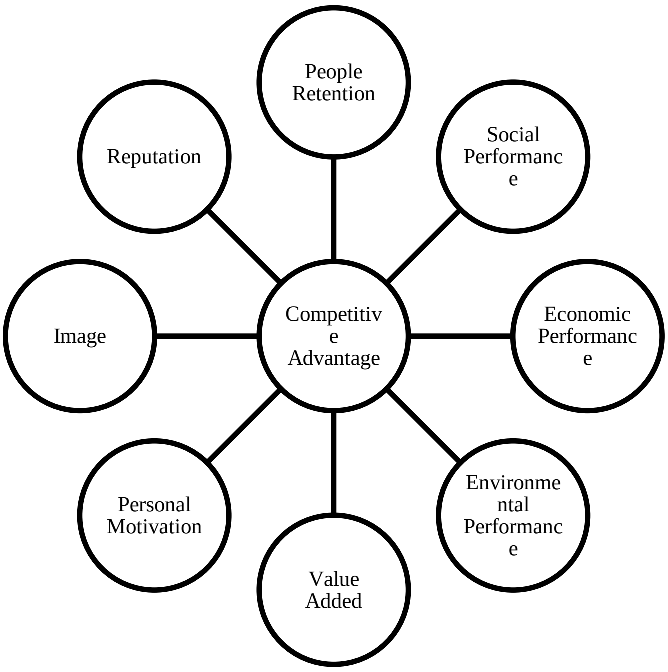
Source: based on Meneses (2016)

2.2.4. Business Strategy and Competitive Advantage: Different Perspectives

A common perspective on the role of Strategy in a business can be found in the literature: to provide the firm with a source of Competitive Advantage (Porter, 1996; Husted & Allen, 2000; Chandler & Werther 2014; Hancock 2015).

From the analysis of the literature, it is possible to argue that a Competitive Advantage is necessary for a business to succeed (Porter, 1996; Chandler & Werther, 2014; Boncheck, 2016); and it is obtained when a firm is able to create more value than rival firms, either by lowering the costs or creating more perceived benefits for its customers (Porter, 1996). Later research presents a broader view on how this competitive advantage may be acquired (Illustration 10).

Illustration 10: Sources of Competitive Advantage



Source: Filho, Soares, Wanderley, Gómez, & Farache, (2010)

Different Strategy perspectives that can be found in the literature, some of which place the emphasis of the Competitive Advantage' source on external factors – Industry Structure Perspective; and others on internal factors – Resource-Based View.

Porter (1980) claims that perceived value for the customer may be created by either a cost or a differentiation advantage that is shaped by the industry structure; while Prahalad and Hamel (1990) predict that this value will originate from the firm's internal resources and capabilities. These two perspectives present the most common views of Competitive Advantage, nonetheless both seem to have gaps. We will look briefly into the two of them and explore a third proposition presented by Chandler and Werther (2014), the Stakeholder Perspective, which defends that a Competitive Advantage may be achieved by strategically managing the firms' stakeholders.

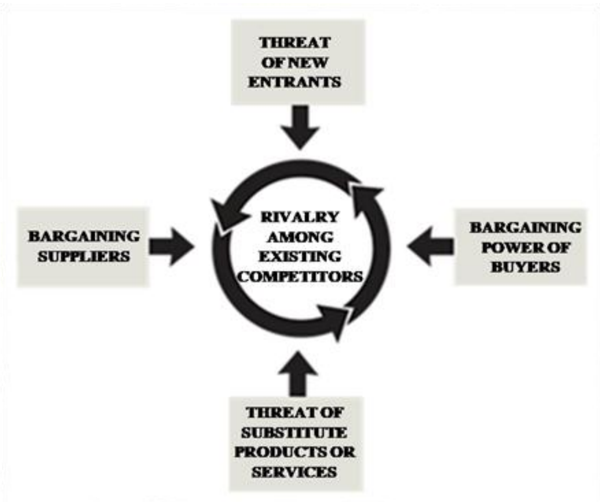
2.2.4.1. Industry-Based View

This theory presents the dominant paradigm in Strategy during the 1980s. It defends that the structure of the environment in which a firm operates – the industry structure; is the main determinant of a firm's ability to develop a Competitive Advantage.

Pioneered by Porter (1980), the competitive forces approach claims that to understand industry competition and profitability "one must analyze the industry's underlying structure in terms of the five forces" (Porter, 2008: 1). By understanding the forces that operate in the market and their causes, it is possible to develop a framework for anticipating and influencing competition, as well as uncover new opportunities (*ibidem*).

The differences in the 5 competitive forces that shape strategy: threat of new entrants, power of buyers, threat of substitutes, power of suppliers and industry rivalry (Illustration 11) – "can become the basis for distinct strategies yielding superior performance" (Porter, 2007: 39).

Illustration 11: Five Forces that shape Strategy



Source: Porter & Heppelmann (2016)

Besides looking only to the external environment of a company to create a source of Competitive Advantage, Porter's model presents a narrow view of the firms operating environment, covering only buyers, suppliers and competitors as stakeholders; it fails to give sufficient recognition to differences in characteristics among companies and is ultimately a "zero-sum game" that presents a confrontational perspective between the firm and its stakeholders (Chandler & Werther, 2014).

2.2.4.2. Resource-Based View and Dynamic Capabilities

The Resource-Based View (RBV) is a model of firm performance that focuses on the resources and capabilities of a firm as sources of Competitive Advantage (Prahalad & Hamel, 1990). The authors state that "The real sources of advantage are to be found in management's ability to consolidate corporate-wide technologies and production skills into competencies that empower individual business to adapt quickly to changing opportunities" (Prahalad & Hamel, 1990, 81).

The RBV significant difference from Porter's environmentally focused view is that it emphasizes the firm's internal resources as the foundation of its competitive advantage and performance (Chandler & Werther, 2014). It focuses mainly on internal aspects and overlooks the context in which the firm operates – which is likely to have a direct influence over the firm's ability to adapt its resources and competences to an ever-changing market/environment (Teece, Pisano, & Shuen, 1997).

Teece, Pisano and Shuen (1997) develop the concept of Dynamic Capabilities, expanding the RBV and solving some of its limitations. This concept comprises the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments. It explains a firm's Competitive Advantage through its ability to continuously develop and adapt its competences in response to a changing environment.

Based on the literature analysis, Galbreath (2009) argues that Strategy is build based on Core Resources and Core Competences. According to Barney (1991) these resources may be tangible or intangible, like skills, interactions between people and processes and customer relationships - "firms who develop relationships with stakeholders based on honesty, mutual trust, and cooperation are in a better position to gain an advantage over firms that do not" (Jones, 1995: 405). Resources can constitute a source of sustainable competitive advantage if they are valuable, rare, non-substitutable and difficult to imitate (McWilliams & Siegel, 2011), what Barney (1991), describes as the VRIO framework.

Core Competences are processes that the firm performs superiorly. A core competence needs to be: (i) applicable to multiple markets; (ii) valued by the consumer and (iii) difficult to copy for a competitor firm (Barney, 1991). It is the combination of valuable resources and capabilities that lead to a sustainable competitive advantage. The author defends that "Competences and resources are molted into a strategy and supported by a structure" (Galbreath, 2009: 138). An action is considered strategic when it allows a firm to become better than its competitors and when this "competitive advantage can be sustained" (Galbreath, 2009a). Thus, a Competitive Advantage is obtained when the firm is able to create more economic value than its competitors.

2.2.4.3. Stakeholder Perspective

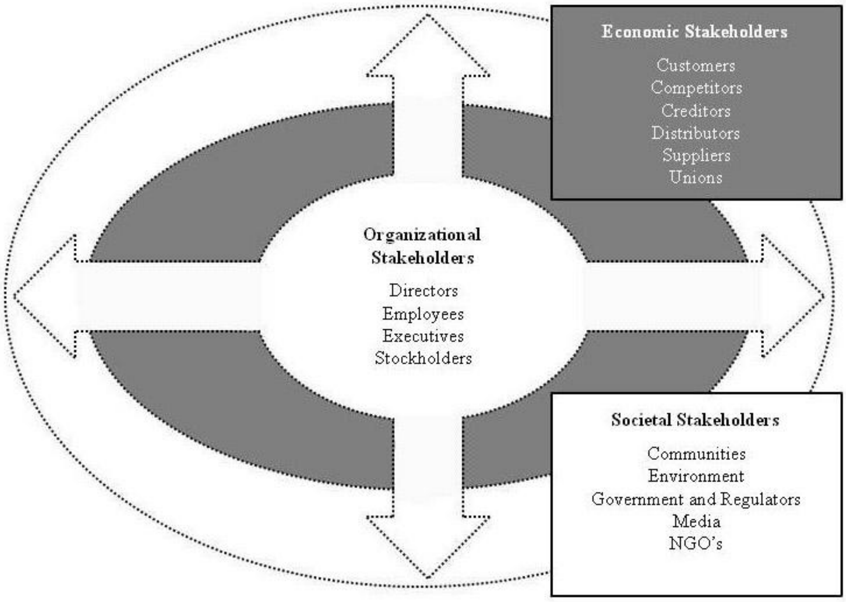
The current societal trend implies an increasing expectation for businesses to attend social goals beyond profit maximization. The business conception has shifted from an organization with the scope to generate profits to shareholders (Friedman, 1970) to one that is required to fulfill societal expectations of the stakeholders of the firm (Galbreath, 2010).

Stakeholders are "any group or individual who can affect, or is affected, by the achievement of the corporation's purpose" (Freeman, 1984: iv). Similarly, Carroll (1991) states that stakeholders are "groups or persons who have a stake, a claim, or an interest in the operations and decisions of the firm" (Carroll, 1991: 43) - this claim can be legal, moral, or from any other kind.

Stakeholders have multiple, and sometimes confronting, interests in the company's actions (Carroll, 1991). They have the ability to put pressure on business when the outcomes of business' activities are considered unacceptable by one or more groups of stakeholders.

Chandler and Werther (2014) distinguish between three types of stakeholders: organizational, economic and societal stakeholders (Illustration 12). The first category constitutes the internal stakeholders of the firm, while the following two are external. The authors note that some stakeholders may exist simultaneously in different types.

Illustration 12: Stakeholders of the Firm



Source: Chandler and Werther (2014)

The *stakeholder perspective*, allows enterprises to determine the agents that are affected by the organizations' actions and at the same time, prioritize among those stakeholders' demands (Chandler & Werther, 2014). Thus, constituting a strategic element and a possible source of competitive advantage for the company, since the "Success of a firm is directly related to its ability to incorporate stakeholder concerns into its business model" (Chandler & Werther, 2014: 9).

Stakeholder groups can be assessed against strategic aims according to three equal sets of criteria: influence, impact, and alignment (Scholes & Clutterbuck, 1998: 231). The ability to identify the multiple constituents that are affected by the firm's operations and create actions to address their concerns while prioritizing between stakeholders claims by measuring their power, threat and legitimacy is a key component of strategy and allows firms to sustain in the market (Mitchell, Agle, & Wood, 1997).

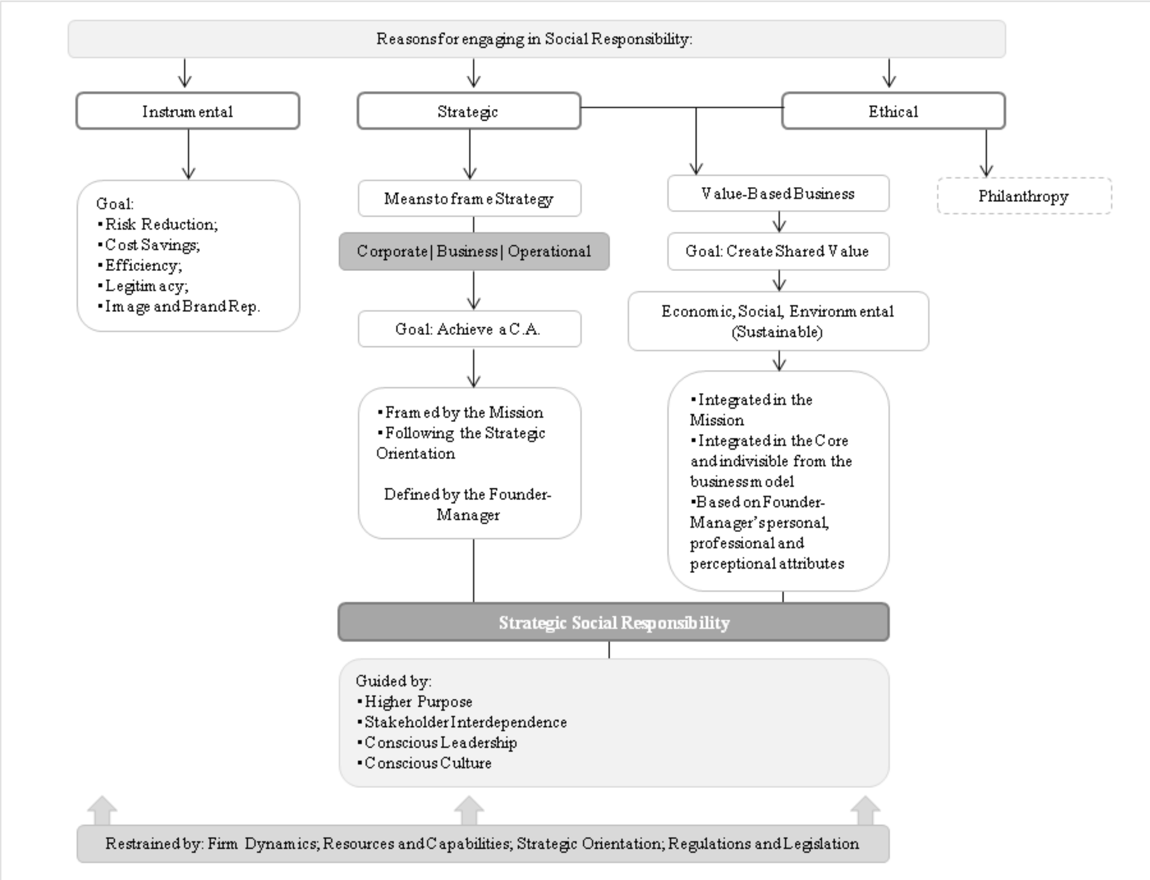
According to Carroll (1991), companies that wish to sustain in the market must identify what opportunities and threats are posed by stakeholders and what strategies and actions should be pursued to most effectively address those concerns. In this context, the management's goal is to "ensure that the firm's primary stakeholders achieve their objectives, while other stakeholders are also satisfied" (Carroll, 1991: 43).

Dahlsrud (2008) claims that stakeholders and both national and international organisms are putting new expectations on business and changing how the social, environmental and economic impact of business should be balanced in the decision-making process. As the author notes, "in such a context, CSR management tools are needed, in addition to the previously established patterns, to develop and implement a successful business strategy." (Dahlsrud, 2008: 6). As noticed before, Social Responsibility may be used as the means to develop a Competitive Advantage, as it can lead to stronger stakeholder relationships, increasing employee retention and customer loyalty and attracting Socially Responsible Investment (SRI) (Carroll & Shabana, 2010). In the contemporary world, Social Responsibility becomes a key element of business strategy (Chandler & Werther, 2014).

Several studies on Social Responsibility suggest the need to develop the investigation on the field of the relationship between SMEs and Social Responsibility (eg: Nejati, Quazi, Amran, & Ahmad, 2017; Russo & Tencati, 2009; Spence, 2016) because of their impact on the economy (Commission for the European Communities, 2008). The challenge with measuring the impact of Social Responsibility is that they do not have explicit short-term returns (Prahalad & Hamel, 1990) and they are often the result of the *founder-manager* personal, professional and perceptional attributes (Soundararajan et al., 2018). Research has shown that Social Responsibility engagement may be the product of instrumental, strategic or philanthropic reasons (Windsor, 2006), with more recent studies showing a natural inclination of small business owners for Social Responsibility engagement (Baumann-Pauly et al., 2013) and the creation of new kinds of business, based on ethical values, where Social Responsibility is fully integrated in the organization's core, Mission and every-day practices (Chandler & Werther, 2014) and the goal is to maximize simultaneously environmental, social and economic performance (Illustration 13).

In the next chapter, we develop a qualitative study with the goal of exploring Strategic Social Responsibility and its Impact on Startup Strategy in nine Portuguese Startups. Impact is here defined as any effect or influence of an event or initiative on a situation or person (Streatfield & Markless, 2009), acknowledging that it can be both intended or non-intended. This assessment begins by analyzing the *founder-manager*s awareness of the subject of Strategic Social Responsibility, determining their understanding of the concept and its dimensions (as defined by Carroll, 1991) the acknowledged motivations and obstacles of the implementation of Strategic Social Responsibility and how it is framed by the organization's Mission, to understand its impact on Strategy and business decisions.

Illustration 13: Conceptual Map



Source: Author's Elaboration

3. Methodology

This study aims to explore Strategic Social Responsibility and its Impact on Startup Strategy in the context of nine Portuguese Startups. Portuguese Startups were chosen based on (i) the argument that an organization' Strategy is highly connected to the Mission established at its foundation (Bonchek, 2016) and the perceptions of *founder-managers* (Soundararajan et al., 2018); and (ii) the facilitation of access for the collection of data. The main concern of this study was to understand what Social Responsibility is for the *founder-managers* and its impact on the Strategy of their Startups. This chapter will explain in detail how the investigation was conducted, it begins by explaining the choice of a qualitative approach, followed by a contextualization of the Startup environment in the Portuguese scene; thirdly, it is explained how the data was gathered and, lastly, how it was analyzed.

3.1. Research Method: Qualitative Analysis

Qualitative research may be described as "any kind of research that produces findings not arrived by means of statistical procedures or other means of quantification" (Corbin & Strauss, 1990: 17). The focus of qualitative research lies on an in-depth understanding of the individual's experiences and interpretations, rather than objective facts and numbers. The choice of a research methodology is related with the nature of the research question (Crowther & Lauesen, 2017), considering this research's goal to understand the impact of Strategic Social Responsibility on the Strategy of Portuguese Startups, through the perceptions of the *founder-manager*s, it seemed the most adequate method. Although the qualitative method is often criticized for its reliability and validity of data, it is the most adequate method for exploratory research questions that look for the "how" and "why" of the individual's experience in the search for a meaning and social patterns (Crowther & Lauesen, 2017). According to Maxwell (2013), qualitative studies are particularly relevant to understand the concepts, actions and events from the viewpoint of the participants, as well as the clarifications and interpretations of their lives and experiences.

Qualitative Research focuses on small samples, selected in a non-arbitrary method and place a high emphasis on the individual's experience (Patton, 2002). It does not seek a generalization of the findings, rather its goal is to explore and understand a specific case and concept (Bryman, 2008).

This study can be deemed as exploratory, as it does not seek causal inferences, but rather to develop a theoretically grounded empirical inference in the context of Strategic Social Responsibility in nine Portuguese Startups. Exploratory studies seek to investigate phenomena that are infrequently explored, identify new categories of meaning and generate hypothesis for future research (Marshall & Rossman, 2015).

Social Responsibility research often recurs to interviews with the purpose of acquiring descriptions, insights and experiences from the interviewee's (Crowther & Lauesen, 2017). In the literature, we can find works with similar goals that opted by conducting interviews as a way to collect data in the field of Strategic Social Responsibility and Social Responsibility motivators (Egri & Herman, 2000; Jamali et al., 2009; MacGregor & Fontrodona, 2011). For this study, interviews were selected as a suitable method for the ability to ask open-ended questions to a selected group of respondents, thus exploring opinions, representations and experiences regarding the researched phenomena (Crowther & Lauesen, 2017). To allow a higher degree of comparability amongst Startups, a semi-structured model of interview was chosen. Further details on the data collection methods and sampling can be found in the following chapters.

3.2. Contextualization of the Research

3.2.1. Social Responsibility in the Portuguese Context

Due to pressures that have arisen from various movements for the obligation of companies to take responsibility on their actions and report on their impact on society, many countries, including Portugal, have legislated on socially responsible issues. In Portugal, Social Responsibility gains relevance in the academy, business and the society in general during the 1990s (Moura & Duarte, 2003 in Faria, 2015: 42). The growing environmental concern and European pressure, lead to the creation of national legislation. According to Faria, "legislation is one of the main factors that companies consider when making decisions that involve ethics, Social Responsibility reporting, advertising campaigns and product/ service labels." (Faria, 2015: 82).

The Portuguese Association of Business Ethics (*Associação Portuguesa de Ética Empresarial* - APEE), in its capacity as the standardization organism in Portugal in matters of Ethics and Social Responsibility, is the organism responsible for the dissemination and implementation of the ISO 26000 Standard in Portugal. For this purpose, it developed the Technical Standardization Commission – *Comissão Técnica,* CT 164 for Social Responsibility, and CT 165 for Ethics (DGAE, n.d.).

The Technical Commission - CT 164 was formed in 2006 and is constituted by a set of entities, representing the stakeholder categories recognized by ISO, which include Industry, Unions, NGO's, Services, Government and Consumers (APEE, 2010). Its goal was to create a Portuguese standard applicable to all organizations. In this sense, the CT 164 developed the NP4469, seeking a national standard with an international alignment with the ISO 26000 standard. The NP4469 corresponds to the international standard ISO 26000, constituting an alternative guide and certification organism for the implementation of Social Responsibility, guaranteeing the integration with other current standards (APEE, 2010).

According to NP4469, Social Responsibility

> "means the responsibility of an organization for the impacts of its decisions, activities and products on society and the environment, through an ethical and transparent behavior that is consistent with the sustainable development and the well-being of society; takes into account the expectations of the parties concerned; complies with applicable laws and is consistent with international standards of conduct and is integrated throughout the organization" (APEE, 2010).

Since 2010, *Instituto Português da Qualidade* (IPQ) is the organism responsible for the publication of Portuguese standardization, whether based on international (ISO) and European (EN) standardization or national standards (NP44469) (Faria, 2015).

In 2013, the Portuguese law followed the European directive by making mandatory that all publicly held firms with over 500 employees, presented on a yearly basis, a non-financial statement that proofed their development towards improving their environmental and social impact. This law was then reviewed in 2017, giving way to the law decree 89/2017. The law decree 89/2017 has the goal of measuring corporations' performance on a non-financial, social and environmental level, besides identifying underlying risks for sustainability. By advising all state-members to adopt national laws following this directive, the European Union expects to reinforce the transparency and coherence of the non-financial information of companies operating in the European Union (Decreto-Lei 89/2017, 2017). In the last decade, it is possible to observe an increasing dynamic in activities related to Social Responsibility in both for-profit and non-profit organizations in Portugal. According to DGAE (regulatory entity for the economic activity), these movements are closely connected with the awareness of society and the markets of the need of a "better balance between the individual human actions and the entrepreneurial initiatives in a framework of progressive evolution towards new models of individual and corporate citizenship in harmony with a sustainable development" (DGAE, n.d.).

3.2.2. The Startup Environment in Portugal

Portugal has earned a central role in the Startup Ecosystem worldwide. This trend was boosted by the arrival of the Web Summit conference in 2016 and is supported by accelerator fundings, incubators and the readjustment of the country itself to support entrepreneurship initiatives, with co-working spaces popping all over the country, with the biggest investment made in Hub Creativo do Beato, in Lisbon; and the support of the Government, that in 2018 was counting to spend 300 million euros[9] to support entrepreneurship.

In the Portuguese context, the government has developed a strategy for encouraging entrepreneurship that focuses on developing and internationalizing the Startup ecosystem. Startup Lisboa, an incubator for Startup companies, defines a Startup as "a new company, even embryonic or still in seed stage, which promotes a promising project, related to the development of an innovative business idea" (Startup Lisboa, n.d.). In Portugal, every enterprise with less than one year is included as a Startup in most public and private reports on entrepreneurship, hindering the task to find updated information on the Portuguese Startup Scene, as not all newly funded companies fit the

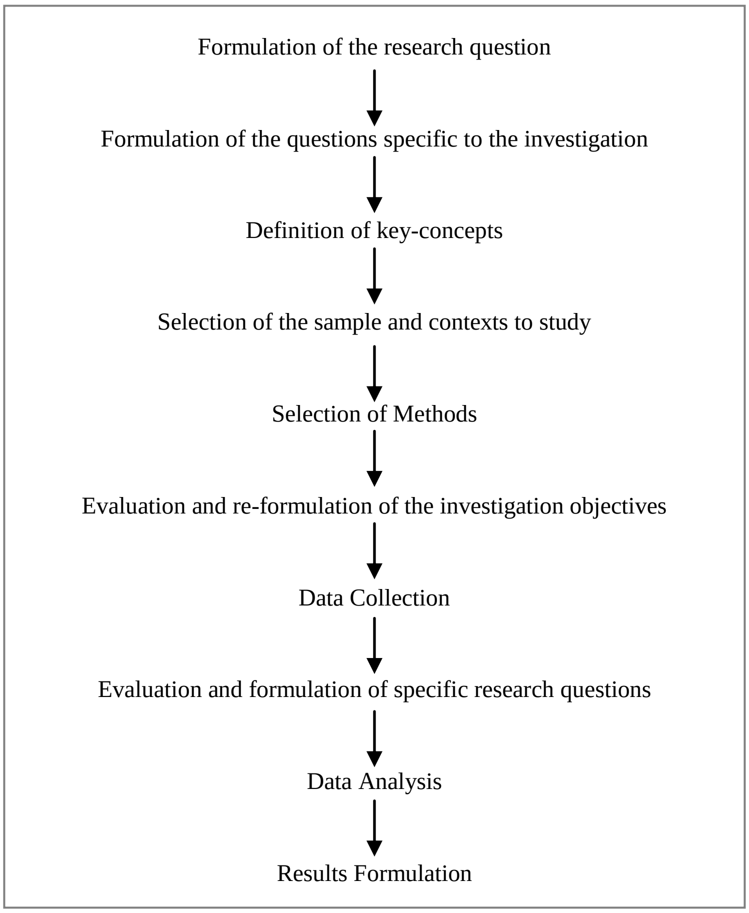
[9] On July 2018, the Portuguese Government launched 19 new initiatives in the Startup Portugal Program, to support entrepreneurship, an investment totaling 3000 million euros. – News announces by *Jornal Expresso* – available at https://expresso.pt/economia/2018-07-09-Governo-lanca-19-medidas-para-acelerar-empreendedorismo-em-Portugal#gs.=0hzF9I accessed on 23/11/2018

definition of a Startup (Almeida, 2014). According to the European Startup Monitor Report of 2016, Startups employ an average of 12 people (9.5 employees plus 2.5 founders) at birth-stage. The country Report of Portugal (2016) states that "entrepreneurial spirit is being gradually embraced, as the Startup culture is no longer a mere trend, but a statement that came to stay and proliferate." Considering this statement and the impact that Startups have on the economy in Portugal, we must assess their impact on society starting by how businesses are conducted by framing the *founder-manager* awareness of Social Responsibility.

3.3. Data Collection and Analysis

The qualitative study is a dynamic process that can be adjusted and adapted throughout the development of the research. The illustration below expresses the process involved in the formulation of the qualitative research (Illustration 14).

Illustration 14: Evolution of the Qualitative Investigation



Source: Flick (2018)

3.3.1. Sampling

An inductive approach was used in qualitative data analysis, with the purpose of establishing clear links between the research objectives and the findings derived from the raw data collected, in this case, through interviews to, ultimately, extract valid findings (Thomas, 2006).

This exploratory study proposes to assess through an inductive approach:

- the *founder-manager*'s conception of Social Responsibility and Strategic Social Responsibility;
- the role played by organizational DNA (Vision, Mission and firm Values) in the integration of Strategic Social Responsibility;
- how the above elements influence the integration of Strategic Social Responsibility in Startup Strategy.

The sample for the study is a non-probabilistic, convenient and intentional sampling. Intentional sampling is often used in qualitative research to allow the selection of cases where the inquirer expects to encounter information-rich cases to study in-depth (Patton, 2002). Information-rich cases are “those from which one can learn a great deal about issues of central importance to the purpose of the inquiry” (Patton, 2002: 230). Given the focal interest of the study, founders of the Startups who play an active role in the company as CEO/Manager were selected because of their knowledge of firm strategy and access to relevant information. *founder-manager*s, as we designate the founders of the Startups who have an executive management role, were selected as the targeted informant based on their knowledge of the characteristics and specifications of the study object – Strategic Social Responsibility and Strategy, knowledge of the Startup and influence on both, the firm's DNA (Bonchek, 2016) and the Strategy of the organization.

Startups registered in Portugal, both with national headquarters and at various stages of growth were chosen for both a matter of convenience and prominence that the Portuguese Startup ecosystem has at an international level. In a first approach, the Startups on the list of the Top 25 Portuguese Scaleups 2012-2017 developed by EIT Digital, Building Global Innovators and their partners (Annex I) were chosen as a starting point for data collection. The report started with a sample of 480 Portuguese technology companies founded between 2012 and 2017 across four major verticals: (i) Information and communication technology (ICT); (ii) Cleantech and industry; (iii) Consumer and web; and (iv) Medical devices and health IT. The criteria for the top 25 was based on total funding received, total revenues, capital to revenue ratio and jobs created of candidates with Portuguese origin, with less than five years of operation (*Scaleup Portugal 2018 www.scaleupportugal.tech*, 2018).

Secondly, to ensure that Startups would match the characteristics we were looking for, Startups out of the Top 25 Scaleups 2012-2017 were chosen based the following criteria (i) Startup is registered in Portugal and its headquarters remain in Portugal, (ii) Startup is less than 10 years, (iii) Startup has at least 1+ employee, (iv) CEO/Manager is also founder, (v) the *founder-manager* (as it is designated the CEO that meets the previous criteria) is available to participate in the research.

Out of the top 25 Startups, six did not meet the criteria described above (in four of the Top Scale-ups, the CEO was no longer the founder and in two of them there was not sufficient information about the CEO or form of contact). The 19 valid companies started being contacted in April, firstly via email, and then via LinkedIn (through the personal profile of the *founder-manager*) and phone number. Out of the 19 contacted companies, four replied negatively to the request of the interview, nine never replied to any form of contact (three rounds of emails were sent, two rounds of LinkedIn messages and one phone call – without any kind of response to any attempt until July, it was considered that the Startups were not interested in being part of the study) and six accepted the invitation. Despite of the six positive replies to the request for an interview, only three interviews were conducted, with the other three stopping the communication.

Given the lack of sufficient material to conduct the study and the time restraints, the sample was expanded to *founder-manager*s of Portuguese Startups outside the top 25 and 21 new Startups were contacted using the same methods as the Top Scaleups. To select the Startups the database available from Startup Lisboa and Fábrica de Startups was used, keeping the criteria of the four major verticals used for the Top Scaleups: (i) Information and communication technology (ICT); (ii) Cleantech and industry; (iii) Consumer and web; and (iv) Medical devices and health IT. Out of the 21, three refused to be part of the study due to lack of availability in the period of the data collection

(July and August), 12 never replied to any form of contact and six accepted the invitation to be part of the research. The six interviews were conducted, totaling nine Startups (Table 4).

Table 4: Characterization of the Sample: Startups

Startup					
Startup	**Foundation**	**Years of Experience**	**Location**	**Nr. Employees**	**Industry**
A*	2016	3	Porto	51-200	ICT
B*	2014	5	Lisbon	11-50	ICT
C*	2013	6	Lisbon	11-50	Consumer & Web
D	2017	2	Lisbon	11-50	Consumer & Web
E	2018	1	Lisbon	2-10	Medical devices and health IT
F	2019	<1	Lisbon	2-10	Consumer & Web
G	2019	<1	Lisbon	2-10	Consumer & Web
H	2018	1	Aveiro	2-10	Consumer & Web
I	2019	<1	Lisbon	2-10	Consumer & Web

(*) Startups from the List of the Top Scaleups.

Table 5: Characterization of the Sample: founder-managers

Founder-Manager				
Founder-Manager	**Founder is CEO**	**Gender**	**Age**	**Background**
A*	Yes	M	>35	Economics and Management
B*	Yes	M	>35	Business Administration and Finance
C*	Yes	M	>50	Computing and Entrepreneurship
D	Yes	M	>35	Business Administration
E	Yes	F	<35	Biomedical Engineering
F	Yes	M	<35	Economics
G	Yes	F	<35	Tourism and Marketing
H	Yes	M	<35	Marketing
I	Yes	M	<35	Finance and Business Administration

(*) Founder-managers from the List of the Top Scaleups.

Out of the nine interviews (Table 5), four were conducted in person and five were conducted via video-call. The interview script followed an deductive approach, taking base in literature theories about Strategic Social Responsibility and the influence of the *founder-manager* in establishing both the DNA and Strategy of the Startup (Elo & Kyngäs, 2008).

3.3.2. Interviews

Human beings are linguistic creatures, as such humans can be best understood in the context of conversation (Brinkmann, 2013). Interviews are a popular method for collecting qualitative data and are usually utilized for exploratory research questions seeking to acquire explanations and descriptions of insights and experiences, by collecting the point of view of the respondent and analyzing its meanings and identifying common patterns (Crowther & Lauesen, 2017).

The goal of qualitative interviewing is to attain interpretations form the interviews, not the facts (Warren, 2001). Interviews are based on a scripted conversation where the emphasis of the data collection is in the respondents' answers (*ibidem*). Its ultimate purpose is to get an insightful description of the study object to analyze recurring patterns and themes (*ibidem*). According to Wiltfang & Berg (1990), interviews can acquire one of three different structures: (Table 6) structured interviews, which facilitate comparison amongst respondents but are very inflexible; semi-structured interviews that allow the interviewer to adapt the order and wording of the questions; and unstructured interviews, where there is no script and the questions are created based on the interviewee replies.

A semi-structured interview model was chosen as it allows to re-order questions during the interview and has flexible wording, giving lease for the interviewer to adapt the conversation flow to the replies of the interviewee (Crowther & Lauesen, 2017). The interview sought to clarify opinions, habits, representations and practices (*ibidem*) when it comes to Strategic Social Responsibility and Strategy.

Table 6: Interview Structure

Structured Interview	Semi-Structures Interview	Unstructured Interview
• Formally Structured • No deviations from question's order • Wording of each question asked exactly as written • No adjusting of level of language • No clarifications or answering of questions about the interviews • No additional questions may be added	• More or less structured • Questions may be recorded during the interviews • Wording of question flexible • Level of language may be adjusted • Interviewer may answer questions and make clarifications • Interviewer may add or delete probes to interview between subsequent subjects	• Completely unstructured • No set order to any questions • No set wording to any questions • Level of language may be adjusted • Interviewer mauy ask questions and make clarifications • Interviewer may add or delete questions between interviews

Source: Wiltfang & Berg (1990)

The interview questions, which can be found on the Appendix I, were based on the interview script developed by Jamali, Zanhour, and Keshishian (2009). The questions were adapted or re-formulated based on the literature research and the specific goals of this research, as a result, new questions were added focusing on the Startup's DNA, Strategy, and perceived benefits of Social Responsibility engagement.

The interview scrip has a total of 11 questions that were developed according to the theoretical framework and explore matters related with the *founder-managers* knowledge and personal experience and matters related with the company, its DNA and Strategy (Table 7). The interview starts by analyzing the *founder-managers* understanding of the concept of Social Responsibility, the main motivations and obstacles to its implementation and then explores the Social Responsibility initiatives that are being implemented and how they are related to the core of the Startup. As a semi-structured interview model was used, the questions were sometimes re-ordered and wording was also adapted, this flexibility gives the interviewee the opportunity to speak freely about the topic with a better conversational flow (Wiltfang & Berg, 1990).

Table 7: Interview Design and Structure

Dimension	Question	Theoretical Reference
Social Responsibility Conception (SR)	1. What is your conception of Social Responsibility?	Windsor (2006)
SR Implementation	2. Does your organization implement Responsibility practices or is that not a priority for the moment?	Hemingway & Maclagan (2004)
SR Implementation	3. Are these practices formalized in a defined structure and plan, or informal occurring without being contemplated in a formal plan?	Steensen (2014)
SR Implementation	4. What do you believe to be the main motivations and obstacles for Social Responsibility implementation?	Simon Zadek (2004); Coombs & Holladay (2011); Chandler & Werther (2014); Faria (2015);
Strategy	5. Does your organization have a defined Strategy for the upcoming years? Does it include a Social Responsibility dimension?	Steensen (2014)
Strategy	6. Does your organization have a written Vision and Mission statement? Does it include a Social Responsibility dimension?	Chandler & Werther (2014)
SR Management	7. Are there dedicated Social Responsibility units or officers in your firm? And is there a dedicated budget allocated to Social Responsibility?	MacGregor & Fontrodona, (2011)
SR Impact Evaluation (business specific)	8. Do you have metrics in place to assess the impact of Social Responsibility practices in your organization?	McWilliams & Siegel (2011)
Information and Communication Systems	9. Are there any specific mechanisms for Social Responsibility communication in your firm? (both internal and external)	Coombs & Holladay (2011)
SR Impact Evaluation (Founder-Manager conception)	10. From your experience and knowledge, what do you believe to be the relationship between Social Responsibility and the organization's performance?	Burke & Logsdon (1996) ; Jamali et al. (2009); Wood (2010) Chandler & Werther (2014)
SR Impact Evaluation (Founder-Manager conception)	11. Do you believe to be any benefits arising from Social Responsibility for a brand's Identity and Reputation?	Burke & Logsdon (1996); Drucker (1984); Carroll & Shabana (2010)

Source: Author's Elaboration

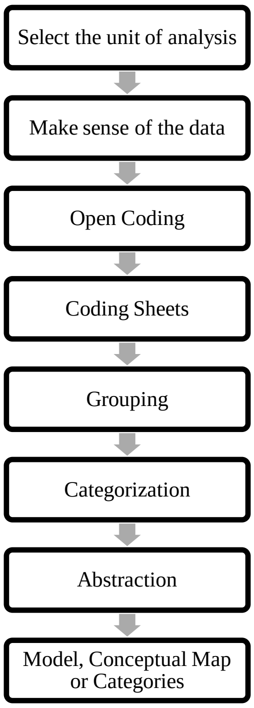
3.3.3. Analysis

The analysis of the data collected in the interviews through a qualitative approach was analyzed using the content analysis method. Qualitative research focuses on understanding the individual's experiences and interpretations and Content Analysis is a method of analyzing written and verbal communication (Elo & Kyngäs, 2008). This research method presents an objective and systematic way of describing and quantifying phenomena (Downe-Wamboldt, 1992), allowing the researcher a deeper understanding of the data (Elo & Kyngäs, 2008).

Content analysis is a content-sensitive method concerned with meanings and intentions (Downe-Wamboldt, 1992). Through the analysis of concepts and categories, its aim is to attain a description of the phenomena and provide new insights, by extracting data and making inferences, that bring new knowledge in a determined context in which the analysis is made (Elo & Kyngäs, 2008).

In content analysis, words are organized into categories to allow comparisons and extract new insights (Cavanagh, 1997). By creating categories, the researcher is provided with a mean to describe the phenomena and increase its understanding of the topic under analysis (*ibidem*). In the case of an inductive content analysis, the categories are driven from the data (Illustration 15) and depend on the researcher's interpretation of meanings and decision of what to group under the same category (Elo & Kyngäs, 2008). Inductive content analysis is often utilized when there is not enough knowledge about the phenomena being studied or when this knowledge is fragmented (Hsieh & Shannon, 2005), as it is the case in Strategic Social Responsibility research applied to Startups and the influence of the *founder-manager* in establishing both Strategic Social Responsibility engagement and in defining the organization's strategy.

Illustration 15: The Content Analysis Process – Inductive Approach



Source: Adapted from Elo & Kyngäs (2008)

The data retrieved from the nine interviews was analyzed recurring to MAXQDA following systematic inductive approach to concept development, allowing categories to emerge from the replies of the candidates, based on their thoughts, experiences and actions. The dimensions analyzed during the interview were: Social Responsibility conception; Social Responsibility integration; Social Responsibility management; Social Responsibility impact and Strategy. The final categories and codes including both codes from the literature review and the interviews can be found in Appendix (Appendix II).

To maintain the anonymity and confidentiality of the data, the names of the respondents and corresponding Startups were replaced by letters (according to Tables 4 and 5).

4. Findings and Discussions

Aggregate findings of this research in regards to the dimensions outlined in Table 7 can be found in this chapter. The content analysis of the interviews has allowed exploring Social Responsibility conception, implementation, management and impact evaluation in relationship with Startup Strategy in the specific context of nine Portuguese Startups. These findings are therefore not intended to provide an exhaustive overview of Startups' Social Responsibility practices nor conclusions scalable to the whole field, but rather to reflect critically on the impact of Strategic Social Responsibility in Startup Strategy in a specific context and in relation to the dimensions outlined in Table 7. The findings are presented sequentially in relation to each dimension, helping to emphasize similarities and differences in orientations, resulting from personal opinions and experiences.

4.1. Social Responsibility Conception

Windsor's research (2006) shows that the conception of Social Responsibility may be instrumental, strategic or philanthropic. What is interesting about the interviews is that they have shown that, when talking about their conception and experience of Social Responsibility, the *founder-manager*s often used traits and descriptions belonging to more than one conception, showing that there is not a linear affiliation with a single strain of Social Responsibility. Despite, there was a high level of convergence regarding a Strategic conception of Social Responsibility, highlighting the need for coherence between business core and the engagement in Social Responsibility

> *"My conception of Social Responsibility is that Social Responsibility cannot be something external to what the company is, it cannot be a side project. This doesn't mean that there cannot be isolated projects or initiatives, but I believe that it should be at the core of the organization. The organization cannot look at Social Responsibility as an initiative, but rather as day-to-day management of the company."* (Founder-Manager F)

This view is corroborated by Founder-Manager A, who claims that "*There is no Social Responsibility if I say my company is 100% ecological and at the same time we have a* *terrible payment and support policy to our employees; I think there needs to be coherence.*" and by Founder-Manager C, who believes that

> "*Frequently, one of the main issues of implementing Social Responsibility is not thinking about economic issues. I believe that if you can marry the two, then it becomes easy to work on Social Responsibility. That is why, for example, Navigator can be a top layer in Social Responsibility when they plant trees; it makes part of their core.*" (Founder-Manager C)

The need of a connection between Social Responsibility practices and the core of the business was something acknowledged by most Founder-Managers (B, C, E, F, G, I) as both a trend and a condition essential to succeed in implementing Social Responsibility, for instance,

> *"I see a lot of companies that are not Impact Companies or do not have any Social Responsibility Strategy that suddenly have started to realize this is a very interesting movement. They want to change their business model and are starting to explore how to implement Social Responsibility or Impact on a strategic level, not being just a marketing strategy, but as being part of the core."* (Founder-Manager B)

Corporations were used to exemplify both good and bad examples of incorporating Social Responsibility in the core of the organization and as a way to reinforce a holistic view of Social Responsibility, integrated at all levels of the organization. At the beginning of the interview, Founder-Manager D initiated the conversation claiming that "*As soon as I hear the words CSR and corporate, it brings me back to corporations trying to give themselves a better image, not necessarily for the sake of intrinsic motivation, but more like «Ok, we need to do this to be sure nobody sues us».*"

This point of view is shared by another *founder-manager* who argues

> *"An example for you to get what isn't a good Social Responsibility policy, in my opinion, is Sonae and Jerónimo Martins. These companies donate millions per year to Social Responsibility initiatives that have zero to do with the mission and vision of the company, meaning it doesn't have to do with their core - it needs to*

> *impact the communities in which they operate and that often doesn't happen, so it seems to me that it is disconnected and artificial."* (Founder-Manager F)

Some Founder-Managers understand Social Responsibility as an instrument that can benefit the business by helping to reduce risk, save costs, increase efficiency and even guarantee social legitimacy. Founder-Manager A describes Social Responsibility as the *"contribution that we must do so our stakeholders are satisfied with our activity and do not limit us in that activity."* On a different perspective, this conception has a negative connotation for some of the interviewees who claim that "*CSR is per se, positive, but for me is a bit like corporations trying to make themselves look nicer for the external world*." (Founder-Manager D); and "*when that [branding and reputation benefits] is the only goal, it stops being Social Responsibility. Because, if we are only measuring branding and reputation, maybe something is wrong and the goal got lost*." (Founder-Manager G).

There is also a strong ethical conception of Social Responsibility amongst the interviewees, with a compelling philanthropic dimension that was characterized as an obligation to give back to the community. Although some interviewers consider this to be an obligation parallel to the business - "*I believe it is simpler for companies to use that mechanism of "here is 5% of my profit to help society" rather than creating conflicting mechanisms for the business."* (Founder-Manager C), others consider it as being integrated within the business.

> *"There is the give-back logic. When you start doing something that is bringing you success, you try to help other people. In our case, it is more than that. We are a for-profit Startup, but we have an additional concern which is that all our projects, all our initiatives, need to have a social impact, they need to impact the lives of real people."* (Founder-Manager B)

4.2. Social Responsibility Integration: Motivations and Obstacles

When investigating the integration of Social Responsibility, we analyze whether Social Responsibility is core to the organization and embedded in the DNA or whether it is a set of initiatives, or strategies, that are developed at a later stage (acknowledged or not);

and explore the main motivations and obstacles to its integration across the organization from the perspective of *founder-managers*.

The beliefs of *founder-manager*s seem to constitute one of the main drivers of Social Responsibility engagement, as defined by Soundararajan et al. (2018). Founder-Manager I argues that "*We concern ourselves in our every-day life, so we should do the same in the every-day life of our organizations*". Intrinsic motivations were highlighted as the main internal driver for Social Responsibility engagement.

These motivations are related to the personal, professional and perceptional attributes of the *founder-manager* (Soundararajan et al., 2018). This is very clearly recognized by the *founder-managers* and mentioned throughout different moments of the interview - "What are the main motivations? To be honest, these are very intrinsic motivations" (Founder-Manager F).

Personal motivations have shown to be connected to personal values (in an ethical sense) and beliefs of what the *founder-manager* thinks is its role as an individual:

> *"The main motivations, I think come from the character of the person, the entrepreneur, who wants to come up with a company or an idea. If this person has character, they will be motivated to do whatever they want to do in a way that will positively impact their customers, their stakeholders."* (Founder-Manager E)

> *"I think the worst thing a Startup can do is to achieve a short-term goal going against what the founders regard as their ethical principles, I think this causes a very strong fracture in the future".* (Founder-Manager A)

Whereas, professional attributes are strongly connected with the vision of the *founder-manager* for the business and its role in society and the role they, as entrepreneurs, have to play "*My main driver is achieving a breakthrough with people together for a better world because I very strongly believe that is possible.*" (Founder-Manager D); and perceptual attributes relate to their perception of Social Responsibility,

> "*There is a purpose towards working for a better future because we can obviously see that our ways of how we live currently are not sustainable at all, in contrast, it is quite disruptive. I do believe the solution to creating a better*

> *future is non-corporate, more as in teamwork, sustainability, the SEGs of the United Nations."* (Founder-Manager D)

Bonchek (2016), argues that the way a company does business is heavily influenced by the founder's vision on how the business should be conducted and how the profit should be maximized, conceptions that are based on the personal values of the founder and considerations about ethics and value creation.

According to Porter (1996), the leader has the role of establishing the Strategic path for the company, that will be framed by the company's DNA, which incorporates the Vision, Mission and Values that will guide the business and are deeply connected with the personal moral attributes of the *founder-manager* (Bonchek, 2016).

Leadership support was identified as one of the main determinants of Social Responsibility Implementation.

> *"It is something very particular and if there is no serious commitment from decision-makers, if there is no strong talk-down, if it is not on their priority map, there will be sporadic initiatives that will not be supported and may even be counterproductive at a later stage."*(Founder-manager A)

On the reserve side, a conservative mentality from the leadership becomes an obstacle to the integration of Social Responsibility according to Founder-Manager G "*A slightly more conservative mindset that is constant across the several departments in a company makes it difficult for the bottom tier to support Social Responsibility as well. It becomes difficult from the moment there is a conservative leadership."*

Other internal motivations identified by the *founder-managers*, are related either with stakeholders, strategy or economic rationales. Stakeholder-driven motivations can be associated with internal agents – "*We do it [Social Responsibility practices] mostly for internal consumption, so our stakeholders feel identified with us.*" (Founder-Manager A) or external agents - "*This Social Responsibility component may not be considered from the beginning, but rather implemented when there are relevant stakeholders who compel it.*" (Founder-Manager H). In regards to stakeholders, the consumer seems to play an important role in determining Social Responsibility engagement, with the acknowledgment that *millennials* are more sensitive to this issue than the previous generations (Founder-Managers F, G, I). For instance, Founder-Manager F refers that

> *"The formal motivations are the ones you read in the books: brand, PR, goodwill… Nowadays there is a growth of responsible consumers who want to know where the product comes from, the entire value chain and whether it is responsible; and therefore businesses - even the ones which are profit-driven and for whom it is not genuine to have a Social Responsibility policy and socially responsible management - are forced to do it because of the consumer and I believe this is often the main motivator."* (Founder-Manager F)

Some of the *founder-managers* associated strategic motives for engaging in Social Responsibility with their internal stakeholders, especially the employees. For these *founder-managers*, Social Responsibility is a way to increase employee satisfaction and commitment, with an impact on productivity and motivation. Founder-Manager D believes that "*in this age we live in, creating what we are creating is also actually a massive driver towards satisfaction of work of everybody in the company."* a view shared by Founder-Manager H, who acknowledges that talent retention is the main motivator for Social Responsibility engagement,

> "*The biggest motivation a Startup has is, not only to capture talent but to retain it and it all comes back to People. A company that is socially responsible today, not only has a clear conscience, but we also believe that it can attract talent and attract people who, in our generation, are much more conscious of it [Social Responsibility]."* (Founder-Manager H)

Associated with an instrumental conception of Social Responsibility, are egoistic motivations, defined by Coombs & Holladay (2011) as motivations driven by a self-interest while simultaneously meeting stakeholders expectations. For Founder-Manager I, "*Social Responsibility is something people look for, therefore it brings some return and in this sense it becomes positive from a business standpoint, from a financial standpoint*.", in respect to this, Founder-Manager A argues that "*If you do not have Social Responsibility policies, it becomes a house of cards: you cannot permanently mislead your internal stakeholders, such as employees or shareholders, neither your external stakeholders*.".

External motivations were identified as being economic, environmental and mainly, social. Economic motivations are related with (i) new investment opportunities - “*There are more and more impact investors, which is a very interesting trend, and there is also a transfer of money from traditional instruments and traditional logics to an impactful financial return logic*” (Founder-Manager B); (ii) legislation and regulation - “*There are some motivations in terms of governmental measures and European initiatives, which I believe is correct, and it makes perfect sense.*” (Founder-Manager E); and (iii) fiscal benefits – “*This gives us not only a tax benefit, but it may also be interesting to companies in other ways.*” (Founder-Manager G).

Environmental motivations are strongly connected with the notion of sustainability and were associated with the need to better manage the resources of the planet and with the inescapability of business to consider it in their strategies for their future - “*Basically, companies have to focus on Social Responsibility and, especially, on the circular economy, for future maintenance.*” (Founder-Manager A) – a view which is corroborated by Founder-Manager B, who argues that “*Social Responsibility will be inevitable in terms of sustainability in the future*.”. In respect to this theme, Founder-Manager D defends the need for new business theories for the sustainability of business – “*Our economic theories don’t even include the resources of this planet - so, how can you create infinite growth on a finite planet with finite resources?*” What seems to arise from these comments is a common notion of the interconnection between the sustainability of business (in terms of continuity) and the sustainability of our planet.

Social motivations were referred by six out of the nine interviewees (Founder-Managers B, C, D, F, G and I) and reflect a concern with the impact of the business on society and the consciousness that the modern consumer has a bigger sensitivity to Social Responsibility issues - “*Nowadays people want to identify themselves with something. It's a very millennial thing, but people want to know where the company is going, what it is doing and what the goal is, what is the mission is*. (Founder-Manager G). These motivations were incorporated by some of the Startups as part of the business model from the beginning, as in, for example (but not exclusively), in the case of Startup F - “*First and foremost, before generating profit, my first concern is towards society.*” (Founder-Manager F); and Startup B – “*We realized that we were solving the problem of urgency, but we were not solving the structural problem, which is “Why do our* *young people often lack the skills that companies need?" And that's when we created the other program."* (Founder-Manager B).

One of the key obstacles to implementing Social Responsibility recognized during the interviews is economic, with *founder-managers* identifying funding and resource investment as the main barriers. According to Founder-Manager H:

> *"Nowadays, you need to have this tact to understand what is a priority in this stage we are in and that is another obstacle. On Startups, there is a lot of pressure to show a quick economic result and that may postpone Social Responsibility."* (Founder-Manager H)

On Startup D, Social Responsibility is now integrated within the business strategy and was translated into the business model with the creation of a new service to which the company is now dedicating 50% of their resources. Founder-Manager D acknowledges this is a risk for the company:

> "*So it is 50% of our time, money and energy that we are dedicating to that, which is a risk. It is not that this is highly and strongly supported by the investment market. (...) That is usually the main topic, "How risky can you go down that path?", due to the fact that it is not necessarily the more profitable path at this very moment or, it may be harder to convince the stakeholders that bringing the money to the customer side from the investor side and so forth, to be on board with this."* (Founder-Manager D)

For Founder-Manager G, the economic capacity of the firm is one of the main barriers at this stage "*I give you our example, obviously, we cannot yet think of things as big and impactful as we would like to, and I believe this is an impediment for many companies - the economic capacity."*

A view that is shared by Founder-Manager C, who argues that "*Most startups and companies at this stage have no financial availability. It is very difficult to reconcile situations where there is no financial availability and willingness to do anything*." adding that companies, not always have the competence to have a social role in the market "*I believe companies must freely occupy a social role in some circumstances, but in others they should not, because they are not prepared for it."*

According to Founder-Manager I, a Social Responsibility lens may limit the business and become an obstacle of the business itself:

> *"The obstacle is mostly the time that is needed from the point of view of thinking, that is, aligning a sustainability strategy with the business strategy. In our case, we thought "we want sustainable brands" but this has forced us to pay much more attention to the brands with whom we work. We had to reject some specific brands because they didn't meet these parameters that we believe make sense for us."* (Founder-Manager I)

The financial availability obstacle, seems to be deeply connected with another aspect of the company that becomes itself an obstacle to Social Responsibility implementation: the strategic orientation of the Startup "*Regarding obstacles, like any obstacle in a company, it has to do with finding the right balance between doing the right thing for those who will be impacted by what we are doing and keeping the business financially viable.*" (Founder-Manager E).

Regarding the strategic orientation of the company, Founder-Manager H argues that "*Within the Startup, the obstacle for Social Responsibility to be thought from the beginning is lack of focus on this theme, because the focus is completely on the product and product development, only after that do you think about it.*". A view that is complemented by Founder-Manager B who argues that "*The limitations are many. One is that Social Responsibility is not core, it something that comes as an addition that is always dependent on how the year went and whether we have budget or not.*"

For Founder-Manager F, resource availability limits the company's ability to implement Social Responsibility:

> *Then you can have the ability and willingness to act on it or not, but at least reflect and have that notion to make a conscious decision. I think people have an obligation to think, but they are not obliged to act, I think there is an ethical duty to do so, but they are not really obliged; and then there is the issue of being or not able to act. It must always be in proportion to what the company can do.* (Founder-Manager F)

At an external level to the organization, social and environmental related obstacles were also identified as being key to determine Social Responsibility implementation. At a Social level, Founder-Manager F pinpoints it as a matter of how we understand companies as a society - "*I think the first major barrier, answering your question, is the lack of awareness of the company's role in society.".* Whereas Founder-Manager A and E recognize that working in a polluting industry may force you to implement Social Responsibility practices either by legislation or stakeholder pressure: "*Within these stakeholders there is the government, in our case not so much because we do not work in the Portuguese market and we are not in a properly polluting industry, we work in a neutral industry, which is technology."* (Founder-Manager A).

For Founder-Manager B, the solution is to go one step further, by creating a sustainable model that incorporates an Impact logic in its core and surpasses the limitations of a Social Responsibility traditional view:

> *"While on Impact, you are trying to create something to be sustainable on its own in the future, Social Responsibility is more a logic of helping, in a limited time and through a limited initiative that, by itself, does not have long-term sustainability and is limited by budget."* (Founder-Manager B)

As long as Social Responsibility is framed as a set of initiatives, it will always seem as it is draining from the organization's resources (MacGregor & Fontrodona, 2011). A re-framing of the role of Social Responsibility within the Strategy of the Startup will help enhance the company's competitiveness in the market while reflecting on the means to do it (Chandler & Werther, 2014) and on the impact on society and the environment. Founder-Manager G recognizes that Startups dynamics are very different from the corporate environment, aligning with Spence (2016), who defends that Small Businesses have a natural inclination for Social Responsibility. According to Founder-Manager A, the secret to successfully implement Social Responsibility *"is a matter of culture and having an organizational fit" as well as the mindset of the leadership*."

4.3. Social Responsibility Management

In order to analyze Social Responsibility management, three axis are considered: (i) how is Social Responsibility inserted in the business (Core/DNA, separate strategy or not inserted); (ii) its organization (formal – with a defined strategy, allocated budget and department; informal without any formal planning; and not acknowledged, being diluted into every-day practices of the organization and not recognized as Social Responsibility practices); and (iii) how the relationship with stakeholders is managed – with the goal of understanding how these axis are translated into specific business practices in its conceptualization and implementation on social, economic and environmental dimensions.

According to Spence (2016), Small businesses like Startups, often incorporate Social Responsibility, although it is often not formally recognized as their initiatives and practices generally lack a formal structure, planning and reporting. Out of the nine interviews, only three *founder-managers* have a formal Social Responsibility strategy. In the case of Startups B and F, this is core to the organization: "*We cannot say this is a Social Responsibility program, this is our goal, our vision, to have Impact*." (Founder-Manager B); "*On the other hand, the innovation and re-skilling part is very impact-driven and therefore. What we have created is a business that despite being profitable has a real impact on what I think is one of society's problems: a transition to a digital society*." (Founder-Manager F). In Startup D, it is something recently strategized and implemented that implicated a shift from the business model "*We are adding one more doing to our focus, energy, time and money - we spend 50% of our focus going towards playing an integral part of creating change*." (Founder-Manager D).

Not having a formal Social Responsibility plan, does not mean that Startups are not considering it in their everyday business decisions, "*We have that vision since very early on. We are now scaling the team, we are still at a very early stage, we are currently 4, we are growing gradually, but with that vision always in mind.*" (Founder-Manager H). In this specific context, resource availability and capabilities seem to be the main obstacle to the implementation of Social Responsibility across the organization.

Small Business like Startups, have a natural inclination towards the caring of the communities in which they are inserted (Spence, 2016), which is reflected in the interviews by a concern with both internal (Founder-Managers B, C, G, F and H), for instance, "*It's already included in the strategy, mainly in our recruitment strategy, the responsibility we have to the people who will be part of our team, how we pass on values to them.*" (Founder-Manager G); and external (Founder-Managers A, B, C, G) stakeholders – "*Generally speaking, it would be how we can contribute to a fairer society and a healthier relationship with our external stakeholders.*" (Founder-Manager A).

In regards to specific practices, at the environmental level, practices are often related with a concern to offset the carbon print of the business with the plantation of trees Startup C and F. With Startup H incorporating that concern into their business model: "*The Social Responsibility where we can intervene is to allow people to use public transport (which has more to do with sustainability and not social responsibility), but we are very keen on this to make people's mobility in cities more sustainable.*" (Founder-Manager H).

On an economic perspective of Social Responsibility's role in the business, Founder-Manager D explains:

> *"Out of seeing what is happening in the world, we have decided, especially for intrinsic motivation reasons, to become more specific in our targeting and add that to our doings. We have created a software that can be used by companies to integrate people into their web stores, to give better reviews about it as in videos, pictures, and text, so they can be used, obviously, for any kind of website, so we are now focusing 50% of our time towards offering that very specifically to the target of brands that create positive change, so any brand that is trying to achieve the sustainability goals from the UN - from gender equality to sustainability, plastic pollution, and so forth."* (Founder-Manager D)

Seven out of the nine Startups interviewed (Founder-Managers B, C, D, E, F, G and H) are implementing Social Responsibility initiatives on a Social perspective although not all of them have them formalized or recognize them as part of their core. Many of these initiatives are oriented towards internal stakeholders, with a special focus on employees. For Startup H these initiatives are related to the concerns to balance gender equality within the team; while for Startup G they are related to motivation and the improvement of life-work balance:

> *"We have adopted a policy of having a space to meet because there is no fixed workspace for each employee, that is, people go to the office when they think they have to have a different space from their normal environment to work. We believe the waste of energy and the waste of time it takes people to commute from home to work can be avoided. We want to measure how this has impact on productivity levels."* (Founder-Manager G)

In the case of Startup E, Founder-Manager E believes that the project nature is itself, oriented towards Social Responsibility: "*Since what we do is about improving healthcare and improving patients' physical therapy experience, Social Responsibility is inherent to the nature of the project itself.*"

The social practices implemented by Startup C, take a philanthropic approach that is linked to the business core indirectly, "*I tried other initiatives, namely giving scholarships to the top students to go to the tech world - these are things where, somehow, I can marry a social logic with a business interest logic."* (Founder-Manager C).

For all of the interviewees, communicating these initiatives and practices, was not something contemplated at the moment. Founder-Manager B admitted "*We are not using many communications systems*", corroborating the claim of Founder-Manager A:

> *"We don't do PR, although we have a strong PR, I think we have never posted a post to say, for example, "Look, we had a company lunch today and we didn't use plastic bottles" or "Today we supported the fire department and made a € 5,000 donation to the firefighters along with two other companies and were able to buy an ambulance."*

When it comes to having someone in the company responsible for Social Responsibility, only Startup A has it formally assigned to a department - "*Social Responsibility is a departmental competence, at this moment it is something that is in the Marketing department*" (Founder-Manager A) - in the case of the other Startups, they all admit they are not in a stage where they can have someone dedicated to it, although three of them expressed a wish of doing it in the future - "*I think having an internal tool and someone who takes a few hours to think about it opens up for companies to reflect on these issues and this is something I want to do and want to keep in mind.*" (Founder-Manager F).

In terms of budget, it follows the same trend, with all the Startups admitting that at this moment, they are not in a position to formally allocate budget specifically to Social Responsibility initiatives at the level of Strategy. Only Startup F admits budgeting for training of their future employees - "(...) *that always involves budgeting for training and for other benefits that add some value to the lifestyle if they choose so*." This does not mean that other Startups are not spending money with Social Responsibility initiatives and practices, only that they do not have a formal budget allocation.

4.4. Social Responsibility Impact

Impact is defined according to Streatfield & Markless (2009) as any effect or influence of an event or initiative on a situation or, in this case, business. Since impact evaluates change over time, it becomes challenging to measure this without the appropriate time lens and metrics, especially in the case of business at the beginning of the business life-cycle.

It is often a challenge for Small Business, namely Startups, to measure the impact of their Social Responsibility strategies and initiatives in the business, as they often lack a formal structure and reporting and do not have the resources to assess it, as the existing tools are not adapted to the specificity of Small Business and their time frame is not large enough to detect changing patterns. As Founder-Manager G assesses "*Each case is different. I notice a lot of difference in the way companies approach Social Responsibility*."

As referred, many of the Startups interviewed admitted not having a formal plan/strategy for Social Responsibility - with some of them recognizing that they are implementing initiatives that are diluted in the organization's culture or occur informally and others not recognizing that they are implementing practices at all: *"We haven't identified anything in our project that would cause harm to the community, so in our case, there was no need to define that strategy yet, it has a bit to do with the* *nature of what we are doing."* (Founder-Manager E) - Whilst others have it incorporated in their core – "*It is at the core of Startup G, it is included in the Strategy*." (Founder-Manager G).

When asked about metrics, four out of the nine *founder-managers* admitted they were not yet in a stage to measure the impact of their Social Responsibility strategies and initiatives: "*Honestly we are not at a stage to have metrics*." (Founder-Manager A); "*In regards to effective results, they are not that obvious*." (Founder-Manager C); "*It is hard to reply because we are not doing it [using metrics] right now.*" (Founder-Manager H); "*We don't have a specific way of measuring yet, we are still in a very embryonic phase of the project and everything we do now depends on a number of factors."* (Founder-Manager I).

For Startup B, the success of their Social Responsibility strategies is measured through the employment rate of their students and the development of new skills and talent – "*What we want to measure in the future is not only the employment rate, but also the career evolution of the people attending our course.*" (Founder-Manager B). With a focus on promoting teamwork, for Founder-Manager D, the success of their Social Responsibility Strategies is directly linked with their business model success

> *"We do see, though, that the metrics are: the number of brands we were able to convert into the teamwork system, that we are enabling with our technology and the people that we have in our network plus the amount of social media individuals willing to support the cause."*

Although Founder-Manager I recognizes they are not in a stage that allows them to measure the impact of their business strategy oriented towards sustainability and focused on working with local suppliers, he acknowledged that measurements would pass by their business economic success "*On our website we have created a category with sustainable products and over time we will be able to see how many clicks go directly to that page and are interested in it".*

For Startup G, Social Responsibility strategies are oriented towards their employees, and its success can be measured by the turnover rate; employee satisfaction and cultural identification and by the productivity of the team – "*it depends a bit on the areas, for* *example, in recruitment strategies you can look at turnover and satisfaction with culture*." (Founder-Manager G).

There are several studies showing positive, neutral or even negative impacts of Social Responsibility on the performance of the organization (Burke & Logsdon, 1996; Faria, 2015; Littlewood & Holt, 2018). The answers amongst *founder-managers* are as diverse as those found in the literature. While some *founder-managers* believe that Social Responsibility does not pay off yet (Founder-Manager A), others believe that the new generation will reward companies that incorporate Social Responsibility into their Strategies:

> *"I think for all people (as in individuals, as in companies, and so forth) doing so, will pay off eventually. If we are lucky it is going to be in the next couple of years, if we are unlucky it will be maybe more, but from the forecast that I see and the things happening in the world, I would forecast that we are in a very good time."* (Founder-Manager D)

The prevailing notion amongst *founder-managers* is that there isn't enough data to take conclusions – "*I do not have data to say what the relationship is."* (Founder-Manager B) which does not mean that there aren't considerations based on personal believes on what this impact can be:

> *"I do not have a fact-based answer at this time. But I do believe that Social Responsibility and Performance have to walk side by side. It may not be at an early stage, meaning that implementing Social Responsibility strategies at an early stage may compromise immediate short-term economic results, but I sincerely believe that in the long run this will bring benefits to companies, especially Startups."* (Founder-Manager H)

For Founder-Manager F, this relationship is not direct - *"It is a good question. The relationship is always indirect, I don't think it's direct, I don't think that planting trees or off-setting the carbon you emit has a direct impact on performance."*

When talking about other benefits of Implementing Social Responsibility that can have an impact, employee-related benefits were identified as the main benefits for Startups implementing Social Responsibility in their strategies (Founder-Managers B, D, E, G and H). One of these benefits has to do with talent retention,

> *"If you want to have the best people working in your company, if you want to create a high level of satisfaction amongst your customers, if you want to have partners who really feel that you are doing something that is useful and helps society, you will always need to have a serious Social Responsibility or Impact Strategy - and I even believe that, in the future, the number of Impact companies will grow a lot because of it."* (Founder-Manager B)

Another benefit identified, was employee satisfaction, as illustrated below

> *"I am a firm believer in intrinsic motivation, which means people are in the right place, they find themselves in a position and environment that they like and feel they can express themselves both in their character and in what they do."* (Founder-Manager D)

> *"From the moment an organization has this awareness (or the awareness to do what it wants to do, and in addition to doing it in a positive way for everyone involved) I think it always improves various things in the organization, improves the environment, improves employees' own perception of where they work, improves the image the organization has of various entities, and so forth."* (Founder-Manager E)

According to Founder-Manager I, people want to identify themselves with companies and they project their socially responsible desired behavior patterns and ambitions in the organizations they like. In his opinion, the companies that succeed in meeting these demands for a socially responsible behavior will be rewarded by the consumers.

> *"I think people are looking for this kind of thing, because everyone likes to know that in some way, directly or indirectly, they are helping a cause, contributing to a cause, and therefore the fact that a brand or organization is associating with and worrying about these things eventually comes close to people's desired intents (perhaps doing a little of what people would like to do themselves) and ultimately enhances the brand's image, the consumer-brand relationship, and the perception of brand for the consumer."*

For Founder-Manager C, rather than communicating Social Responsibility intents, strategies and initiatives, a well-defined and well-intended brand purpose will create this identification with internal and external stakeholders - "*I find it much more important to create a clear purpose, and let people know that they are working for a clear purpose, that is that we can greatly help society.*"

The impact of a Strategic Social Responsibility, according to the *founder-managers* answers, can be summed up in two dimensions: economic impact, related with the business performance; and social impact, related with employee satisfaction, customer satisfaction and overall benefits for the community.

4.5. Strategy

Strategy is defined by Johnson & Scholes (1999:10) as "the direction and scope of an organization over the long-term: which achieves advantage for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations".

For Founder-Manager A, strategy is connected to building a competitive advantage based on technological disruption and is oriented towards external stakeholders, whilst for Founder-Manager B, Impact is the main driver of Strategy with a business model oriented simultaneously to be profitable and impactful, what Chandler and Werther (2014) describe as value-based business oriented towards the creation of value, where Social Responsibility and the core of the business is hard to separate.

When it comes to the degree of formalization of Strategy, most *founder-managers* admit being guided by the core of the business and having a Strategy that is not formalized, being constantly revaluated and readjusted (Founder-Managers E, H and I).

Founder-Manager F recognizes that "*To be honest, the company is 6 months old and so what is the formality or structure of what we do or think is not very palpable. The structure and planning is what's on my mind*", acknowledging that *"One of the things I* *do that I think is very basic, but which most companies don't do, is the ESG*[10] *Reports. Doing so compels it to reflect, this is not an action tool, it is a diagnostic tool, but it helps to reflect on what the company does."* A tool that is also used by Founder-Manager D, "*the main goal is to achieve the sustainability goals by the UN, ESGs, in all its forms*."

For Founder-Manager A, Strategy can be framed at three levels, "*For me, Strategy has three vectors: the vector of the organization, the vector of the environment and the vector of the strategy itself*". With a strategy oriented towards external stakeholders, Founder-Manager A admits using the stakeholder theory matrix as an exercise,

> *"It is something that is considered, naturally, within an analysis of the external environment and that we can use it so to build a competitive advantage over our competitors. But it is only a tool, that is, we do not build our company, our value proposition based simply on our stakeholders, our Social Responsibility or any ecological or circular economy policy that is in vogue at any given time."* (Founder-Manager A)

According to Scholes & Clutterbuck (1998), stakeholder groups can be assessed against strategic goals according to three criteria: influence, impact and alignment. This identification allows companies to prioritize amongst stakeholder claims by measuring their power and legitimacy and designing strategies that address their concerns and allow the business to sustain in the community in which it is inserted.

For Founder-Manager C, the strategy and budgeting is defined for a period of 6 months *"For us a year is too much time, so we don't do a 12 month budget, we do a 6 month budget*." but there is a macro orientation with a 10-year goal "*I traced and presented the target, what I defined when I started this company 10 years ago, it's a macro orientation and direction.*".

For Founder-Manager D, Social Responsibility allowed for the creation of a new business model and is now formally incorporated into Strategy and deeply connected with the business' goals and Vision.

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[10] Environmental, social and governance (ESG) reports are a set of standards applied to business operations that social responsibility investors use to determine potential investments.

> *"I do think, as a Startup, it makes total sense to direct at least half of the work towards the new world, that means creating positive change and making a business out of it, so it combines both aspects, so it is literally creating a new economy, a new way of doing business."* (Founder-Manager D)

In the case of Startup G, the concern with the well-being of employees and in achieving a work-life balance has put the culture at the center of the business Strategy – "*I believe that when this is very well defined and the goal goes beyond just and only revenue, people identify much more with what they are doing and that is noticeable in productivity levels and consequently in specific business goals.".* The idea that Social Responsibility should start internally, is corroborated by Founder-Manager F, who claims that *"I believe for a matter of conscience, brand and business logic, it makes a lot more sense to try to positively impact the communities in which you have the most impact, whether positive or negative.",* adding

> *"If someone pays fairly to their employees and offsets their negative impact on the communities, if they do it all and then they want to give 1 million Euros for an activity that has nothing to do with it, I think it's great*."(Founder-Manager F)

4.6. Summary of the Findings:

Although the *founder-managers'* conception of Social Responsibility cannot be associated with a single strain of Social Responsibility as defined by Windsor (2006) there seems to be a common inclination towards a Strategic conception of Social Responsibility, with *founder-managers* acknowledging that Social Responsibility will only yield benefits for the company, if it is connected with the business core – "*I believe that the company's Social Responsibility must be directly linked to the business vision, your core, what you do*." with definitions reframing the traditional conception of Social Responsibility to incorporate Impact and Sustainability.

Some of the Startups in this study do not have a formal Social Responsibility policy, while for some it is not a priority, for others it is diluted in the organization's culture and every-day practices; and for a group of the most recent ones (<1years) the Strategy of the business itself is not yet formalized, with the business model and product being tested and readjusted.

The main determinants for Social Responsibility engagement were identified as the *founder-manager* mindset, company culture and resource availability. Whereas intrinsic motivations based on ethical principles and personal believes were identified by the *founder-managers* as the main motivator for the integration of Social Responsibility strategies. Economic barriers were identified as the main obstacle, leading to another barrier: the strategic orientation of the Startup, as the first priority and main focus is, according to *founder-managers*, on developing the product and proving the business model.

With main concern in this birth stage of the business life-cycle being proving the concept and getting investment to grow the business, Social Responsibility, and even Strategy are often not formalized or are established for the short-period, however, it is in the mind of most *founder-managers*. Their conceptualizations of the term and ethical principles guide the Mission of the business, its purpose, and frame business decisions.

Even though Social Responsibility is not formalized, the practices described by the *founder-managers* during the interviews reflect a concern with the Impact of the Startup on the community in which it is inserted. There is a great concern with stakeholders, especially with the motivation of employees and talent retention, with social practices being amongst the main practices adopted by Startups, although this is not recognized as part of the Strategy or the core of the organization, except on the cases of Startup B, F, D and G.

When it comes to the return of these strategies and practices, there is a common answer: it is difficult to encounter tools and measures that allow for the measurement of Social Responsibility engagement, with *founder-managers* basing their decisions on intrinsic motivations and changes in investment trends, admitting that each case is different, and that when it comes to the relation between Social Responsibility and the performance of the Startup, no size fits all.

Based on the analysis and its dimensions it is possible to synthesize the contribution of each of the *founder-managers*, their insights and experience in regards to Social Responsibility and Strategy in Startups (Appendix III).

5. Conclusions

Recent studies on the field on Social Responsibility suggest the need for further research on the peculiarities and attributes of Small Business (Russo & Tencati, 2009; Spence, 2016; Wickert et al., 2016) because of their impact on the global economy (Commission for the European Communities, 2008). This necessity is evidenced in the interviews, reflected by the lack of a clear alignment on the definition of the concept and all of its dimensions, highlighting the need to establish a clear definition of Social Responsibility adapted to the Startup's reality and detached from the Corporate notion that creates negative associations for the *founder-managers*.

Establishing a definition of Social Responsibility can be the first step towards creating a better understanding of the concept and its implications. Despite the diversity in its conceptualization, there are some common traits in the several definitions in the literature that are reflected in the definitions of the *founder-managers:* (i) its voluntary nature; (ii) its reliance on the concept of triple-bottom-line; (iii) a concern with sustainable development; and (iv) the evidence that it cannot be seen as an appendix of the organization. (DGAE, n.d.)

From the contributions of the *founder-managers*, there appears to be an inclination towards a strategic conception of Social Responsibility, reflecting two common concerns: (i) the need for Social Responsibility to be connected with the business core; and (ii) the impact of the organization.

By analyzing the *founder-managers*' contributions, we can understand that: (i) Social Responsibility must be embedded in the business core - Social Responsibility is a growing trend and is inevitable that companies look at it from an integrated business perspective; (ii) there is a growing concern with the Impact of the business at an economic, social and environmental level, arising from the awareness that considering and managing the impact of the organization is a strategic issue; (iii) Mission and Vision are established by *founder-managers* considering both the core of the business and its impact, and are based on their personal values and ethical considerations; and (iv) the business core of Startups is often technology-based and oriented by innovation, looking to create disruptive strategies to gain a competitive advantage in the market, while simultaneously assuring the business sustainability in the community in which it is inserted.

“Entrepreneurs who start successful businesses don’t do so to maximize profits. Of course they want to make money, but that is not what drives most of them. They are inspired to do something that they believe needs doing.” (Mackey and Sisodia, 2013 in Chandler & Werther, 2014: 217). The interviews with the *founder-managers* of the nine Startups have shown that the search for profit is not enough to define a Strategy for the company. The *founder-manager*’s conception of Social Responsibility, perceived motivations and obstacles, and acknowledgment of business practices as Social Responsibility practices, all have an impact on Startup Strategy.

Despite what can be found in the literature, Social Responsibility is not being used as a means to frame Strategy. Social Responsibility appears to be spread throughout the organization in the culture, strategic orientation and every-day business practices, which in some cases, makes it almost impossible to determine where Social Responsibility ends and the business starts. While in some cases this happens because there is total incorporation of Social Responsibility and the business model, other times Social Responsibility practices are so embedded in the culture, that they are not identified as a formal practice or strategy - what Steensen (2014: 272) characterizes as a Learning Strategy, which the author defines as “patterns of action that may emerge in an organization from the pool of opportunities” without having been planned.

With companies at the beginning of the business life-cycle, past experiences, intellectual stimulation, but mostly, personal believes and ethical considerations, seem to guide the Strategy of the Startup. There is a new understanding of business where Social Responsibility and the business core become inseparable and there seems to be a deep concern with the Impact of the business in the communities in which they are inserted, rather than just the performance in the market and the equity of the company. Value creation aligned to the Mission of these Startups goes beyond profit to involve a concern with social progress, tying company success to social success.

From the analysis of the replies of the *founder-manager*s, we see the development of new forms of Social Responsibility that go beyond the image and reputation benefits for the company. *Founder-manager*s reject the traditional understanding of a Social

Responsibility that is rooted in corporations, as new framings of Social Responsibility emerge connected to the business core, deeply rooted in the *founder-manager*s believes and personal values, concerned with Impact at an economic, social and environmental dimension. These new kinds of business are re-conceptualizing their place in the market, developing a social role and in that sense, they become part of communities, expanding the market view. They become more human, focused on stakeholders and guided by the goal of creating innovative and disruptive business with a sustainability logic that will reframe the traditional ways of understanding Social Responsibility, Strategy, and the business as a whole.

> *"There is a very strong motivation to take the risk, with all its potential downsides, and to say "If not us, then who?", if we don't decide* to do this, who *are we waiting for*?" (Founder-Manager D)

5.1. Limitations

Commonly in qualitative research, convenience sampling is considered a method that lacks rigor and that may result in poor qualitative data (Patton, 2002). However it is important to highlight that the Startups involved in this study were not chosen by their organizational characteristics in view of benefiting this research, but rather they were the ones available to participate in the period of data collection out of a pool of 40 Startups contacted.

Considering the limitations of the project, the number of Startups interviewed was restrained by time available for data collection, which resulted in a sample whose conclusions cannot be generalized and replicated and are exclusive to this context, as it is common to the use of qualitative methods.

Lastly, the interviews were targeted to a single informant, not including control variables that could be used to crosscheck the data collected. Given the focal interest of the study, *founder-manager*s were selected as the targeted informant because of both their impact of establishing the business' purpose and the Strategy of the Startup.

5.2. Recommendations for Future Research

There is a clear need to elucidate the concept of Startup in a way that distinguishes these businesses from Small and Medium enterprises, considering its peculiar structure, organization and time-frame. Furthermore, the interviews reinforced the literature argument that the concept of Social Responsibility needs to be defined and brought to the contemporary times, considering current societal expectations regarding the businesses' role and the new reality of businesses at a *Glocal* scale. The traditional view that sees an obligation of businesses to give back to society has become outdated and is no longer enough, focusing solely on society and disregarding the impact of business as in communities as a whole at an economic, social and environmental scale that cannot be separated.

It would also be interesting to understand how Social Responsibility can be incorporated in the business core, what measures and incentives can be created by either the government, management schools or societal demand, so that Social Responsibility becomes part of the core at the birth stage of any Startup.

The challenge with Social Responsibility, similar to all strategic decisions, is the measurement of their impact and return as it does not generate immediate returns, since strategic resources do not have explicit short-term value (Prahalad & Hamel, 1990). There is a need to establish criteria and develop indexes and indicators that are adjusted to Startups and other small businesses that highlight the impact of Social Responsibility strategies in the company and in the communities in which they are inserted.

Concerning future research, it would be interesting to explore exhaustively, through a survey involving a higher number of participants that allows for the collection of data, regarding the coherence between the conceptualization of Social Responsibility and the practices implemented, allowing mapping this reality in Portugal.

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7. Appendixes

7.1. Appendix I: Interview Guide

Introduction:

Thank you for your availability and for your time for this interview! To recap, this interview is part of my final dissertation project and is integrated in a research about Strategic Social Responsibility's impact on Startup Strategy and intends to explore your conceptualization of these concepts.

Before starting the interview I would like to remind you that neither you nor your company will be nominally referred in the final project. I would like to ask if I can record this conversation?

Questions:

1. What is your conception of Social Responsibility?
2. Does your organization implement Responsibility practices or is that not a priority for the moment?
3. Are these practices formalized in a defined structure and plan, or informal occurring without being contemplated in a formal plan?
4. What do you believe to be the main motivations and obstacles for Social Responsibility implementation?

5. Does your organization have a defined Strategy for the upcoming years? Does it include a Social Responsibility dimension?

6. Does your organization have a written Vision and Mission statement? Does it include a Social Responsibility dimension?

7. Are there dedicated Social Responsibility units or officers in your firm? And is there a dedicated budget allocated to Social Responsibility?

8. Do you have metrics in place to assess the impact of Social Responsibility practices in your organization?

9. Are there any specific mechanisms for Social Responsibility communication in your firm? (both internal and external)

10. From your experience and knowledge, what do you believe to be the relationship between Social Responsibility and the organization's performance?

11. Do you believe to be any benefits arising from Social Responsibility for a brand's Identity and Reputation?

Final Regards:

These were all the questions I had to ask you. Is there something else that you would like to mention or further elaborate on your replies? Once again, thank you very much for your time and valuable contribution!

7.2. Appendix II: Dimensions, Concepts and Categories

Concept	Dimension	Categories	Sub category
Social Responsibility Conception	Instrumental	Cost Reduction; Social Legitimacy; Entrance Barriers	
	Strategic	Core; Tripple Bottom-Line; C.A.	
	Ethical	Value-Based Business; Philantropic	
Social Responsibility Integration	Motivation	Internal	Stakeholder-Driven; Strategic; Egoistic; Value-Driven (Instrinsic Motivations - Personal, Professional and Perceptual attributes; Company's DNA)
		External	Economic, Environmental; Social
	Obstacles	Internal	Resources and Capabilities; Firm Dynamics (Leadership Support); Strategic Orientation
		External	Economic, Environmental; Social
Social Responsibility Management	Structure	SR belongs to the Core/DNA	
		SR exists as a separate plan	
		SR is not being implemented	
	Organization	Formal	Strategy; Department; Budget; Metrics
		Not Formal	
		Not Recognised	
	Stakeholder Relationship	Internal	Employees
		External	Customers; Suppliers; Investors; Community
Social Responsibility Impact	Internal	Economic	Revenue, C.A.
		Social	Employee Satisfaction; Talent Retention; Organizational culture
	External	Economic	Investment Attraction
		Social	Reputation, Customer Satisfaction
		Environmental	Mitigate Externalities; Offset Carbon Print
Strategy	Formal	Mission and Vision	
		Goal (short, medium and long-term)	Impact; Competitive Advantage; Profit
	Informal		

Source: Author's Elaboration

7.3. Appendix III: Summary of the Interview's Content per founder-manager and Analytical Dimension

Founder-Manager	SR Conception (dominant)	SR Integration		SR Management			SR Impact		Strategy	
		Motivation	Obstacle	Structure	Organization	Stakeholders Focus	Internal (Performance)	External (Branding)	Goal	Mission/Orientation framing Strategy
A	Instrumental	Stakeholder-driven	Firm dynamics	Formalized	Departmental Competence	External	Talent Retention	Lower Barriers	Competitive Advantage	Improve customer experience/satisfaction in the area of expertise
B	Strategic (value-driven)	Intrinsic motivations + Social (well-being)	Strategic orientation	Formalized	Core	External + Internal	Talent Retention	Customer Success	Impact	Create sustainable tech communities for a sustainable future in a tech world
C	Ethical (philanthropic)	Social (charity)	Resources and Capabilities	Not-formalized	-	-	Illusion (no rel.)	-	Profit	Guided by profit with a 10 year revenue goal
D	Strategic	Intrinsic motivations	Economic (Investment)	Formalized	Separate Strategy	External	Employee motivation	Winners of the future	Profit with impact	Bring people into teamwork and give them a voice
E	Instrumental	Intrinsic motivations	Resources and Capabilities	Not-formalized	-	-	Employee perception of the brand	Image and Reputation	Profit (proof of concept)	Improve customer experience/satisfaction in the area of expertise
F	Strategic (value-driven)	Intrinsic motivations + Social (well-being)	Resources and Capabilities	Formalized	Core	Internal	Culture and emotional connection	No direct rel. to profit	Impact	Have one business vertical oriented towards impact; balance externalities
G	Ethical (philanthropic)	Company DNA	Firm dynamics	Not-formalized	DNA	Internal	Talent Retention and culture	Image (But it cannot be the ultimate goal)	Talent Retention	Achieve a good life-work balance
H	Strategic	Stakeholder-driven	Strategic orientation	Not-formalized	-	Internal	May compromise economic results	Image and Reputation	Profit (proof of concept)	Improve customer experience/satisfaction in the area of expertise
I	Ethical (philanthropic)	Egoistic	Resources and Capabilities	Not-formalized	-	External	May compromise economic results	Image and Reputation - Moral alignment	Profit (proof of concept)	Improve customer experience/satisfaction in the area of expertise

Source: Author's Elaboration

8. Annexes

8.1. Annex I: List of the Top Scaleups 2018

Rank	Company Name	Founded	Company HQ	Application Verticals
1	UNBABEL	2013	LISBON	ICT
2	VENIAM	2012	PORTO	ICT
3	360IMPRIMIR	2013	TORRES VEDRAS	Consumer & Web
4	VEND2YOU	2016	SANTARÉM	ICT
5	CODACY	2013	LISBON	ICT
6	VIRTUAL POWER SOLUTIONS	2014	COIMBRA	CleanTech & Industry
7	ENEIDA	2012	COIMBRA	CleanTech & Industry
8	PICADVANCED	2014	AVEIRO	ICT
9	COIMBRA GENOMICS (ELSIE)	2012	COIMBRA	Healthcare
10	SWORD HEALTH	2013	PORTO	Healthcare
11	WETEK	2016	PORTO	ICT
12	HOLE19	2014	EVORA	CleanTech & Industry
13	LANDING JOBS	2013	LISBON	Consumer & Web
14	XHOCKWARE	2014	PORTO	ICT
15	SMARKIO	2015	PORTO	Consumer & Web
16	ZAASK	2012	LISBON	ICT
17	LAPA STUDIO	2013	PORTO	Consumer & Web
18	FOLLOW INSPIRATION	2012	CASTELO BRANCO	ICT
19	HUUB	2014	PORTO	ICT
20	CODE FOR ALL	2013	ILHA TERCEIRA	ICT
21	BEON ENERGY	2015	PORTALEGRE	CleanTech & Industry
22	PETSYS ELECTRONICS	2013	LISBON	Healthcare
23	FASTINOV	2013	PORTO	Healthcare
24	PERCEIVE3D	2013	COIMBRA	Healthcare
25	SHOPKIT	2012	CASTELO BRANCO	ICT

Source: Portugal 2018 Scaleup Report