

Master's Thesis – Master Sustainable Business and Innovation

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THE RELATION BETWEEN CSR ENGAGEMENT AND SUCCESS IN STARTUPS

A mixed methods approach

Abstract

Larger corporations have recognised the advantages Corporate Social Responsibility (CSR) can bring, leading to benefits like talent retention and improved financial performance. Although there is extensive research on the relationship between CSR and business performance in large enterprises, there is a gap regarding startups. With limited resources, startups must balance core operations against broader societal concerns. This research aims to study the relationship between CSR and startup success and gain a better understanding of effective CSR strategies that can help increase the success of startups. Therefore, the following research question is proposed: How is CSR engagement related to success in startups? Different theoretical lenses are applied to put the results in context. These lenses are Stakeholder Theory, Institutional Theory and the Resource-Based-View (RBV). This research employs a mixed-methods approach, integrating statistical analysis of quantitative data with qualitative insights gained through interviews with five founders. The ISO 26000 guideline operationalises CSR, which identifies seven core subjects. To research success, a literature review has identified five financial and four non-financial startup success measures. The distributed survey yielded 36 usable responses. The results show that CSR motivations vary, with some focusing on the moral aspect and others on the strategic benefits. The study reveals no significant difference in CSR engagement among various industries, possibly due to the low sample size within each sector. It can also suggest that institutional pressures and stakeholder expectations for CSR have become prevalent across different industries, indicating a level of isomorphism, a concept associated with Institutional Theory. Additionally, the interviews showed that startup success is a complex and diverse endeavour, necessitating a clear definition. Aligning success metrics with the startup's mission is crucial. A tailored approach is needed to capture diverse startup objectives and trajectories. Finally, this study explores the correlation between CSR engagement and startup success, finding a positive but nonsignificant correlation. When examined in more detail, it can be concluded that CSR has a positive but nonsignificant relationship with financial success. However, non-financial success correlates positively and significantly with CSR, with innovation and human capital showing strong relationships. This aligns with the RBV's belief that CSR can contribute to intangible resources, such as unique capabilities and expertise. The study's focus on operational startups may skew results towards successful ventures. However, mitigating survival bias was challenging due to time constraints and data collection limitations. This leaves the exact influence of CSR on success unclear.

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1. Introduction

Climate change is one of the most pressing global challenges of our time, and corporations have a significant role in addressing this challenge. Businesses are essential because they contribute to the generation of greenhouse gas emissions but also provide creative strategies to decarbonise our economy (Wright & Nyberg, 2017). They must adopt sustainable and responsible practices to prevent dangerous climate change by limiting global warming to below two degrees Celsius (United Nations, 2015). Corporate Social Responsibility (CSR) is one such practice. It refers to activities businesses can partake in that go beyond their legal compliances and use their resources and capabilities to address societal challenges. It is defined by the International Organization for Standardization in the ISO 26000 guideline as the “responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organisation and practised in its relationships” (ISO, 2010). The acceptance of CSR as a calculated business approach has gained substantial traction within big organisations, where strategic advantages have been obtained via its implementation. Benefits linked to CSR practices include better talent retention, increased financial performance and improved corporate image (Bhattacharya et al., 2008; Carroll & Shabana, 2010; Chung et al., 2015).

Although there is extensive research on the relationship between CSR and business performance in large enterprises, there is a gap regarding startups. (Murillo & Lozano, 2009; Thompson & Smith, 1991). While some studies, such as the work of Oduro et al. (2021), have looked into CSR and the performance of SMEs, there is no research that directly investigates the link between CSR and success in startups. Startups differ from established companies regarding their characteristics, challenges, and opportunities. Adding complexity to this inquiry is that there is no consensus in the academic world on what success for startups means (Battistella et al., 2017; Weber & Geneste, 2014). Combining CSR with startups creates a unique dilemma: Young enterprises, frequently challenged by limited resources, must strategically prioritise core company operations against prominent societal and environmental factors (Zahra, 2021). In adherence to traditional business strategy, as articulated by Friedman (1970), “the social responsibility of business is to increase its profits ... without deception or fraud”, a more contemporary perspective suggests that extending one's focus beyond mere financial outcomes can yield substantial advantages, as evidenced by research on CSR and business success (Battistella et al., 2017).

This research gap presents an opportunity to examine the role of CSR in the success of startups and, in turn, contribute to the literature on sustainable business and innovation. This research aims to explore the relationship between CSR and startup success and gain a better understanding of effective CSR strategies that can help increase the success of startups. Therefore, the following research question is proposed:

How is CSR engagement related to success in startups?

1. What are the primary motivations for startups to engage in CSR, and what are the most common CSR practices?
2. How can success in startups be defined?
3. Do Social Enterprises have a higher CSR engagement?
4. Are any specific sectors or industries demonstrating a higher propensity for CSR engagement?

1.1 Social and Scientific Relevance

This study will contribute to the existing literature on sustainable business by addressing the research gap on the relationship between CSR and startup success. The findings of this research will shed light on whether CSR is a viable strategy for startups to achieve success and contribute to the theoretical understanding of CSR in the context of startups. The study will have societal relevance by providing insights into the role of startups in addressing social and environmental issues through CSR practices. This research will help startups, policymakers, and other stakeholders make more informed decisions regarding CSR strategies and contribute to developing sustainable and responsible business practices.

2. Theoretical Background

This literature review delves into the foundational principles that shape the research framework, aiming to provide a comprehensive understanding of CSR and the characteristics inherent to startups. This research is used in the development of the research methodology. Theoretical lenses such as Stakeholder Theory, Institutional Theory, and the Resource-Based View emerged as essential areas for scholarly inquiry. These theories provide a framework for the discussion of the results.

2.1 Corporate Social Responsibility

Corporate social responsibility (CSR), a term first introduced in the academic literature during the 1950s, is a multidimensional concept with no universally acknowledged definition. According to scholars such as Chen et al. (2020), CSR lacks a firm definition because of an ongoing dispute over what social responsibility entails because social responsibilities adapt to the changing demands of society, the expectations of the public, and the capabilities of corporations to meet those needs. The European Commission, in its Green Book from 2001, defines CSR as “the voluntary inclusion of social and environmental aspects by organisations in their commercial activities and interactions with stakeholders” (Promoting a European Framework for Corporate Social Responsibility - Green Paper). As per the United Nations Industrial Development Organization, CSR is a managerial concept wherein businesses integrate social and environmental issues into their operational framework (*What Is CSR? | UNIDO*, n.d.). The concept extends beyond legal obligations, emphasising responsible actions that advance social well-being and environmental preservation (Endrikat et al., 2020; Ratmono et al., 2021). In this context, businesses are encouraged to include social and environmental issues in their operations, contributing to sustainable socioeconomic growth and improving the quality of life in the communities where they operate (Cucari et al., 2018; Gago et al., 2018; Kiliç et al., 2015).

The rise of CSR can be attributed to several factors, including increasing public awareness of social and environmental issues, growing pressure from stakeholders for businesses to become more responsible, and the recognition that sustainable business practices can contribute to long-term economic success (Carroll, 2016; Porter & Kramer, 2011). Some researchers suggest that CSR should be regarded as an intrinsic aspect of company strategy, while others believe it should be handled as a separate area of responsibility (Carroll & Shabana, 2010). The lack of a robust definition makes it difficult to quantify CSR. Empirical evidence shows that the ISO 26000 standard is a suitable framework to research CSR engagement (Ayyash et al., 2022; Chakroun et al., 2019; Del Baldo & Aureli, 2018; Valmohammadi, 2011).

The ISO 26000 framework is a widely accepted guideline for organisations to implement socially responsible behaviour (Hahn & Weidtmann, 2016). It is suitable for researching the level of CSR engagement in startups due to several reasons, such as its designed to apply to all types of organisations, its comprehensive definition of CSR, its emphasis on stakeholder engagement and dialogue, its voluntary and flexible nature, and its international recognition and acceptance (Moratis, 2016). Therefore, it is decided to adopt the ISO 26000 guideline as a CSR framework for this study.

2.1.1 ISO 26000

An internationally recognised guideline for Corporate Social Responsibility (CSR) is the ISO 26000 standard. This standard was created through collaboration with experts from over 90 countries and 40 international or regional organisations, representing six stakeholder groups: consumers, government, industry, labour, non-governmental organisations (NGOs), and service, support, research, academics and others. It can be implemented by all types of organisations, including small and medium-sized ones (ISO,2010).

The standard revolves around seven core subjects:

- Organisational governance: Organisational governance is the process through which an organisation makes and implements decisions to achieve its goals.
- Human rights: Human rights are fundamental rights to which all people are entitled. Including political, civil, economic, social, and cultural rights.
- Labour practices: Rules and practices about work conducted within, by, or on behalf of the organisation, including subcontracted work.
- Environment: Organisations should use an integrated strategy to consider the economic, social, health, and environmental impacts of their actions and operations.
- Fair operating practices: Fair operational practices are ethical behaviour in organisations' interactions with other organisations, including government agencies, partners, suppliers, contractors, consumers, rivals, and associations.
- Consumer issues: Addressing customer issues such as fair marketing, health and safety protection, sustainable consumption, dispute resolution, data and privacy protection, access to essential products and services, and education.
- Community involvement and development: Businesses should engage with their communities to benefit community development and strengthen civil society, reflecting democratic and civic principles.

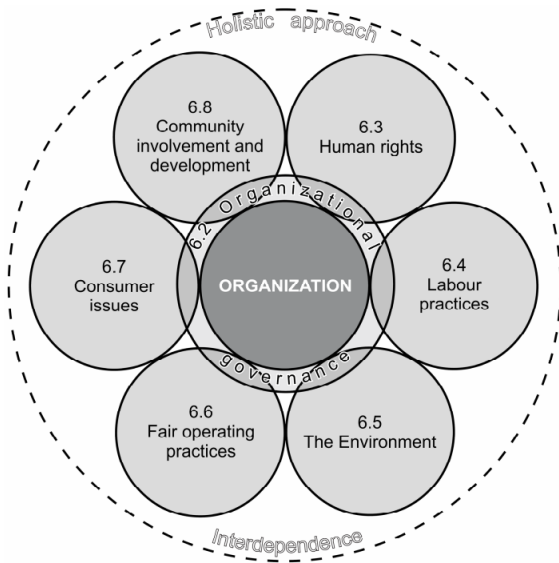


Figure 1: ISO 26000 visualisation (ISO, 2010)

Each core subject addresses specific issues a company should consider when determining its social responsibility; see Appendix C for an overview. Action on these core subjects and issues should be founded on social responsibility concepts and practises. An organisation should identify and address all relevant or significant issues to its decisions and operations for each core subject. Short-term and long-term objectives should be considered when determining the importance of a problem. However, there is no set sequence in which an organisation should handle the fundamental themes and challenges; this will vary depending on the organisation and its specific circumstances or setting (ISO,2010).

2.1.2 Motivations Behind CSR Engagement

Over the past 25 years, a lot of research has been conducted on CSR. However, little attention has been given to understanding why companies act in socially responsible ways or why they do not (Campbell, 2007). Some scholars assume that executives are motivated by financial reasons, as CSR has increased a corporation's profitability (Orlitzky et al., 2003). However, intrinsic motives may also drive CSR. Executives may gain personal enjoyment from CSR engagement, have altruistic considerations about the welfare of others, or view CSR as a moral responsibility that they must fulfil (Brønn & Vidaver-Cohen, 2008).

The economic or strategic motive is often called the "business case" argument. In firms motivated by the business case, the challenge of CSR is to locate the intersection of social responsibility and business opportunity. This motive is an external motive, and the benefits have become more evident over the years (Graafland, 2013). It has been found that organisations engaging in CSR can benefit from the following:

- Higher talent retention (Bhattacharya et al., 2008; Malpani & Ghosh, 2022; Salgado et al., 2020; Trevino & Nelson, 2004; Tuzzolino & Armandi, 1981; Zainee & Puteh, 2020)
- Better financial performance (Capon et al., 1990; Carroll & Shabana, 2010; Okafor et al., 2021; Waddock & Graves, 1997)
- Improved corporate image (Chung et al., 2015; Nyarku & Ayekple, 2019)
- More competitive success (Porter & Kramer, 2007; Gallardo-Vázquez & Sánchez-Hernández, 2014)
- Increased brand awareness (Hoang et al., 2020; Ismael, 2022)
- Better operating efficiency (Porter & Kramer, 2002; Saiia et al., 2003; Brammer & Millington, 2005)
- Product market gains (Menon & Kahn, 2003; Bloom et al., 2006)
- Improved employee productivity (Tuzzolino & Armandi, 1981; Trevino & Nelson, 2004; Valentine & Fleischman, 2007)
- Capital market benefits (Godfrey, 2005; Dhaliwal et al., 2012)
- Better risk management (Richardson & Welker, 2001; Dhaliwal et al., 2012; Cheng et al., 2014; Husted, 2005)
- Higher earnings quality (Chih et al., 2008; Hong & Andersen, 2011; Kim et al., 2012)

Depending on the size, industry and overall goals of the organisation, the impact of each of these benefits differs. However, CSR may also be perceived as the end goal, independent of its organisational benefits. It supports the view that CEOs typically establish ethical standards for companies. Middle managers can play a significant role as well in acting as socially responsible change agents and they can exhibit their values through the exercise of managerial responsibility (Hemingway & Maclagan, 2004).

It is frequently assumed that the primary and decisive motive that drives companies to engage in CSR is the external motive of economic self-interest. Nevertheless, research indicates that intrinsic motives, such as ethical or altruistic motivations, may be equally or even more critical important.

2.1.3 The Hybrid Spectrum

To better understand the differences between traditional businesses, businesses that engage in CSR and social enterprises, we examine the influential research of Alter from 2007. The traditional business model, primarily focused on profit maximisation, has historically coexisted with the non-profit sector, driven by social missions and altruistic goals. Alters' research underscores the shifting paradigm wherein organisations, influenced by changing societal expectations, explore a spectrum of approaches that surpass the traditional binary. She defined this as “the hybrid spectrum”. Various kinds of organisations may be separated on this spectrum based on motivation, accountability, and their use of money. On the

right-hand side are the traditional for-profit firms (F) and companies that implement CSR strategies and activities (E). On the left are traditional non-profit organisations (A) and non-profits that generate revenue (B). Social enterprise (C) is located near the centre of the spectrum together with socially responsible businesses (D).

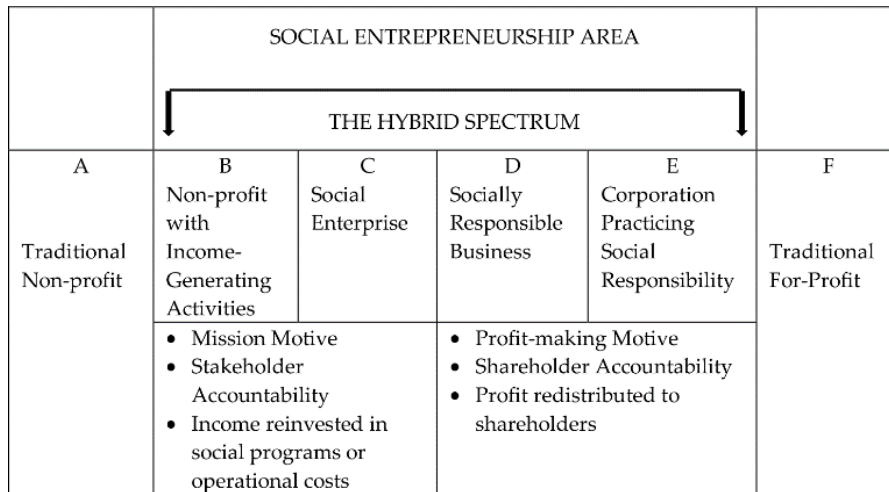


Figure 2: The hybrid spectrum (Alter, 2007)

This schematic makes the main differences between organisations that engage in CSR (D and E) and Social Enterprises (C) apparent. Enterprises with the primary goal of creating social value, like Social Enterprises, must be accountable to stakeholders, and revenues are reinvested in social activities or used to cover operational costs. Profit-making enterprises, Socially Responsible Businesses and Corporations Practicing Social Responsibility, must account for their shareholders, to whom the generated profits are dispersed. Moving from left to right, organisations rely more on income from selling products or services. Moving from right to left, the pursuit of social goals becomes more prominent in the underlying missions of the organisations. As a result, Alter's spectrum shows a continuum of alternative organisational structures in which economic value, social value, or a combination of both is achieved. This framework is used to distinguish between mission-driven and traditional profit-driven enterprises.

Although several studies attempt to map social businesses in the Netherlands (Aisenberg et al., 2019; Backer, 2019; Serres & De Moor, 2022), the diversity of terminology employed makes it impossible to get a clear image of the subject (Aisenberg et al., 2019). This study defines a social enterprise as “an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders”, according to the European Commission (European Commission, n.d.). Because social enterprises lack a precise definition, the exact amount and percentage of startups in the Netherlands

remain unclear. This lack of data standardisation poses a challenge for comprehensive comparisons and analyses across social enterprises, hindering a clear understanding of the development of social enterprises and impeding the formulation of targeted policies and support initiatives.

2.2 Defining startups

“A startup is a company designed to grow fast.” This short yet vital definition of a startup comes from Paul Graham, the famed company creator, investor, and Y Combinator co-founder (Graham, 2012). Startups are commonly established to transform innovative concepts into viable commercial products or services (Battistella et al., 2017). Fuerlinger, Fandl, and Funke (2015) build on this, describing startups as companies that commercialise new technology or unique innovations. Another perspective, provided by Blank (2003), characterises startups as business entities that pursue a scalable, repeatable, and profitable business model. Blank's definition has gained significant traction in the field, serving as a reference point for numerous studies (Battistella et al., 2017; Trimi & Berbegal-Mirabent, 2012; Kuschel et al., 2017).

Scholars have debated how to determine the particular period that defines a firm as a startup. Frank, Lueger, and Korunka (2007) classified ventures as startups if they had been operating for the previous three years. Jolink and Niesten (2016) defined startups as firms that received seed or early-stage funding within four years. Zahra and Kirchhoff (2005) identified startups as businesses that had been in operation for five years or less. Lee (2016) restricted the startup label to established firms with ten years of operation or less.

Considering the economic landscape and the average duration of business growth, this study adopts the definition of startups as firms that have been established for six years or less and have 50 employees or less (Durda & Krajčák, 2016; Miettinen & Littunen, 2013; Zahra & Kirchhoff, 2005).

2.2.1 Success in Startups

Business success is a complex notion that may be judged in various ways. However, the universality of success indicators among corporate organisations is impossible because of legal restrictions, company size, and operational variances.(Battistella et al., 2017; Rahman et al., 2016). There are several definitions of success for startups, and there is no agreement in the literature (Santisteban et al., 2020; Triono et al., 2022). The definition of success in the world of startups varies depending on one's perspective. For investors, it means obtaining a profit and a favourable return on their investment. At the same time, entrepreneurs aim for personal satisfaction and the creation of job opportunities. (Cabrera & Mauricio, 2017; Kim et al., 2018; Roa et al., 2018). Traditionally, financial performance indicators such as revenue

and profit margin have been used to evaluate business success (Hall & Fulshaw, 1991). Wiklund (1999) believes that financial and non-financial indicators complement each other and provide a more complete view of success, following Buttner and Moore's (1997) advice to avoid focusing just on financial success. Murphy et al. (1996) share this viewpoint. Taking previous research, the most important measures for success in startups are divided into financial measures and non-financial measures. The financial measures include profitability growth (Hall & Fulshaw, 1991), revenue growth (Frank et al., 2007; Oduro et al., 2021), cash flow (Chandler & Hanks, 1994; Oduro et al., 2021), return on investment (Chandler & Hanks, 1994; Oduro et al., 2021) and (amount of) funding (Santisteban & Mauricio, 2017). The non-financial measures include competitive position (Miettinen & Littunen, 2013), perceived growth in market share (Chandler & Hanks, 1994; Van Gelderen et al., 2005), human capital (Oduro et al., 2021; Unger et al., 2011) and innovation (Battistella et al., 2017; Martin et al., 2017).

2.3 Theoretical Lenses

Different theoretical underpinnings form the basis for understanding the potential benefits of CSR. We explore stakeholder theory, institutional theory, and the resource-based view, each shedding light on distinct aspects of CSR and its implications for startups.

2.3.1 Stakeholder Theory

Stakeholder theory is a valuable framework for understanding the responsibilities of businesses. This theory asserts that businesses are responsible for considering the interests of all stakeholders, not just shareholders. Stakeholders include customers, employees, suppliers, the environment, and society (Freeman, 1984). According to this theory, businesses must balance the interests of all stakeholders to create long-term value. To create a more inclusive and sustainable business model, organisations must realise the potential effects of their actions and adopt a stakeholder viewpoint. Stakeholder Theory proposes that organisations should consider and balance the interests of different stakeholders (Deegan, 2014).

2.3.2 Institutional Theory

Institutional theory suggests that organisations are influenced by their institutional environment, including government regulations, industry standards, and social expectations (DiMaggio & Powell, 1983). Institutional theory presents a unique way to studying social, economic, and political phenomena. Institutions establish the rules of the game inside society. New institutional insights draw on sociological standard conceptions (DiMaggio & Powell, 1983). These new insights stress the relevance of the functioning institutional setting in shaping firms and the behaviour of entrepreneurs. Furthermore,

through coercive isomorphism, institutional theory is connected to externally enforced standards and norms that may become an established practice followed by firms in an environment (DiMaggio & Powell, 1983).

2.3.3 The Resource-Based View

The Resource-Based View (RBV) represents a fundamental perspective in strategic management theory, shifting the focus from external industry forces to a firm's internal resources and capabilities. It offers a comprehensive framework for investigating the role of a company's tangible (physical, financial) and intangible resources (knowledge, reputation) and organisational capabilities (skills, processes) in establishing and maintaining a competitive advantage. As a result, the concept has become widely used to define the strategic decisions that enable entrepreneurial organisations to obtain this advantage (Zahra, 2021). The RBV approach to sustainable competitive advantage (SCA) is illustrated by the contributions of Barney (1991) and Peteraf (1993). The theory focuses on the analysis of resources and aims to explain a firm's ability to maintain a competitive advantage. As defined by Barney (1991), sustainable competitive advantage hinges on possessing firm-specific resources that are valuable, rare, inimitable, and non-substitutable—termed VRIN. Valuable resources enable firms to seize opportunities and/or counter environmental threats. Rarity indicates scarce resources that are not evenly distributed among the firm and its competitors. Inimitability gauges other firms' difficulty in replicating resources, influenced by factors like social complexity (Dierickx and Cool 1989), causal ambiguity, and specific historical circumstances (Barney, 1991). Non-substitutability implies that a resource cannot be easily replaced or substituted by another. Barney later refined the framework by merging inimitability and substitutability, introducing organisation (VRIO) as the fourth factor to exploit the resource (Barney, 1995).

2.3.4 Linking Theories and CSR

As these theories form the foundation of CSR research, especially related to startups, it is important to discuss how they are linked. This section goes over each theory and how it is linked with CSR.

Stakeholder theory and the perspective on stakeholders, as described by the ISO 26000 standard, both recognise the complicated and complex nature of stakeholder relationships within organisational landscapes. The fusion of these perspectives underscores the imperative for organisations to adopt a holistic and inclusive approach towards stakeholders, harmonising operational strategies with societal responsibilities. This approach is consistent with the ISO 26000 standard, which promotes organisations to recognise stakeholders and their interests and incorporate them into their goals, policies, and activities. The standard provides a framework for understanding stakeholder engagement and emphasises the

necessity of a systematic approach to address stakeholder expectations and concerns. It prompts organisations to identify relevant stakeholders, determine their expectations, and involve them appropriately in the decision-making process. This relationship with stakeholder theory emphasises the ethical and practical value of including stakeholders in the development of organisational initiatives.

According to Deegan (2014), institutional theory suggests that organisations may use CSR to gain legitimacy and acceptance within their institutional environment. In the context of startups, businesses are impacted by their stakeholders' institutional demands and expectations, such as investors, consumers, and society. Additionally, startups may face pressure to conform to industry norms and standards, which often include expectations for CSR. By adopting CSR practices, startups can demonstrate compliance with regulations and avoid negative consequences such as fines or legal action (Campbell, 2007). CSR aligns with institutional theory by acknowledging that organisations conform to institutional norms and expectations.

The Resource-Based View (RBV) of the firm emphasises the strategic importance of a firm's unique and valuable resources in achieving and sustaining a competitive advantage. When linking the RBV with CSR, it can be recognised that socially responsible practices can be considered as valuable and distinctive resources for a firm (Russo & Fouts, 1997). Stakeholders, including customers and investors, place a higher emphasis on ethical and socially responsible behaviour. Firms that engage in CSR activities benefit society while also developing intangible assets such as brand reputation and stakeholder trust. As section 2.1.2 describes, CSR integration in business practices can yield substantial benefits in the changing business landscape. However, appropriate resource allocation might be critical in this discussion, since it might be undesirable if CSR engagement hinders financial success in the short term. The RBV lens suggests that CSR activities when strategically managed and leveraged, can be integral resources that contribute to a firm's sustained competitive advantage in addition to traditional tangible and intangible assets (Russo & Fouts, 1997).

3. Methodology

3.1 Research Design

The research design chosen for this research is the mixed method design. In particular, the Sequential Explanatory Design (Bryman, 2016). This design is suitable for exploring why and how startups engage in CSR and how success and CSR engagement are linked because it allows to move from quantitative correlations to quantitative insights. The qualitative part looks into the main CSR motivations and the definition of success in startups through semi-structured interviews and, with that, answering sub-questions 1 and 2. The quantitative part of the research focuses on the link between CSR and success, answering the main research question and sub-questions 3 and 4. Combining quantitative and qualitative approaches increases the validity and reliability of research findings, resulting in a comprehensive analysis. A questionnaire, see Appendix B, was distributed to gather quantitative data on CSR practices and success factors within the sampled startups. This is combined with interviews conducted with the founders of the sampled startups to determine the significance of the CSR practices they engage in and their potential influence on the organisation's success. The interviews consist of open-ended questions to establish an understanding from the interviewee's perspective. They allow for in-depth and holistic analysis and can identify patterns and themes. See Appendix A for the interview guide.

3.2 Sampling Strategy

To limit the external factors, like region-specific legislation or economic factors that can cloud the findings and to ensure the feasibility of that study, the focus is on the Utrecht Region. This region, as defined by the regional development agency (ROM Utrecht Region), which is concerned with strengthening the local economy, covers the province of Utrecht and the Gooi- and Vecht region. It ranks second in the number of startups per capita in the Netherlands. In 2022, 1064 startups were located here, with the majority situated in the municipality of Utrecht (532), followed by the city of Amersfoort (118) and the municipality of Hilversum (69). Furthermore, a sizable proportion worked in the health (12%), fintech (8.5%), and marketing (7.8%) industries (ROM Utrecht Region, 2022).

The non-probability sampling method was used in this study. In conjunction with convenience sampling, purpose sampling was employed for the quantitative section. Purposive sampling ensured that the selected organisations aligned with the definition of a startup and were situated in the Utrecht Region. This approach was combined with convenience sampling due to the difficulty in finding willing

organisations to participate in the research. The companies selected were sourced online from the website www.dealroom.co, where 972 companies met the specified filters:

- Region: Utrecht Region
- Company status: Operational, Low activity, Acquired
- Maximum employees: 50
- Founded until: 2023
- Founded since: 2018

After reviewing the list and removing duplicates and not-for-profit organisations, 906 startups remained. Before proceeding with the research survey or data collection process, a 'sanity check' was conducted for each startup. This step assessed whether the startup aligned with the research focus and objectives. Startups deemed unsuitable or irrelevant to the study were excluded. A startup was classified as such if its existence could not be verified, it was no longer active, or it was a not-for-profit organisation. After this check, 445 startups remained. Communication with the selected startups was initiated through LinkedIn, as it offered a direct channel to engage with representatives, enabling personalised and targeted communication. Two LinkedIn connection requests were sent if the startup had two or more employees. If there was no LinkedIn page, they were approached by email. The target was to receive 40 responses.

The questionnaire included a question about the respondent's willingness to participate in a follow-up interview. Five respondents who agreed to this were selected for interviews based on their perceived relevance to this study. To select interviewees, the survey answers were examined. An attempt was made to select as broad a sample as possible. Consideration was given to organisation size (FTE), year of establishment, industry, scores in terms of average financial success score (FSs), average non-financial success score (NFFs) and average CSR score (CSRs), and whether they had characterised themselves as a Social Enterprise. The final sample can be seen in Table 1. These interviews provide background information on the introduction and motivation behind their CSR engagement.

Table 1: Overview sample interviews

Interviewee number	FSs	NFFs	CSRs	FTE (range)	Year founded	Industry	Social Enterprise
1	4.2	4.56	3.92	10 - 20	2021	IT	No
2	3.0	3.44	3.63	0 - 5	2021	Healthcare	Yes
3	4.6	4.56	4.0	20 - 50	2021	IT	No
4	4.2	5.0	4.44	20 - 50	2018	IT	No
5	3.6	4.67	3.79	5 - 10	2022	IT	Yes

3.3 Data Collection

The quantitative data collection method was a survey. It comprises 64 closed and one open question, is built with Qualtrics and is divided into 11 blocks:

- Block 1: Questions regarding the respondent and the organisation for which the respondent works
- Block 2: Questions regarding CSR topic Organisational Governance
- Block 3: Questions regarding CSR topic Human Rights
- Block 4: Questions regarding CSR topic Labour Practices
- Block 5: Questions regarding CSR topic The Environment
- Block 6: Questions regarding the CSR topic Fair Operation Practices
- Block 7: Questions regarding CSR topic Customer Issues
- Block 8: Questions regarding the CSR topic Community Involvement and Development
- Block 9: Questions regarding financial success
- Block 10: Questions regarding non-financial success
- Block 11: Single question regarding the potential follow-up interview

Every question in the blocks regarding the different CSR topics is derived from the core subject's issues, as stated in the ISO 26000 standard, except for block 2, concerning the core subject Organisational Governance, as it has no defined issues. Here, the questions are derived from the description of the core subject in the ISO 26000 standard. An overview of the different core subjects and their issues can be found in Appendix C. Section 3.4 delves deeper into the operationalisation of the different CSR topics.

Every question regarding a CSR topic or a form of success can be answered with a five-point scale. The questions regarding the different CSR topics are responded to with a Likert scale ranging from strongly disagree to strongly agree. The questions regarding the various forms of success can also be answered with a five-point scale, but the answers on this scale vary per question; see Appendix B for more details on the questions. The questionnaire will focus on the level of CSR practices the startups engage in and the different success factors to identify a relationship between the two.

The qualitative data is collected through semi-structured interviews with the founders of the five selected startups. The interviews focused on the nature of the startups' CSR practices and the perceived impact of these practices on various success factors to find the primary motivation to engage in CSR and the most common CSR practices.

3.3.1 Ethical Considerations

The research study gave participants informed consent, confidentiality and anonymity, data protection and security, voluntary participation and right to withdraw, research integrity and objectivity, and ethics review and compliance. Participants were provided with the researcher's contact information to address any concerns or questions, and the research was conducted with the utmost integrity, objectivity, and respect for academic and professional standards as per the Netherlands Code of Conduct for Research Integrity. Before participating in the study, all participants were provided with clear and concise information about the research purpose, procedures, risks, benefits, and their rights as participants. Informed consent was obtained from each participant voluntarily and without coercion using a consent forms (see Appendix D and E).

3.4 Operationalisation

Operationalising CSR using a recognised standard such as ISO 26000 provides a structured approach to identifying and addressing social responsibility issues relevant to an organisation. This standard is a guidance standard that offers recommendations and guidance on how to approach CSR, covering seven core subjects, including:

- Organisational governance
- Human rights
- Labour practices
- The Environment
- Fair operating practices
- Consumer issues
- Community involvement and development.

Using a five-point Likert scale, the importance and level of engagement in the different CSR pillars, as per the ISO 26000 standard, is researched (see Appendix B). This data will be coupled with the data collected in the interviews.

Two lists are established based on the literature review to operationalise success in startups. See section 2.2.1 for an overview of the research.

Financial measures:

- Profitability growth: Year-by-year growth (%)
- Revenue growth: Year-by-year growth (%)

- Cash flow: As operating cash flow margin
- Return on investment: As net income divided over the investment amount (%)
- (Amount of) funding: Total amount of funding received

Non-financial measures:

- Competitive position: How the organisation views itself compared to the direct competition (better or worse)
- Perceived growth in market share: Growth in market share the organisation experienced
- Human capital: Importance of skills, job satisfaction, investment in employees
- Innovation: Level of innovation, prioritising of innovation, impact of innovation, adaptability

All questions in blocks 2-10, covering the different CSR topics and the financial and non-financial success measures, have five possible answers. Every answer is coupled with a score from 1 to 5. This ensures that the answers given are quantifiable. The interview guide and survey questions are in Appendix A and Appendix B.

3.5 Data Analysis

The data collected from the surveys is analysed using R, a software package and programming language developed for statistics and data analysis purposes. The data will be checked and cleaned to identify and rectify errors or inconsistencies. To ensure data quality and reliability, missing values and outliers were resolved. The survey data was analysed using descriptive statistics. After this, inferential statistics is performed to see if there is a relationship between the level of success in a startup and the CSR practices in which it engages. Data visualisation tools such as graphs, charts, and tables were used to show the findings in a clear and simple manner.

The data collected from the semi-structured interviews and secondary sources was analysed using a thematic analysis approach. This approach involves identifying patterns, themes, and categories that emerge from the data. The research questions and objectives were used to guide the analysis and focus on identifying the motivations for implementing CSR practices. The data was coded and analysed using the qualitative data analysis software NVivo.

3.6 Research Quality Indicators

This research concerns an in-depth analysis of the relationship between success indicators and engagement in CSR practices by startups in the Utrecht Region. Data collection approaches such as

questionnaires and interviews were used to gain a complete understanding of the researched issue. A formal methodology was devised, and all data collection and analysis methods were documented. The quantitative data was collected using validated measures, and appropriate statistical techniques were applied to analyse and interpret the results. Thematic analysis, the selected qualitative data analysis approach, was suited for this research since it enables the detection and interpretation of patterns and themes in the data. Established protocols for coding and classifying the data were followed, and any potential biases or restrictions in the research report are mentioned in the discussion.

4. Results

In this chapter, the survey and the interview results are presented. First, an overview of the quantitative data is given using descriptive statistics. After this, there will be a deep dive into the levels of the different CSR topics, the various success measures. And finally, the relationships between both concepts will be uncovered.

4.1 Recorded Responses

A sample of 906 startups was sourced from Dealroom.co and underwent a selection process to ascertain their alignment with the criteria outlined for this study. 461 failed to meet the study's criteria, but 445 met the predefined requisites, and of those, 102 lacked a presence on LinkedIn. Subsequently, 640 LinkedIn connection requests and 85 emails were sent out. Of these outreach efforts, 287 questionnaires were distributed, yielding 94 recorded responses. 32 of those respondents failed to input the name of the startup they work for, 62 responses could be attributed to distinct organisations, thereby yielding a response rate of 21.6%. Within this subset of 62 responses, 36 were completed in full. As stated in the methodology section, each question was given a score, which was used for statistical analysis.

4.2 Descriptive Statistics

As section 3.3 explains, all questions in blocks 2-10 are scored from 1 to 5. These responses are grouped based on the themes they cover. Table 1 shows the descriptive statistics of the averages of these themes. FM stands for financial measures, and NFM stands for non-financial measures, covering the two aspects of success. OG captures the CSR aspect for Organisational Governance, HR for Human Rights, LP for Labour Practices, Env for Environmental, FOP for Fair Operating Practices, CI for Customer Issues and ClaD for Community Involvement and Development. The average CSR level is determined by taking the average of all columns relating to CSR, so the averages were taken from OG, HR, LP, Env, FOP, CI, and ClaD.

Table 2: Descriptive statistics

	FM	NFM	OG	HR	LP	Env	FOP	CI	ClaD	CSR
Min	1.400	3.000	1.800	1.625	2.667	1.167	1.800	3.167	2.000	2.598
1st Qu	2.800	3.778	3.000	3.375	4.167	2.792	3.350	3.830	3.200	3.538
Median	3.300	4.056	3.300	3.625	4.500	3.167	3.600	4.333	3.600	3.779
Mean	3.256	4.102	3.400	3.608	4.380	3.231	3.594	4.259	3.744	3.745
3rd Qu	3.800	4.472	4.000	3.906	4.667	3.667	3.800	4.708	4.400	4.030
Max	4.600	5.000	4.600	5.000	5.000	4.833	4.800	5.000	5.000	4.527

Upon conducting descriptive statistical analysis, it was observed that the founding years of the organisations varied. Specifically, 13.9% were established in 2018, 16.7% in 2019, 22.2% in 2020, 38.9% in 2021, and 8.3% in 2022, with none originating in 2023. Organisations founded before 2018 were excluded from the research, as they no longer fell within the delineated definition of a startup. Furthermore, regarding the number of full-time equivalent (FTE) employees, 44.4% of the startups had 0 to 5 employees, 38.9% had 5 to 10, 8.3% had 10 to 20, and 8.3% ranged between 20 and 50 employees.

Organisation Foundation Years (Percentages)

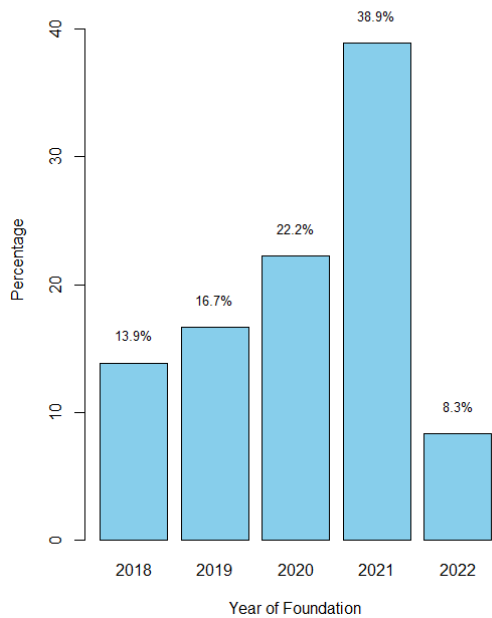


Figure 3: Organisation founding years

Full-Time Equivalent Distribution (Percentages)

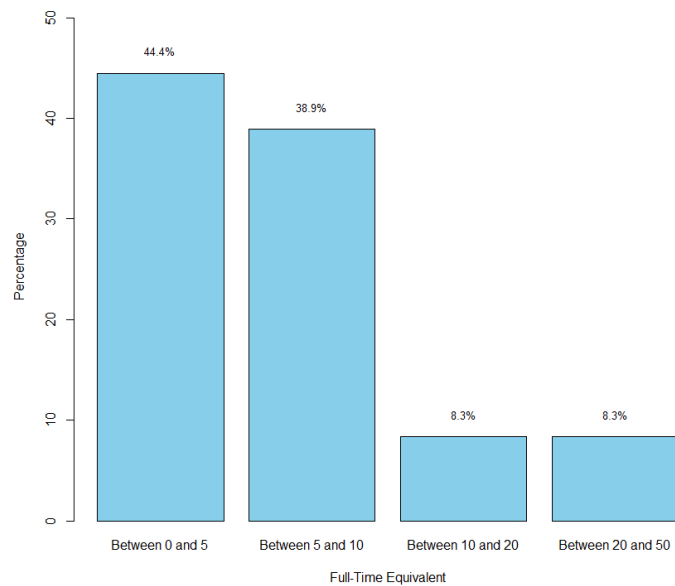


Figure 4: FTE Distribution

Most respondents are founders or have a C-level position (88.9%). Managers and employees have the same remaining share of 5.6% each. Regarding developmental stages, 30.6% of the startups were categorised as seed stage, 66.7% in early growth, and 2.8% in late growth phases. 38.9% of the startups classified themselves as social enterprises.

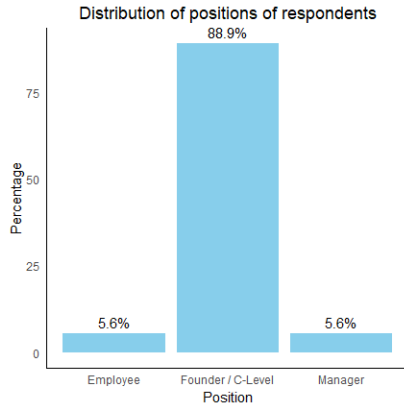


Figure 5: Position of respondents

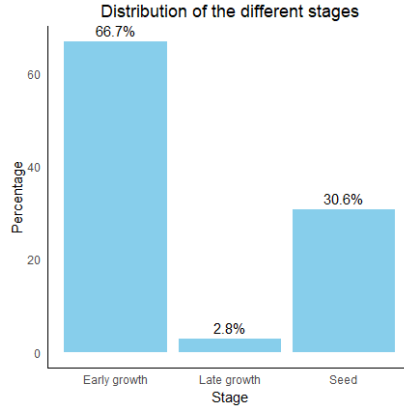


Figure 6: Stages of startups

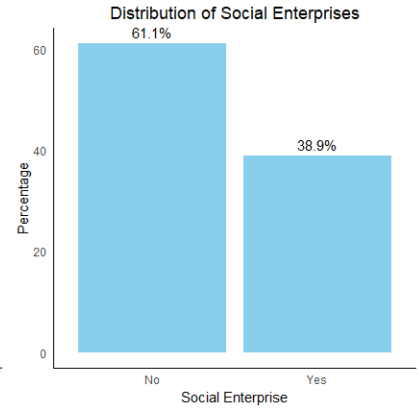


Figure 7: Social Enterprises

Additionally, the industry distribution revealed that 13.9% operated within Consultancy and Project Management, 8.3% in Education and Training, 2.8% in Energy, 8.3% in Finance, 19.4% in Healthcare and Wellness, an equal 19.4% in Industry and Services, and 27.8% in IT, Software, and Technology sectors.

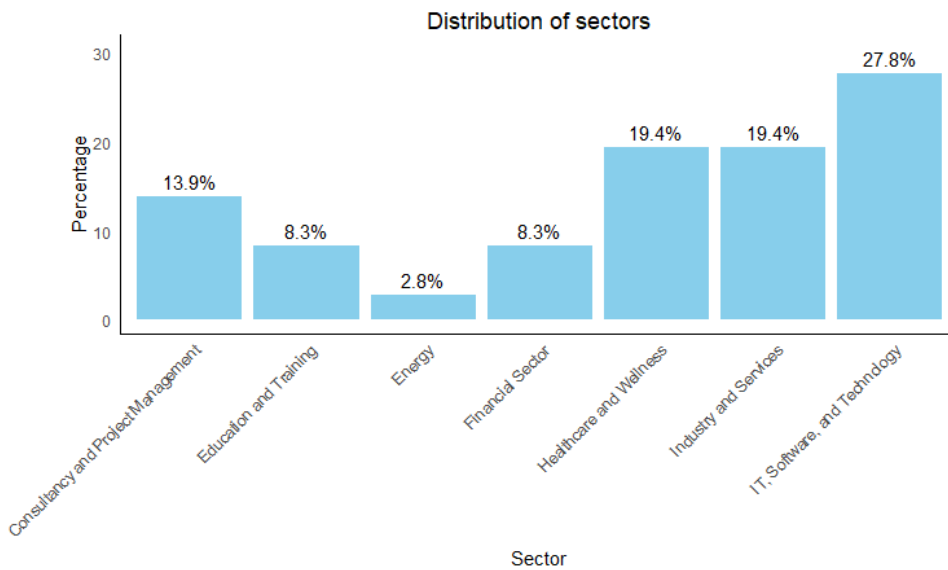


Figure 8: Sector Distribution

4.3 Data Handling

Skewness tests were performed and histograms were made to determine if data transformations were needed. The acceptable range for skewness lies between -0.5 and 0.5. Outside this range, a data transformation is performed. The column containing the CSR topic Human Rights scores showed a skewness of -0.678, Labour Practices of -1.445 and Fair Operation Practices of -0.527. Therefore, all of these columns need to be transformed. The column Labour Practices was put into the power of 5, resulting in an improved skewness of -0.300. Human Rights and Fair Operating Practices were both squared,

resulting in a skewness of 0.131 and 0.273, respectively. The CSR column contains the average of all the CSR-related columns. So, this column creates a final score of all CSR topics combined. It had a skewness of -0.558 and needed a transformation. Squaring the column yielded an improved skewness of -0.236, which now falls within the acceptable margin.

4.4 Corporate Social Responsibility

This part of the chapter delves into the different levels of CSR engagement, as measured with the survey. During this part of the interview, the questions focus on the different CSR practices the organisations engage in, if this was a conscious decision, how it aligns with the overall mission and goals of the organisation, if they measured their CSR engagement and if they experienced any limitations considering CSR implementations.

This side-by-side box plot shows the distribution of the data per CSR topic. Labour Practices has the highest average score, closely followed by Consumer Issues. It is noteworthy that all CSR topics have an average score above 3, as can also be seen in Table 1. Also interesting is the range of the average scores of Organisational Governance, Environment and Community Involvement and Development, showing a significant difference in how the different startups have scored themselves.

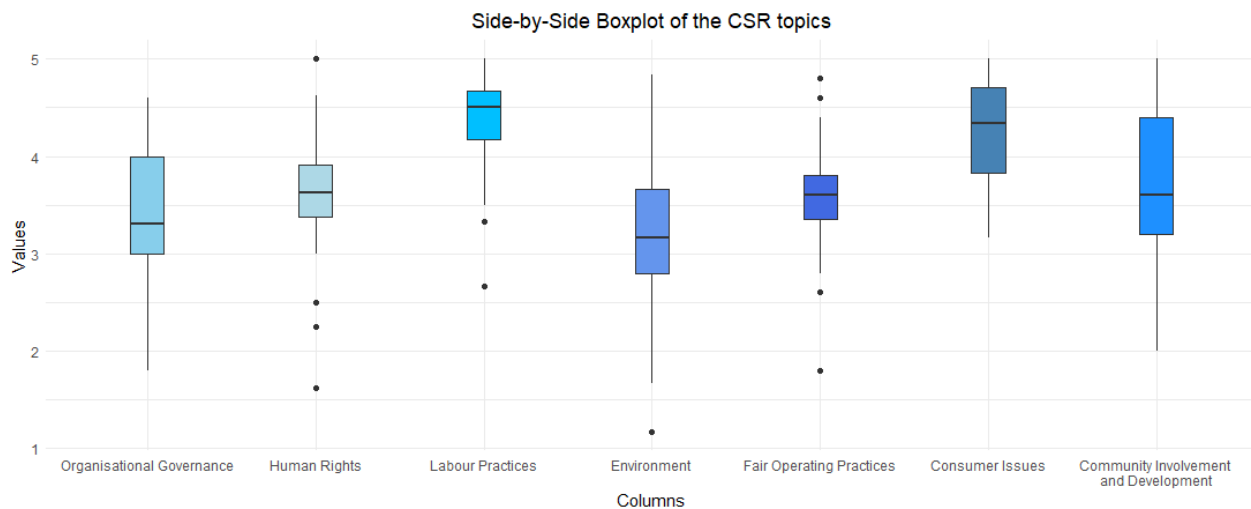


Figure 9: Side-by-side box plot of CSR topics

As can be seen, the Human Rights, Labour Practices, Environment and Fair Operating Practices columns show outliers. Outliers can influence statistical analyses, but since they are not errors but novelties in the data, they cannot be omitted. Further statistical analyses will be performed using the transformed Human Rights, Labour Practices and Fair Operating Practices columns, as discussed in section 4.3, limiting the outliers, as shown in Figures 10, 11 and 12.

Boxplot of Fair Operating Practices (transformed) Boxplot of Labour Practices (transformed) Boxplot of Human Rights (transformed)

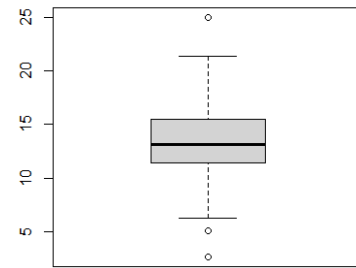
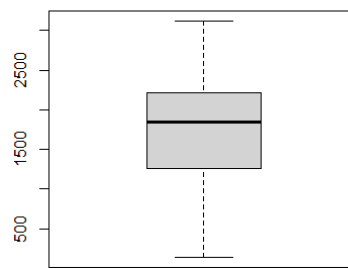
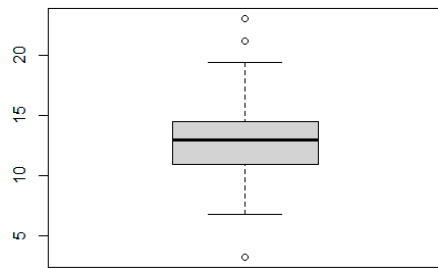


Figure 10: Boxplot of Fair Operating Practices

Figure 11: Boxplot of Labour Practices

Figure 12: Boxplot of Human Rights

The remaining outliers require additional analysis to explain them, but since they do not affect the normal distribution of the columns, the impact on the statistical analysis will be limited. Further statistical analysis of the outliers using Rosner’s test is performed to verify that the observed outliers are actual outliers. Rosner's test is a statistical test used to detect outliers in a dataset. The test shows that the outliers observed in the boxplot are not real outliers.

The correlation matrix in Table 3 delineates the relationships between various CSR dimensions, offering insights into their interdependencies within the organisational context. Each cell in the matrix portrays Pearson correlation coefficients, reflecting the linear associations between different CSR metrics. This study works with Pearson’s correlation coefficients since the matrixes are made with averages of a Likert scale. Taking the averages of the different questions implies that the distances on the scale are equal, and therefore, Pearson is the chosen method. The coefficients range from -1 to 1, signifying the strength and direction of relationships: a value closer to 1 denotes a strong positive linear relationship, and a value closer to -1 indicates a strong negative linear relationship. Values nearing 0 signify weak or no linear correlation. The Environment and Consumer Issues exhibit relatively stronger correlations among themselves. This implies that companies addressing consumer concerns and environmental issues tend to adopt a comprehensive CSR approach, embracing practices across different domains.

All CSR topics correlate positively, meaning they share a common thread of promoting sustainable and responsible business practices that contribute to social and environmental well-being. This interconnectedness emphasises the holistic nature of corporate social responsibility, demonstrating that addressing one aspect, such as environmental sustainability or community engagement, frequently results in positive outcomes in other areas, fostering a comprehensive and harmonious approach to ethical business behaviour.

Table 3: Correlation matrix of CSR topics

	Organisational Governance	Human Rights	Labour Practices	Environment	Fair Operating Practices	Consumer Issues	Community Involvement and Development
Organisational Governance	1.000						
Human Rights	0.406**	1.000					
Labour Practices	0.314*	0.129	1.000				
Environment	0.510***	0.445***	0.254	1.000			
Fair Operating Practices	0.327*	0.392**	0.288*	0.423**	1.000		
Consumer Issues	0.351*	0.464***	0.307*	0.545***	0.485***	1.000	
Community Involvement and Development	0.281*	0.278	0.290*	0.287*	0.574***	0.237	1.000

*** p<0.01, ** p<0.05, *p<0.1

Figure 11 shows how often a topic is deemed important by the respondents. The respondents could select multiple topics. All have been chosen around the same number of times (30.6% - 38.9%) except for Human Rights (16.7%). During the interviews, one interviewee mentioned that the CSR topic Environment was not selected because it seemed too obvious; another interviewee mentioned Human Rights with the same reasoning. This might imply that the Human Rights problem is not a top priority in the sectors represented in the sample. This may alter if additional sectors are included in the sample, such as the apparel industry.

Table 4 shows the difference in the averages when a topic is selected. It can be expected that when a topic is selected and considered important, it will result in a higher score. As the table shows, this is only sometimes the case. Organisational Governance and Labour Practices have a slightly higher score when selected. Human Rights and Fair Operating Practices score moderately higher, but Environment and Consumer Issues stand out. Environment had a significantly higher score when selected (20.9%), and Consumer Issues resulted in a lower score (-5.72%) when deemed essential. As also seen in the table, the p-values show that only the Environment and Fair Operating Practices have a significant difference when the topic is selected. This means there is no significant difference in CSR engagement when a CSR topic is considered important for five out of seven topics.

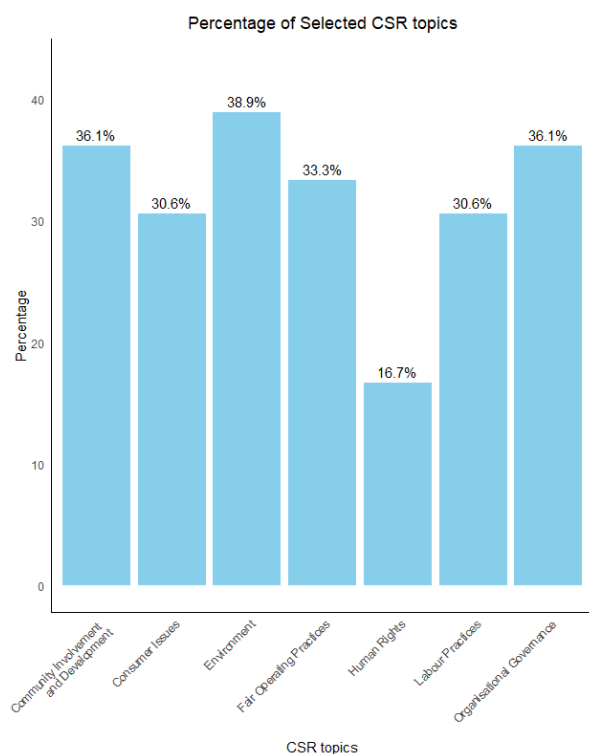


Figure 13: Percentages of selected topic

Figure 12 showcases mean Corporate Social Responsibility scores for seven distinct sectors. Consultancy and Project Management reflect an average CSR score of about 3.38, while the Education and Training sector exhibits a slightly higher mean score of approximately 3.46. The Financial Sector demonstrates a moderate mean CSR score of around 3.60. Moving towards higher CSR averages, IT, Software, and Technology show a mean score of about 3.79, followed closely by the Healthcare and Wellness sector at approximately 3.84. Notably, the Industry and Services sector displays a relatively robust CSR performance, boasting a mean score of 3.95. Finally, the Energy sector tops the list with the highest average CSR score among the listed sectors, recording around 4.29. Remember that this sector only represents a small percentage of the sample (2.8%), as seen in Figure 8. The limited data points in this sector underscore the importance of interpreting the results with caution, as the findings may not represent the broader industry.

Table 4: Difference in scores when CSR topic is selected

	Difference	Difference (%)
Organisational Governance	0.048	0.96
Human Rights	0.371	7.42
Labour Practices	0.108	2.16
Environment	1.04	20.9***
Fair Operation Practices	0.433	8.67**
Consumer Issues	-0.286	-5.72
Community Involvement and Development	0.352	7.04

*** p<0.01, ** p<0.05, *p<0.1

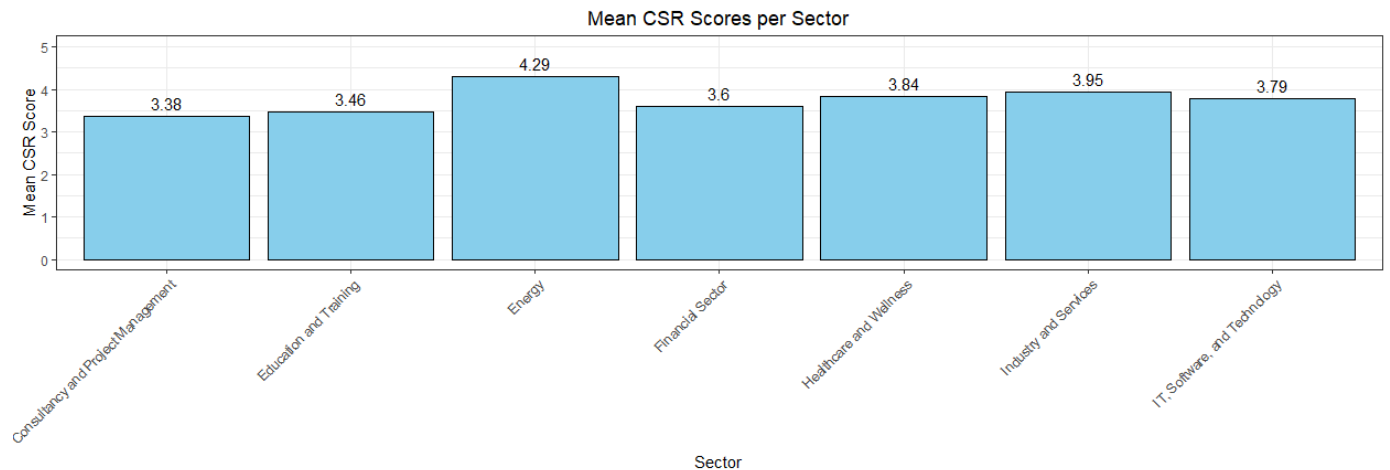


Figure 14: Average CSR score per sector

An ANOVA was performed to see if the CSR score difference of the mean within the different industries was significant. The ANOVA test results suggest no significant differences in CSR scores across sectors. The obtained F-value of 1.55 and a corresponding p-value of 0.2 imply that the mean CSR scores will likely be similar among the different sectors.

Regarding different CSR efforts, the interviews revealed many activities that startups can engage in, from providing free IT lessons for refugees and elementary school students to incentivising using electric cars over gas-powered vehicles. Additionally, practices such as treating employees well, ensuring fair wages for outsourced workers, and fostering a solid emphasis on longevity within the company were underscored. The diversity in CSR practices underlines the adaptability of startups in addressing various social and environmental challenges while aligning with their unique values and strategic goals.

Addressing the measurement of CSR impact, responses varied. While three interviewees acknowledged the presence of certain Key Performance Indicators (KPIs) or initiatives aimed at measuring customer happiness, one cited a lack of formal instruments to gauge the true impact of CSR endeavours. One respondent considered itself too young as a company to measure these impacts effectively. This implies that these startups, lacking awareness of the impact and effect of their CSR engagement, will be hindered from making necessary adjustments to enhance their impact.

The motivations driving CSR initiatives were multifaceted. Moral incentives included intrinsic motivations rooted in a genuine desire to impact the world positively, coupled with concerns about the authenticity of actions if not executed properly. Furthermore, a belief that, when appropriately applied, technology could significantly aid in societal betterment and drive positive change for humanity at large was highlighted.

Founders also expressed a strategic orientation as a critical motivator for their engagement in CSR practices. By strategically integrating CSR into their operations, these startups sought to contribute to societal well-being and gain a competitive edge in the marketplace. These dual motivations, strategic advantages and moral values, underscore the diversity of perspectives and driving forces behind CSR engagement among startups.

However, limitations in implementing CSR practices were also acknowledged. Some interviewees expressed that alternative, non-CSR-related endeavours might have been more effective when raising funds. One other noted that while finance was not considered a significant constraint, time was a limiting factor. Another mentioned that being an open-source IT company posed challenges regarding transparency and product sales, as it required a delicate balance to maintain transparency while commercialising the product. Overall, these multifaceted perspectives shed light on the complexities and considerations involved in CSR practices and their implementation within newly established organisations.

4.4.1 Social Enterprises

Figure 13 compares average CSR ratings from respondents who identified as Social Enterprises against those who did not. The Social Enterprises' average CSR score is 3.92 compared to the regular business's 3.64.

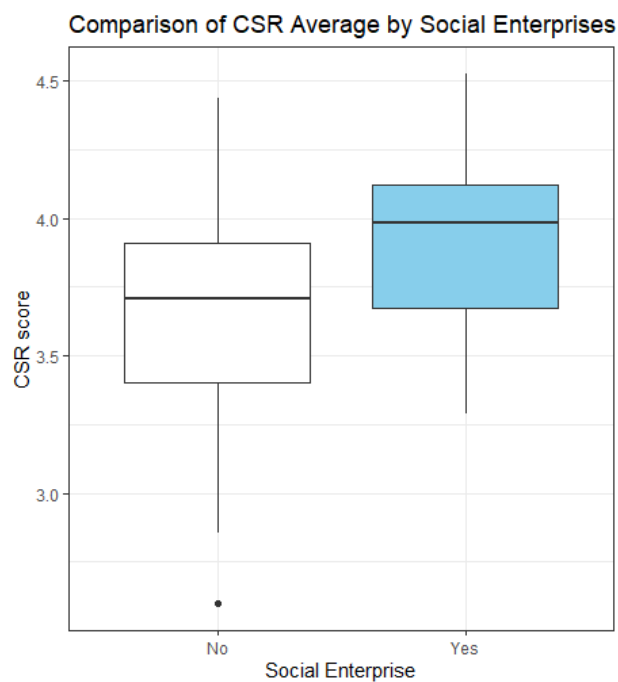


Figure 15: CSR scores by Social Enterprises

Based on the Spearman's rank correlation test conducted between the CSR scores of Social Enterprise and regular business, a correlation coefficient of 0.302 was obtained. The transformed CSR average column was used for this correlation test, as explained in section 4.3. The obtained value indicates a moderate positive relationship between the two variables. However, caution must be exercised in making a definitive statement about the correlation's significance, given the p-value of 0.07. This value slightly exceeds the standard 0.05 threshold, suggesting that the observed results may not necessarily indicate a meaningful effect or relationship. The evidence must be sufficient to confidently assert that the correlation is not simply due to random chance or variability with the standard significance level. However, due to the study's limited sample size, a higher significance value of 0.1 would also be acceptable. In this case, the obtained p-value falls within the limits, and the results can be considered significant.

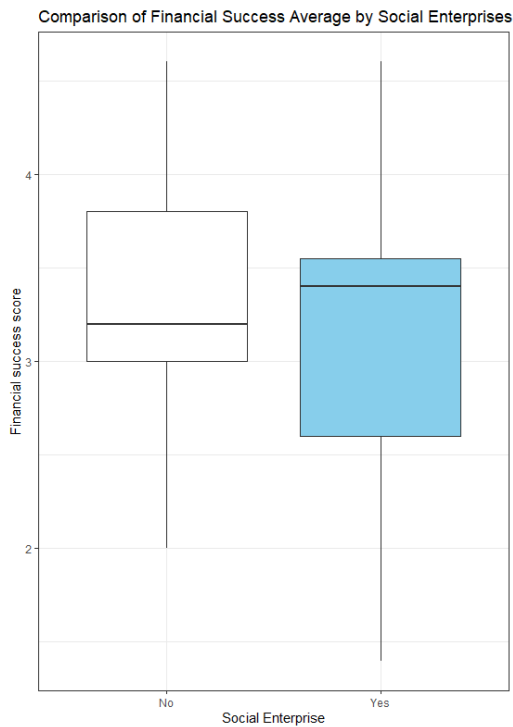


Figure 16: Financial Success by Social Enterprises

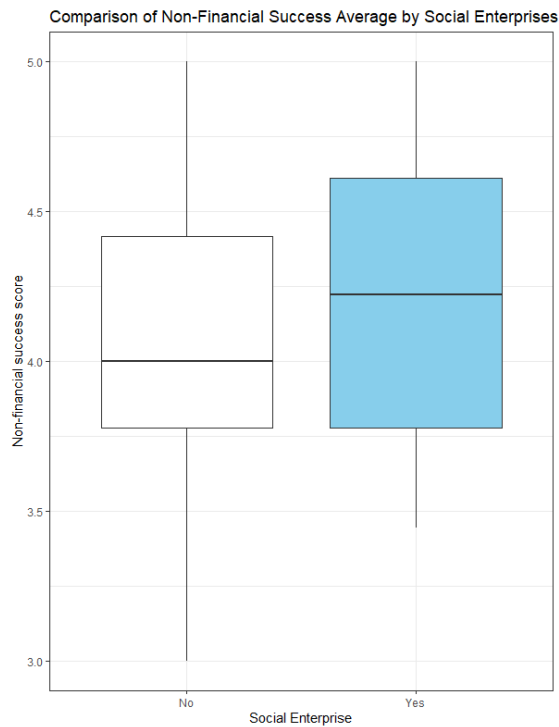


Figure 17: Non-Financial Success by Social Enterprises

The Spearman's rank correlation test between Financial Success and Social Enterprise suggests a weak negative correlation ($\rho = -0.0799$) that is not statistically significant ($p = 0.6$). This indicates that there might be a slight negative tendency between the financial success metric and the Social Enterprise classification. However, this correlation must be more robust to draw meaningful conclusions. The non-significant p-value suggests that the observed correlation might have occurred by random chance and does not provide sufficient evidence to establish a relationship between financial success and the

classification as a Social Enterprise. The Spearman's rank correlation test examined the relationship between Non-Financial Success and the classification as a Social Enterprise. The results indicate a slight positive correlation ($\rho = 0.127$) between these variables. However, the obtained p-value of 0.5 shows that this correlation is not statistically significant. Consequently, there needs to be more evidence to conclude an association between Non-Financial Success and the classification as a Social Enterprise.

The survey data reveals an interesting trend regarding the CSR scores of Social Enterprises compared to regular enterprises. Self-proclaimed Social Enterprises tend to score slightly higher in CSR topics when compared to their non-social counterparts. The relatively small difference in CSR scores between social enterprises and their non-social counterparts is unexpected. It raises intriguing questions about social enterprises' distinct characteristics and practices compared to regular organisations.

In conclusion, the primary motivations for CSR engagement are twofold. Some interviewees addressed the moral duty of ethical and sustainable business conduct. Others mentioned the benefits they expected from CSR, like tax reduction or tender participation, therefore focussing more on the strategic side. No standard practices could be deduced as CSR is multifaceted, and organisations have significant differences, each of them leverages their specific strengths while engaging in CSR. The survey data showed that social enterprises have a higher CSR engagement than traditional enterprises. This difference, however, was relatively small. And finally, no differences were found between the sectors regarding their CSR engagement.

4.5 Definition of Success in a Startup

During this part of the interview, the questions focused on how the interviewees define success for their startups, how they measure this success, and what the main contributors are. These questions aimed to compare the answers to the literature findings and, with that, answer sub-question 2.

Throughout the discussions on defining success within a startup, different perspectives surfaced. One prevalent aspect of success revolved around financial achievement. Various viewpoints emerged, from acknowledging the importance of finances in fulfilling a mission to the pursuit of attaining 'unicorn' status, a term used in the venture capital industry to describe a startup company valued at over \$1 billion. However, contrasting opinions highlighted that solely focusing on monetary gains might not necessarily guarantee long-term success. The delicate balance between profitability and growth emerged as a recurrent theme, emphasising stability while maintaining robust growth trajectories. The role of investors was a topic of discussion as well. While some valued the support of investors, others preferred minimal

interference, striving for a balance between financial backing and operational autonomy. This contrast underscored the importance of financial stability alongside the need for entrepreneurial freedom.

Additionally, non-financial aspects were equally regarded as essential components of success. Building robust relationships, prioritising product stability, and emphasising stakeholder transparency were highlighted as significant success markers. The emphasis on milestones beyond financial gains, such as successful product launches and partner endorsements, emphasised this holistic view of success.

Several key contributors to success emerged from the discussions. A strong foundation was crucial, often defined by customer feedback and a clear vision. The consensus among stakeholders on ambitious yet shared goals, fostering an environment conducive to learning from mistakes, and the pivotal role of dedicated employees in contributing to the company's success were highlighted. Additionally, problem-solving, differentiation, and proficiency in one's domain were essential for standing out in the competitive startup landscape. These perspectives created a comprehensive picture, demonstrating the complicated combination of financial and non-financial factors involved in determining success in startups.

In conclusion, defining success in the context of startups is a multidimensional endeavour, as seen by the discussion of this issue. A common observation is the need for a broadly acknowledged and unambiguous definition of success for startups. This lack of clarity underscores the complexity and diverse nature of success. Furthermore, the interviews highlighted the significance of aligning success metrics with the nature and mission of the startup. For social enterprises, success might be better gauged by the positive societal change they bring about rather than solely financial returns. This highlights the need for a tailored approach to defining success, recognising that one-size-fits-all metrics may not capture the diverse objectives and trajectories of startups.

4.6 CSR and Success in Startups

For the final part of the interview, the questions were related to the relationship between CSR and success. The questions focussed on the impact or changes as a result of CSR, the effects of their CSR efforts on their mentioned success criteria, their vision on how CSR would evolve within their startup, and their perspective on the overall future of CSR in startups.

Figure 16 shows a regression line, with the equation $CSR_Average_Sq = 5.7273 + 2.3082 \times Success_Average$, plotting the average CSR scores against the average success scores. The inclining line indicates a positive relationship between the two variables.

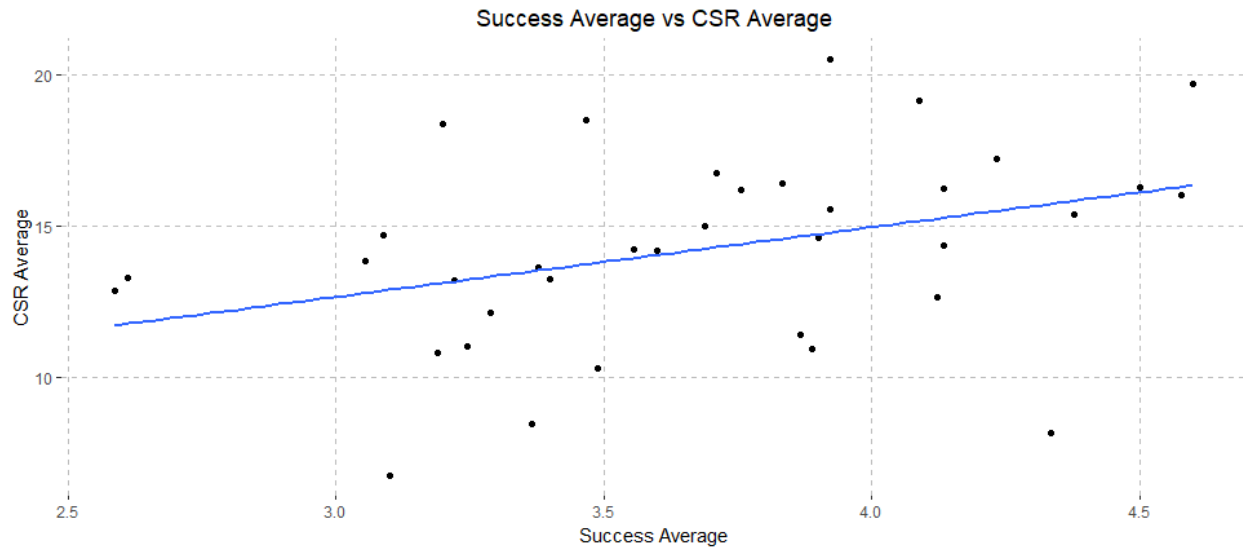


Figure 18: Success Average vs CSR Average

The study used Pearson's product-moment correlation to investigate the relationship between the Success and CSR score variables. The Pearson correlation value (r) found was 0.371, showing a somewhat favourable linear association between the average success and CSR scores. The t-value found was 2 with 34 degrees of freedom, resulting in a p-value of 0.03. This suggests that the observed connection (0.371) between the average success and CSR scores is statistically significant. Furthermore, the correlation coefficient's 95% confidence interval varied from 0.0482 to 0.6234. Because the confidence interval does not include zero, the evidence that the connection between the average success score and the average CSR score is unlikely to be attributable to random chance is strengthened, implying a meaningful relationship between these variables. Additionally, statistical analysis focussing on a sub-set only including social enterprises and another sub-set only including traditional startups yielded the same results. Excluding social enterprises ($N = 22$) resulted in a correlation value of 0.273 but was nonsignificant ($p = 0.219$). When only social enterprises are included in the analysis ($N = 14$), the correlation value was 0.594 and was proven significant ($p = 0.025$). This shows that the influence of the amount of social enterprises on the results is limited.

Table 5 provides a more detailed analysis, displaying the correlations between CSR engagement and financial and non-financial success metrics.

Table 5: Correlation matrix - Success and CSR Engagement

	Financial Success	Non-Financial Success	CSR Engagement
Financial Success	1.000		
Non-Financial Success	0.430***	1.000	
CSR Engagement	0.141	0.572***	1.000

*** p<0.01, ** p<0.05, *p<0.1

A moderate positive linear association ($r = 0.430$) between Financial Success and Non-Financial Success indicates that one increase tends to coincide with an increase in the other. However, the strength of this link is mild. Financial Success and CSR Engagement score have a lesser connection ($r = 0.141$), showing a less noticeable link between financial success and CSR score when compared to the other factors. On the other hand, Non-Financial Success has a moderate positive correlation ($r = 0.572$) with CSR score, showing a more significant association between Non-Financial Success and CSR score than Financial Success. These correlations depict varying degrees of linear relationships between the variables. Non-Financial Success has a better link with CSR score, but Financial Success has a lesser relationship with both Non-Financial Success and CSR score. Regarding statistical significance, Non-Financial Success showed strong significance ($p\text{-value} = 0.00034$) in relation to CSR Engagement, suggesting a substantial impact. Conversely, Financial Success lacked statistical significance ($p\text{-value} = 0.36570$), indicating an absence of significant influence on CSR Engagement.

4.6.1 Financial Success and CSR

A linear regression models were used to assess the influence of Financial Success and Non-Financial Success on CSR Scores. The formula for the Financial success model is $CSR_Average_Sq = 12.1725 + 0.6284 \times FM_Average$. Residuals present variability without a discernible pattern; the residual standard error is 3.24. The R-squared value of 0.01984 reveals that only around 1.98% of the variance in CSR Scores is captured by Financial Success.

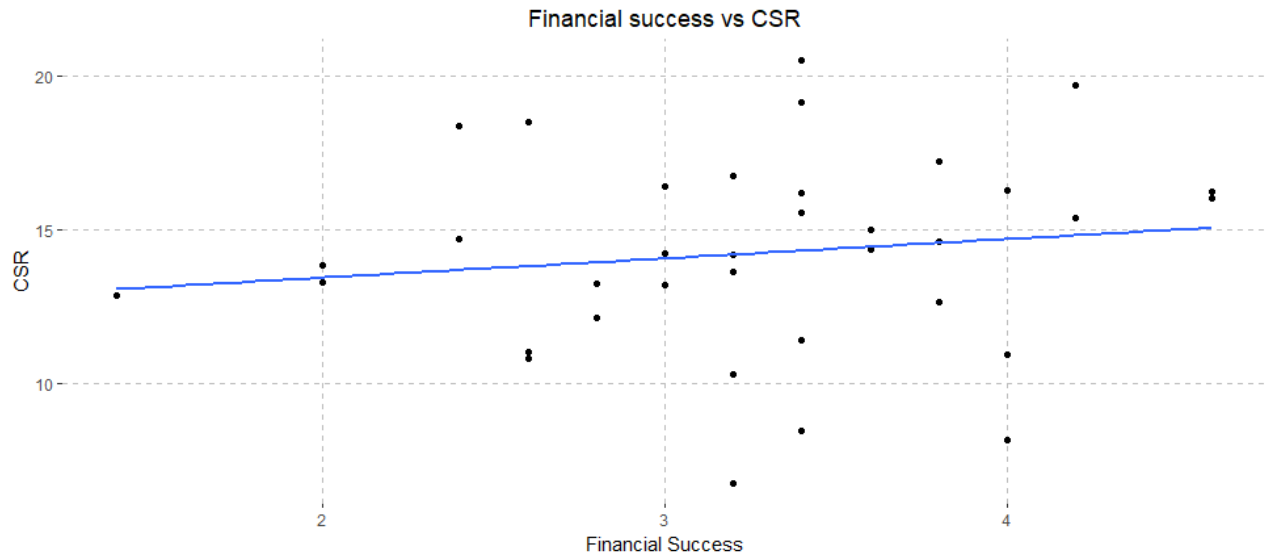


Figure 19: Financial Success vs CSR

The analysis used Pearson's product-moment correlation to examine the relationship between financial success and average CSR Engagement score. The correlation test yielded a Pearson correlation coefficient (r) of 0.141, indicating a weak positive linear relationship between the two variables. The calculated t -value was 0.8 with 34 degrees of freedom, yielding a p -value of 0.4. This value is notably higher than the significance level of 0.05. This suggests that there might not be a statistically significant correlation between the two variables. The 95% confidence interval for the correlation coefficient ranged from -0.197 to 0.449. As the confidence interval includes zero, it further supports the notion that the correlation between financial success and the CSR score might not be significantly different from zero. Furthermore, the statistical study focused on a subset of only social enterprises and another subset of only typical startups produced similar results. The exclusion of social enterprises yielded a correlation value of 0.013, which was not significant ($p = 0.953$). When only social companies were included in the study, the correlation value was 0.457, which was insignificant ($p = 0.100$) at the traditional 0.05 significance level. However, due to the small sample size, a higher significance level of 0.1 is also acceptable, making this result significant. This shows that the amount of social enterprises included in the sample influences the results when examining the relationship between CSR engagement and financial success.

Diverse perspectives emerged in these discussions concerning the relationship between success and CSR. Financially, there was recognition that CSR initiatives can bolster a business, expanding from a single project to multiple and potentially increasing a startup's value. Interviewees highlighted the potential for increased success by prioritising CSR; however, a consensus was formed around ensuring a financially

viable company as a foundation for meaningful social impact. Additionally, insights revealed the increasing importance of environmental focus in government tenders, underscoring the rising significance of CSR in business contexts. However, it was acknowledged that while CSR can contribute to success, its direct translation into that success remains uncertain.

4.6.2 Non-financial Success and CSR

The formula for the Non-Financial success model is $CSR_Average_Sq = -1.075671 + 3.728567 \times NFM_Average$. The intercept in the Non-Financial Success model, standing at -1.0757, holds statistical significance (p-value = 0.778). However, its practical interpretation is constrained by the absence of a meaningful zero point on the Likert scale. The model fit analysis unravels residuals exhibiting a diverse range, and the R-squared value of 0.3266 suggests that around 32.66% of the variability in CSR Scores finds explanation through Non-Financial Success.

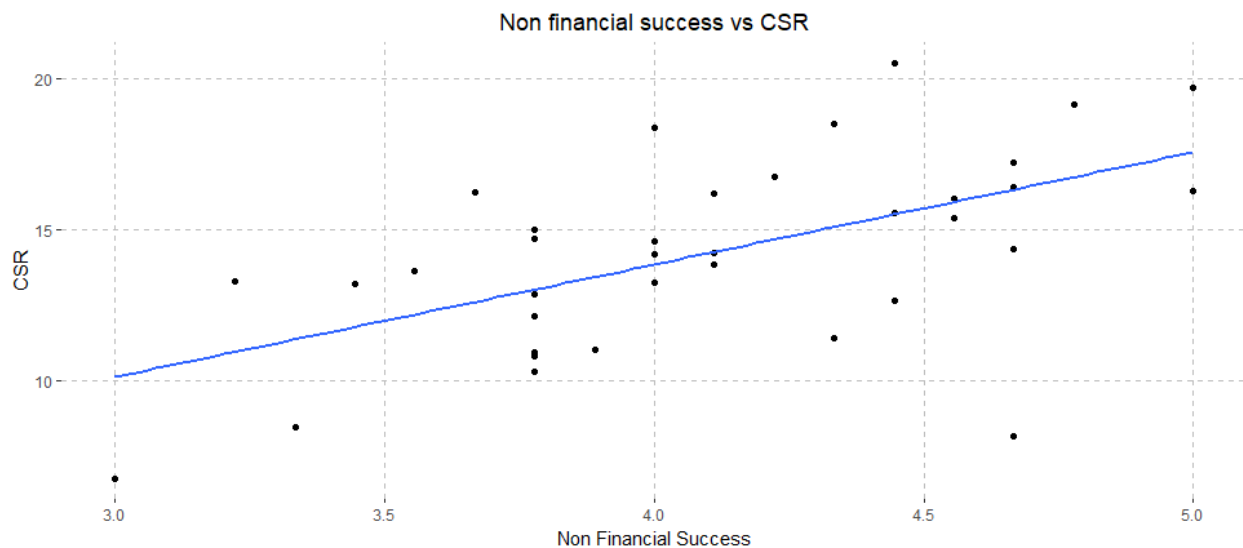


Figure 20: Non-Financial Success vs CSR

The correlation analysis between Non-Financial Success and CSR Scores revealed a notably robust and positive relationship, with a Pearson correlation coefficient of 0.572. This value suggests a moderately strong linear association between these variables. The statistical significance of this correlation was confirmed by a p-value of 3e-04 (0.0003). Additionally, the 95% confidence interval for the correlation coefficient ranged from 0.299 to 0.758, further reinforcing the statistical significance and substantiating that this correlation is unlikely to arise from random chance. The analysis implies a meaningful and statistically significant positive relationship between Non-Financial Success and CSR Scores. As Non-Financial Success increases, there is a tendency for CSR Scores to grow within the dataset, signifying a

noteworthy association between these variables. The exclusion of social enterprises yielded a correlation value of 0.538, which was significant ($p = 0.001$). When only social companies were included in the study, the correlation value was 0.593, which was significant ($p = 0.025$) at the traditional 0.05 significance level. So, no difference is detected in the results based on whether the startups consider themselves social enterprises.

During the interviews, the non-financial benefits of CSR were emphasised as integral to contributing to organisational missions and goals. Cultivating a corporate culture focused on longevity, where employees work diligently, remain content, perform optimally, exhibit loyalty, and contribute positively to the work environment, emerged as a crucial outcome of CSR initiatives. Moreover, CSR was identified as a catalyst for nurturing more robust relationships with stakeholders, offering security, and fostering peace of mind amid uncertainties.

Table 6: Correlation matrix CSR engagement and non-financial success

	Competitive position	Perceived growth in market share	Human capital	Innovation	CSR engagement
Competitive position	1.000				
Perceived growth in market share	0.366**	1.000			
Human capital	0.100	0.383**	1.000		
Innovation	0.406**	0.469***	0.306***	1.000	
CSR engagement	0.215	0.283***	0.347***	0.599***	1.000

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$

A deeper look into the non-financial success criteria and their relation to CSR can be seen in Table 6. The p-values corresponding to the CSR engagement in the correlation matrix provide insights into the statistical significance of relationships between CSR engagement and the other variables: competitive position, perceived growth in market share, human capital, and innovation. Analysing these p-values offers valuable information regarding the strength of evidence for the presence of correlations. Examining the correlation between competitive position and CSR engagement, the obtained p-value of approximately 0.209 suggests

insufficient evidence to support the assertion of a statistically significant correlation between these two variables. Similarly, in the case of perceived growth in market share and CSR engagement, the p-value of approximately 0.095 does not support a statistically significant correlation between the two variables. Turning to human capital and CSR engagement, the calculated p-value of about 0.038 implies some evidence indicating the possibility of a statistically significant correlation between these variables. Notably, the p-value of approximately 0.00011 for the correlation between innovation and CSR engagement is significantly low. This suggests a strong indication of a statistically significant correlation between these two variables.

The overarching theme of balancing financial imperatives with social missions was evident during the interviews. While social impact held significant weight, it was underscored that considering it alongside financial stability is crucial. Finding a balance between these dual imperatives was highlighted as challenging, with the recognition that the pursuit of profit sometimes overshadows the importance of social impact. Ultimately, these discussions underscored the complex relationship between financial and non-financial success and aspects of CSR. They emphasised the importance of achieving equilibrium between financial viability and societal contribution, unveiling the multidimensional nature of success and impact in business environments.

In conclusion, section 4.6 provides an insightful examination of the relationship between CSR engagement and success within the context of startups. The statistical analysis showed that there is a significant relationship between the two variables. When examined in more detail, the data showed a positive but not significant correlation between CSR engagement and financial success. The interviewees did recognise that CSR activities could improve business. However, it was noted that while CSR can contribute to success, its direct impact on that success is unknown. From the survey data it became clear that non-financial success did correlate positively and significantly with CSR. There was especially a strong relationship between innovation and CSR and human capital and CSR. The interviews highlighted the fact that CSR adds to the organisation's mission and goals and has been acknowledged as a stimulus for developing stakeholder relations.

5. Discussion

The study aimed to discern patterns in CSR practices, motivations for CSR engagement, and the relationship between CSR and financial and non-financial success criteria. This chapter explores the findings about CSR engagement and its relationship with success. The main findings are presented and contextualised within the existing literature. After that, the main limitations and suggestions for future research are provided.

5.1 CSR Engagement

The study reveals no significant difference in CSR engagement among various industries, which might be due to the low sample size within each sector. It may suggest that institutional pressures and stakeholder expectations for CSR have become prevalent across different industries, indicating a level of isomorphism, which is associated with institutional theory. Another explanation can be that only founders already engaging in CSR responded to the survey, making the sample more homogenous. This limitation is further discussed in section 5.4.

The survey also includes a question regarding what CSR topics are important to the respondent. The analysis that looked into whether the CSR topics were considered important also scored higher, showing that that was not always the case, as discussed in section 4.4. Only the CSR topics the Environment and Fair Operating Practices saw a significant increase. One probable explanation is that they have a low barrier to entry (low hanging fruit), and organisations began working with them earlier, thus they are now more prevalent.

Contrary to expectations from existing literature, the difference in CSR engagement between social enterprises and regular businesses is low. Taking Alter's research into account, a more significant difference was expected. An explanation could be that the exact definition of a social enterprise differs between the respondents, even though a definition had been given in the questionnaire. One could label itself a social enterprise while it would be classified as a Corporation Practicing Social Responsibility or Social Responsible Business, according to Alter's research, by others.

Motivations for CSR engagement are found to be both moral and strategic, as discussed in section 4.4, aligning with existing literature. The strategic motivations can be linked to institutional theory, where legal requirements and regulation changes impact CSR practices. A company's decision to engage in CSR can be motivated by more than just ethics. It is about appearing good in the public eye, developing positive relationships with stakeholders, attracting consumers who value firms that do good, and ensuring the

organisation aligns with what society believes is appropriate for the long term. The expected benefits resonate with institutional theory as it suggests that organisations conform to institutional pressures, which can be coercive (external regulations), mimetic (imitating successful practices), or normative (adhering to cultural norms). The expected benefits indicate a strategic response to external pressures, reflecting the coercive aspect of the theory.

5.2 Defining Success

The concept of success, acknowledging its multifaceted nature as highlighted in the literature review, is explored in financial and non-financial dimensions. This study finds that success remains undefined uniformly and varies across enterprises, as discussed in section 4.5. The results align with the inherent values of social enterprises, which prioritise societal impact over profit maximisation and with the existing literature. Additionally, the emphasis on creating solid relations with customers as a measure of non-financial success, as mentioned in section 4.5, can be linked to stakeholder theory.

While the literature suggested that the amount of funding raised by a startup was a good measure of financial success, this study found that this was not necessarily the case, as discussed in section 4.5. During the interviews, it became clear that it was not a necessity for young enterprises to attract external financing. For some interviewees, it was essential to hold off investors to get a better deal later or wait for other investors that better align with the mission and vision of the organisation.

5.3 Relation Between CSR Engagement and Success

Examining the relationship between CSR and success reveals nuanced insights. The finding that CSR has a positive but not statistically significant correlation with financial success, as presented in section 4.6.1, might indicate that CSR engagement may not meet all the criteria for a resource to be considered a source of sustained competitive advantage in the financial domain. However, the positive and significant correlation between CSR and non-financial success, particularly in areas such as innovation and human capital, as described in section 4.6.2, aligns with the notion that CSR can contribute to intangible resources. The RBV emphasises the strategic importance of unique and valuable resources that are difficult to replicate. In this context, innovation emerges as a distinctive resource cultivated through CSR practices. By integrating socially responsible initiatives, startups foster an innovative culture that aligns with stakeholder expectations and enhances the organisation's ability to adapt and thrive in dynamic market conditions. Furthermore, the positive correlation with human capital highlights the RBV's acknowledgement of human resources as an important strategic advantage. CSR initiatives prioritising employee well-being, training, and development contribute to enhancing human capital within startups.

This, in turn, fosters a skilled and engaged workforce, aligning with the RBV's assertion that sustainable competitive advantage is rooted in the unique capabilities and expertise of an organisation's personnel.

The conclusion aligns with certain aspects of institutional theory, particularly in the recognition that CSR is perceived as contributing positively to non-financial success within startups. The institutional theory proposes that organisations comply with institutional norms and expectations to obtain legitimacy and acceptability within their context. In this context, the positive correlation between CSR and non-financial success, such as innovation and human capital, suggests that engaging in socially responsible activities aligns with certain institutional expectations or norms. Also, the human capital element can be related to the stakeholder theory, where the emphasis is on building relationships with all shareholders, including employees.

Acknowledging the inherent costs of time and financial resources associated with CSR engagement, the delayed financial payoff emerges as a notable consideration. This temporal lag between CSR investment and financial returns underscores the importance for organisations, particularly startups, to adopt a long-term perspective when assessing the returns on their CSR endeavours. While immediate financial gains may not be noticeable, the enduring benefits of enhanced legitimacy, trust, and intangible competitive advantages position CSR as a strategic investment with long-term implications for organisational success.

While it would be expected that the non-financial success criteria of human capital and innovation directly contribute to a competitive advantage, as described in the resource-based view, this does not influence the competitive position. This could be because the question in the survey regarding the competitive position does not encompass the whole concept of competitive advantage and, therefore, does not measure it well.

5.4 Limitations

While contributing valuable insights into the relationship between CSR engagement and startup success, the study has limitations. These limitations prompt a careful examination of the study's robustness and point towards avenues for refining future research to enhance the reliability and generalisability of the results.

One notable limitation is the gap between the sampled startups and the broader population. The sample distribution, in terms of industry and size, may not perfectly reflect the diversity of the startup landscape. In the population, the sectors Health (12%), Fintech (8.5%) and Marketing (7.8%) have the most substantial representation, as described in section 3.2. In the sample, the largest industry is IT, Software and

Technology (27.8%). This is followed by Industry and Services (19.4%) and Healthcare and Wellness (19.4%). Therefore, the sample does not directly reflect the population regarding industry representation. This raises concerns about the generalizability of the findings. Also, a high percentage of social enterprises were present in the sample (38.9%). However, the results show that the presence of social enterprises in the sample did not influence the results. When social enterprises were excluded from the sample, the findings remained consistent. However, standardised definitions and criteria of social enterprises would enhance the accuracy and reliability of future assessments, facilitating a more nuanced evaluation of the social enterprise landscape and increasing the subject's ability to be researched.

Another important limitation to consider is survival bias. Focusing exclusively on still operational startups, the study may inadvertently skew the findings towards seemingly successful ventures. Despite recognising this risk, fully mitigating survival bias proved challenging due to time constraints and limitations in data collection. As a result, the exact relationship between CSR and success cannot be explored. It remains unclear whether CSR engagement can lead to greater success or whether successful companies will engage more in CSR.

The results' reliability may potentially be affected by self-assessment bias. The dependence on self-reported data raises the likelihood that entrepreneurs provide a more positive image of their CSR activities. Future research could employ a triangulation approach, incorporating diverse data sources such as interviews, observations, and external records. This methodological diversification enhances the robustness of the findings by offering a more holistic and objective view of CSR practices within the examined startups.

This study acknowledges the presence of diverse sustainability frameworks, with CSR chosen as the primary lens. Recognising that alternative frameworks, such as Environmental, Social, and Governance (ESG), exist, the selection of CSR implies a specific focus on social responsibility. The decision to concentrate on CSR is contextual, and the outcomes could differ by adopting another framework. For instance, ESG, with its different scope, might provide a different insight into environmental impact, governance structures, and industry comparisons. The choice of framework not only influences research outcomes but also affects the applicability of findings to various organisational contexts and stakeholder expectations.

5.5 Future Research

To strengthen the external validity of findings, researchers should prioritise a more diverse and representative sample in future studies. Deliberate efforts in sample selection, ensuring representation across various industries, sizes, and geographical locations, will enhance the applicability of results to the broader startup population. Additionally, a potential remedy to overcome survival bias involves adopting a longitudinal study design that enables the tracking of startups over time. This approach captures startups' dynamic nature, accounting for successes and challenges.

The lack of significant differences in CSR ratings across industries requires additional research into the mechanisms driving CSR engagement. CSR methods may be growing more widespread and integrated across several sectors. Alternatively, individual industries may have distinct difficulties or possibilities that influence their approach to CSR, necessitating more analysis.

6. Conclusion

This study aimed to find an answer to the question “How is CSR engagement related to success in startups?” and its related sub-questions. To this end, a mixed methods study measured and correlated CSR engagement and success in startups.

In conclusion, the motivations driving startups to engage CSR are twofold, as uncovered through in-depth interviews and verified by existing literature. Some startups are motivated by strategic benefits, recognising the potential advantages that such activities can provide. Alternatively, another set of entrepreneurs is motivated by moral ideals, demonstrating a genuine desire to contribute to constructive society change and support ethical business practises. The coexistence of these diverse motivations underscores the nuanced landscape of CSR engagement. It highlights how startups, driven by a spectrum of considerations, leverage CSR not only for business success but also for the contribution of meaningful social and environmental goals. The survey data indicates that self-proclaimed Social Enterprises tend to score slightly higher in CSR when compared to regular enterprises. Additionally, no significant differences in CSR engagement was observed across different industries.

The idea of success in startups remains unclear, with no commonly recognised definition. The conversation about success goes beyond standard financial metrics, with a strong emphasis on non-financial components, as shown in the priorities of social enterprises. This underscores the diverse criteria that contribute to the overall success of startups, including social impact, stakeholder satisfaction, and sustainability practices.

Examining the relationship between CSR and success within startups offers valuable insights into the interconnected dynamics of these variables. The breakdown of success into financial and non-financial indicators revealed their correlations with CSR engagement. Notably, financial success correlates weaker with CSR, suggesting a less noticeable relationship compared to non-financial success. Also, financial success lacks statistical significance, indicating an absence of significant influence of CSR engagement. In contrast, non-financial success is significantly associated with CSR, indicating a positive connection. A linear regression model indicates that non-financial success is statistically significant, suggesting that CSR engagement substantially impacts it. Especially human capital and innovation show a positive correlation with CSR engagement. Even though this does not immediately translates into financial gains it could give a startup a competitive advantages according to the Resource-Based-View. However, the exact nature of

the relationship between CSR and success in startups remains elusive since this study does not take into account the cause-and-effect relationship between the two variables.

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8. Appendix

A. Interview guide

Introduction and Background Information

- Begin the interview by introducing myself and explaining the purpose of the interview.
- Assure participants of confidentiality and explain that their responses will be used solely for academic research purposes.

Success in startups

- How do you define success for your startup?
 - Has this changed over the years?
 - If so, could you provide an example of how your definition of success evolved?
 - Are there different perspectives on what success is within your startup?
 - If so, how do you align them?
- How do you measure this success?
 - Are there certain KPIs in place?
 - If so, can you elaborate on which specific KPIs you find most valuable and why?
 - How often are these measurements reviewed, and what actions are taken based on the results?
- What are the main contributors to the success you have had so far?
 - Can you share a pivotal moment or decision that significantly impacted the company's success?
- *What were the most significant challenges the company faced so far, and how were they overcome?*
 - *What factors led to this pivotal moment or decision?*
 - *How did this pivotal moment or decision set a new course for the company's trajectory?*

CSR in startups

- What motivated you / your startup to engage in CSR activities?
 - Was this a conscious decision?
 - If so, can you describe the process of developing and implementing CSR initiatives within your startup?

- Can you share specific factors or events that led to this conscious decision?
- Were there any external influences or stakeholders that encouraged your startup to embrace CSR?
- What are the mission and goals of your startups and how do you believe CSR aligns with those?
 - Could you provide examples of how CSR activities directly support or complement your mission and goals?
 - Have you seen a direct correlation between CSR initiatives and the achievement of your startup's mission?
- In the survey, you mentioned the most important CSR areas for your startup. Why have you selected those?
- Are you experiencing any constraints when implementing CSR practices?
 - How do you balance the commitment to CSR with financial constraints and resource allocation?
 - Can you describe the approaches your startup has taken to overcome financial constraints while maintaining CSR commitments?
- Are you actively measuring the impact you are having?
 - Could you provide examples of the key performance indicators (KPIs) or metrics your startup uses to assess the impact of its CSR activities?

Relation between CSR practices and the success of startups

- What positive impacts or changes, financially or not financially, have you observed as a result of your CSR efforts?
 - Do you believe that CSR practices have contributed to the differentiation of your startup in the market or improved its reputation?
 - Which CSR efforts have contributed the most to your organisation?
- What effects have the CSR efforts had on the success criteria you mentioned earlier?
- How do you envision the role of CSR evolving within your startup in the coming years?
- In your opinion, what is the future of CSR for startups?

B. Survey Questions

Topic: About the organisation

In this study, we want to learn about the relationship between CSR engagement and success in startups. Additionally, we are researching motivations behind the engagement in CSR and how startups define success. Participation in this interview is voluntary and you can quit the interview at any time without giving a reason and without penalty. Your answers to the questions will be shared with the research team. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act). Please respond to the questions honestly and feel free to say or write anything you like. Everything you say or write will be confidential, and anonymised.

I confirm that:

- I am satisfied with the received information about the research;
- I have no further questions about the research at this moment;
- I had the opportunity to think carefully about participating in the study;
- I will give an honest answer to the questions asked.

I agree that:

- the data to be collected will be obtained and stored for scientific purposes;
- the collected, completely anonymous, research data can be shared and re-used by scientists to answer other research questions;

I understand that:

- I have the right to see the research report afterwards.

Do you agree to participate?

- Yes
- No

What is your position within your organisation?

- Founder / C-Level
- Manager
- Employee

What is the name of your organisation?

[INSERT NAME]

In which sector is your organisation active?

[INSERT SECTOR]

How many Full Time Equivalent (FTE) are working at your organisation?

- Between 0 and 5
- Between 5 and 10
- Between 10 and 20
- Between 20 and 50
- More than 50

When was your organisation founded?

- 2023
- 2022
- 2021
- 2020
- 2019
- 2018
- 2017
- Before 2017

How would you classify the stage your organisation is in?

- Seed
- Early growth
- Late growth

Would you classify your organisation as a Social Enterprise?

A Social Enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders.

- Yes
- No

This study researches Corporate Social Responsibility (CSR) engagement in startups.

CSR is defined using the ISO 26000 standard. The standard recognizes seven core subjects that organizations should address to fulfil their social responsibility: organizational governance, human rights, labour practices, the environment, fair operating practices, consumer issues, and community involvement and development. These subjects encompass a wide range of considerations, guiding organizations to assess and address their impact on society and the environment while fostering responsible business conduct.

Select which CSR topic is / are most important to your organisation

- Organisational governance: Organisational governance is the process through which an organisation makes and implements decisions to achieve its goals.
- Human rights: Human rights are fundamental rights to which all people are entitled. Including political, civil, economic, social, and cultural rights.
- Labour practices: Rules and practices about work conducted within, by, or on behalf of the organisation, including subcontracted work.
- Environment: Organisations should use an integrated strategy to consider the economic, social, health, and environmental impacts of their actions and operations.
- Fair operating practices: Fair operational practices are ethical behaviour in organisations' interactions with other organisations, including government agencies, partners, suppliers, contractors, consumers, rivals, and associations.
- Consumer issues: Addressing customer issues such as fair marketing, health and safety protection, sustainable consumption, dispute resolution, data and privacy protection, access to essential products and services, and education.
- Community involvement and development: Businesses should engage with their communities to benefit community development and strengthen civil society, reflecting democratic and civic principles.

Topic: Corporate Social Responsibility

Please rate your agreement with the following statements using a Likert scale, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree".

Core Subject: Organisational Governance

1. Our startup has clear and transparent governance structures and processes.
2. Our startup promotes ethical behaviour and integrity within the organisation.
3. Our startup encourages accountability and responsibility among its employees.
4. Our startup has clear policies and procedures in place for CSR practices.
5. There is a designated team or individual responsible for overseeing CSR initiatives.

Core Subject: Human Rights

6. Our startup is committed to respecting and upholding human rights.
7. Our startup conducts due diligence to identify and address human rights risks.
8. Our startup takes steps to avoid complicity in human rights abuses.
9. Our startup has effective mechanisms for resolving grievances related to human rights.
10. Our startup promotes equal treatment and non-discrimination of all individuals.
11. Our startup supports the protection of civil and political rights.
12. Our startup supports the promotion and respect of economic, social, and cultural rights.
13. Our startup strives for diversity among employees and workers

Core Subject: Labour Practices

14. Our startup maintains fair and equitable employment practices.
15. Our startup provides appropriate working conditions and social protection for employees.
16. Our startup encourages open dialogue and engagement with employees.
17. Our startup prioritizes the health and safety of its employees.
18. Our startup invests in the human development and training of its workforce.
19. Our startup provides clear and fair contracts with subcontractors, suppliers and partners

Core Subject: The Environment

20. Our startup takes measures to prevent pollution and reduce environmental impact.
21. Our startup promotes sustainable resource use and minimizes waste.
22. Our startup actively addresses climate change through mitigation and adaptation strategies.
23. Our startup values the protection of the environment, biodiversity, and restoration of natural habitats.
24. Our startup takes active measures to limit the amount of electricity it uses
25. Our startup knows the impact it has on the environment

Core Subject: Fair Operating Practices

26. Our startup has strong anti-corruption policies and practices.
27. Our startup engages in responsible political involvement and advocacy.
28. Our startup promotes fair competition in the market.
29. Our startup encourages social responsibility throughout its value chain.
30. Our startup respects and protects (intellectual) property rights.

Core Subject: Consumer Issues

31. Our startup ensures fair marketing practices and provides accurate information to consumers.
32. Our startup prioritizes the health and safety of consumers.
33. Our startup promotes sustainable consumption patterns.
34. Our startup provides effective consumer service, support, and complaint resolution.
35. Our startup actively works towards consumer data protection and privacy.
36. Our startup provides clear, honest and complete information about products, services and its impacts.

Core Subject: Community Involvement and Development

37. Our startup contributes to education and cultural initiatives.
38. Our startup creates employment opportunities and fosters skills development.

- 39. Our startup promotes technology development and access for all.
- 40. Our startup strives to create wealth and income opportunities for society.
- 41. Our startup makes social investments to address social and environmental challenges.

Topic: Financial Measures

42. Please indicate the percentage of profitability growth your startup has experienced over the past year.

Less than -15% growth or more

-1% to -15% growth

0% growth (neutral point)

1% to 15% growth

Greater than 15% growth or more

43. Please indicate the percentage of revenue growth your startup has experienced over the past year.

Less than -15% growth or more

-1% to -15% growth

0% growth (neutral point)

1% to 15% growth

Greater than 15% growth or more

How would you describe the cash flow situation in your startup?

Negative cash flow

Negative cash flow, but limited

Break-even

Positive cash flow, but limited

Positive cash flow

44. Have you achieved a satisfactory return on investment (ROI) for your startup?

Far below average

Somewhat below average

Average

Somewhat above average

Far above average

45. How much funding have you secured for your startup in total?

No external funding

Up to €100,000

€100,000 to €500,000

€500,000 to €1 million

More than €1 million

Topic: Non-Financial Measures

46. How would you assess your competitive position in the market?

Lagging behind competitors

On par with competitors

Slightly ahead of competitors

Significantly ahead of competitors

Market leader in our industry

47. How would you describe the perceived growth in market share for your startup?

Significant declining market share

Declining market share

Stable market share

Growing market share

Significant growth in market share

48. How would you rate the importance of human capital (skills, knowledge, and expertise) in your startup's success?

Not important

Somewhat important

Moderately important

Very important

Critically important

49. In the past year, has your startup invested in employee training and development programs?

None at all

A little

A moderate amount

A lot

A great deal

50. How would you rate the average job satisfaction of your employees?

Unsatisfied

Somewhat unsatisfied

Neutral

Somewhat satisfied

Satisfied

51. How would you assess the level of innovation within your startup?

Not innovative

Some level of innovation

Moderately innovative

Highly innovative

Extremely innovative

52. To what extent does your startup prioritize innovation in its operations?

Low Priority

Low-Moderate Priority

Moderate Priority

High-Moderate Priority

High Priority

53. Have any recent innovative initiatives or product developments positively impacted your startup's growth or market position?

Definitely not

Probably not

Might or might not

Probably yes

Definitely yes

54. How would you rate your startup's capability to adapt to technological changes and market trends?

Extremely bad

Somewhat bad

Neither good nor bad

Somewhat good

Extremely good

Follow up interview

Would you be willing to participate in a follow-up interview? This interview would take approximately 30-45 minutes and can be done online or in person.

No

Yes

C. Core Subjects and Issues ISO

Core subject: Organisational governance

Core subject: Human rights

- Issue 1: Due diligence
- Issue 2: Human rights risk situations
- Issue 3: Avoidance of complicity
- Issue 4: Resolving grievances
- Issue 5: Discrimination and vulnerable groups
- Issue 6: Civil and political rights
- Issue 7: Economic, social and cultural rights
- Issue 8: Fundamental principles and rights at work

Core subject: Labour practices

- Issue 1: Employment and employment relationships
- Issue 2: Conditions of work and social protection
- Issue 3: Social dialogue
- Issue 4: Health and safety at work
- Issue 5: Human development and training in the workplace

Core subject: The Environment

- Issue 1: Prevention of pollution
- Issue 2: Sustainable resource use
- Issue 3: Climate change mitigation and adaptation
- Issue 4: Protection of the Environment, biodiversity and restoration of natural habitats

Core subject: Fair operating practices

- Issue 1: Anti-corruption
- Issue 2: Responsible political involvement
- Issue 3: Fair competition
- Issue 4: Promoting social responsibility in the value chain
- Issue 5: Respect for property rights

Core subject: Consumer issues

- Issue 1: Fair marketing, factual and unbiased information and fair contractual practices
- Issue 2: Protecting consumers' health and safety
- Issue 3: Sustainable consumption
- Issue 4: Consumer service, support, and complaint and dispute resolution
- Issue 5: Consumer data protection and privacy
- Issue 6: Access to essential services
- Issue 7: Education and awareness

Core subject: Community involvement and development

- Issue 1: Community involvement
- Issue 2: Education and culture
- Issue 3: Employment creation and skills development
- Issue 4: Technology development and access
- Issue 5: Wealth and income creation
- Issue 6: Health
- Issue 7: Social investment

D. Informed Consent Interviews

In this study we want to learn about Corporate Social Responsibility (CSR) engagement and success in startups. Participation in this interview is voluntary and you can quit the interview at any time without giving a reason and without penalty. Your answers to the questions will be shared with the research team. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act). Please respond to the questions honestly and feel free to say or write anything you like.

Everything you say or write will be confidential, and anonymous. This means that we do not ask for your name, and no one will know which respondent said what.

I confirm that:

- I am satisfied with the received information about the research;
- I have no further questions about the research at this moment;
- I had the opportunity to think carefully about participating in the study;
- I will give an honest answer to the questions asked.

I agree that:

- the data to be collected will be obtained and stored for scientific purposes;
- the collected, completely anonymous, research data can be shared and re-used by scientists to answer other research questions;

I understand that:

- I have the right to see the research report afterwards.

Do you agree to participate? Yes No

Introduction

You are invited to take part in this study on CSR and success in startups. The purpose of the study is to learn about what success exactly is in the context of a startup and how CSR can contribute to this. The study is conducted by Mattijs van der Laan who is a student in the Msc programme Sustainable Business and Innovation at the Department of Sustainable Development, Utrecht University. The study is supervised by Sanne Akerboom.

Participation

Your participation in this interview is completely voluntary. You can quit at any time without providing any reason and without any penalty. Your contribution to the study is very valuable to us and we greatly appreciate your time taken to complete this interview. We estimate that it will take approximately 40 minutes to complete the interview. The questions will be read out to you by the interviewer. Some of the questions require little time to complete, while other questions might need more careful consideration. Please feel free to skip questions you do not feel comfortable

answering. You can also ask the interviewer to clarify or explain questions you find unclear before providing an answer. Your answers will be noted by the interviewer in an answer template. The data you provide will be used for writing a Master thesis report and may be used for other scientific purposes such as a publication in a scientific journal or presentation at academic conferences. Only patterns in the data will be reported through these outlets. Your individual responses will not be presented or published.

Data protection

The interview is also audio taped for transcription purposes. The audio recordings will be available to the Master student and academic supervisors. We will process your data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act).

Audio recordings will be deleted when data collection is finalized and all interviews have been transcribed.

Everything you say in this interview will be confidential and completely anonymous. This means that we will not ask for your name, date of birth, or other personal information that can be traced to you by us or a third party. We will process your data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act)]

E. Informed Consent Survey

In this study, we want to learn about the relationship between CSR engagement and success in startups. Participation in this survey is voluntary and you can quit the survey at any time without giving a reason and without penalty. Your answers to the questions will be shared with the research team. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act). Please respond to the questions honestly and feel free to say or write anything you like.

Everything you say or write will be confidential, and anonymised. Any personal information will strictly be used as contact information for a potential follow-up interview.

I confirm that:

- I am satisfied with the received information about the research;
- I have no further questions about the research at this moment;
- I had the opportunity to think carefully about participating in the study;
- I will give an honest answer to the questions asked.

I agree that:

- the data to be collected will be obtained and stored for scientific purposes;
- the collected, completely anonymous, research data can be shared and re-used by scientists to answer other research questions;

I understand that:

- I have the right to withdraw my consent to use the data as long as they can be identified;
- I have the right to see the research report afterwards.

Do you agree to participate? Yes No