

Dual mission of startups: defining and situating the concept

Monika Sady 
Cracow University of Economics

Piotr Buła 
Cracow University of Economics

Introduction

The dynamic development of new technologies and the emphasis on increasing innovation in the recent years are triggered by a growing interest of consumers and enterprises and lead to the increase of innovative entrepreneurship. Special attention is paid to young entities, testing their business models, known as startups.

On the other hand, over the last two decades, social entrepreneurship has been a field of study for scientists from a variety of disciplines, including non-profit, ethics, corporate social responsibility, entrepreneurship and strategy, among others¹, resulting in a rich set of publications written from various perspectives. Social business studies focus on combining business methods and positive social change goals and use entrepreneurial dynamics to create social value through social innovation.

It must be noted, that social entrepreneurship is a concept defined in many different ways by different scholars². The first approach representatives identify social entrepreneurship as not-for-profit initiatives in search of alternative funding strategies, or management schemes to create social value³. The second approach defines social entrepreneurship as a socially responsible practice of commercial businesses

-
- 1 J.C. Short, T.W. Moss, G.T. Lumpkin, *Research in Social Entrepreneurship: Past Contributions and Future Opportunities*, "Strategic Entrepreneurship Journal" 2009, vol. 3(2), pp. 161–194.
 - 2 J.G. Dees, J. Elias, *The challenges of combining social and commercial enterprise*, "Business Ethics Quarterly" 1998, vol. 8(1), pp. 165–178.
 - 3 J. Austin, H. Stevenson, J. Wei-Skillern, *Social and commercial entrepreneurship: Same, different, or both?*, "Entrepreneurship: Theory & Practice" 2006, vol. 30, no. 1, pp. 1–22.

engaged in cross sector partnerships⁴, while the third group of researchers refers to social entrepreneurship as a means to alleviate social problems and catalyze social transformation⁵.

The growing interest in social motives of entrepreneurship on a global scale has been caused by economic, social and political changes over the past decades. Two types of changes affect the entrepreneurial approach: problems that call for innovative approaches, and developments which aim at problem solving⁶. Those two types of developments enhance the growth of interest in social startups, while the awareness of constantly growing wealth distribution inequality and growing ecological awareness and urgency to make changes are two important drivers of social startups. Alternative ways of dealing with social, economic, and environmental problems are the source of innovations created by social startups.

Therefore, it is interesting what is the potential of social enterprises to solve social changes using effective and innovative business tools. Especially startups, testing their business models, are a new field of study for exploiting opportunities of value creation by meeting social needs, stimulating social change, or creating new socially aware organizations. Authors find this problem to be a research gap and want to contribute to its understanding.

This paper studies existing definitions in pursuit of conceptual clarity. Its aim is to use the existing definitions of social entrepreneurship and corporate social responsibility and through them explain what is understood as a dual-mission startup or a startup with social mission. Based on a critical analysis of the literature, the authors want to solve a theoretical ambiguity. The presented paper will enable scholars in the field to better understand the concept and articulate knowledge and ideas.

Social entrepreneurship as shared value creation

A large area of study grouped under the name “social entrepreneurship” is defined as an activity or organization with social values and aims employing business concepts and tools in some form⁷. Social Entrepreneurship, which started as a niche concept three decades ago, has nowadays become a blueprint for corporate

4 J. Mair, I. Marti, *Social entrepreneurship research: a source of explanation, prediction, and delight*, “Journal of World Business” 2006, no. 41, pp. 36–44.

5 S.H. Alvord, L.D. Brown, C.W. Letts, *Social entrepreneurship and societal transformation an exploratory study*, “The Journal of Applied Behavioral Science” 2004, vol. 40(3), pp. 260–282.

6 A. Nicholls (ed.), *Social entrepreneurship: New models of sustainable social change*, Oxford University Press, Oxford 2006.

7 A. Grove, G.A. Berg (eds), *Social Business*, Springer-Verlag, Berlin – Heidelberg 2014.

development⁸. It crosses academic disciplines, and challenges traditional assumptions of economic and business development⁹. Social entrepreneurship research has developed also across social sciences in organization studies¹⁰, strategic management¹¹, entrepreneurship¹², business ethics¹³, and anthropology¹⁴.

To clarify the scope of social entrepreneurship, Dees¹⁵ points out key elements of social entrepreneurship as follows: adopting a mission to create and sustain social value, pursuing new opportunities to serve that mission, engaging in a process of continuous innovation, acting boldly without being limited by resources, and exhibiting heightened accountability. At the same time, a considerable part of academic research reached no agreement on the domain, boundaries, forms and meanings of social entrepreneurship¹⁶. Some of the definitions focus on the shared value creation specifically, while others argue that a maximization of social value creation distinguishes between social and traditional entrepreneurship¹⁷. Numerous definitions of social entrepreneurship underline the notion of primacy of social value creation over financial value creation. Haugh¹⁸ stated, that social entrepreneurship is a simultaneous pursuit of economic, social, and environmental goals by enterprising ventures.

- 8 M. Pirson, *Social Entrepreneurship – a blueprint for humane organizations?*, [in:] H. Spitzack et al. (eds), *Humanism in Business: Perspectives on the Development of a Responsible Business Society*, Cambridge University Press, Cambridge 2008, pp. 248–259; M. Porter, M. Kramer, *The Big Idea: Creating Shared Value*, “Harvard Business Review”, January – February 2011, no. 1, pp. 1–17.
- 9 P.A. Dacin, M.T. Dacin, M. Matear, *Social Entrepreneurship: Why We Don’t Need a Theory and How We Move Forward From Here*, “Academy of Management Perspectives” 2008, vol. 24(3), pp. 37–57; R. Dart, *The legitimacy of social enterprise*, “Nonprofit Management and Leadership” 2004, vol. 14(4), pp. 411–424; M.G. Grimes et al., *Studying the origins of social entrepreneurship: compassion and the role of embedded agency*, “Academy of Management Review” 2013, vol. 38, no. 3, pp. 460–463; T. Wry, J.G. York, *An identity-based approach to social enterprise*, “Academy of Management Review” 2017, vol. 42, no. 3, pp. 437–460.
- 10 J. Battilana, M. Lee, *Advancing research on hybrid organizing – Insights from the study of social enterprises*, “The Academy of Management Annals” 2014, vol. 8, no. 1, pp. 397–441.
- 11 S.A. Zahra, *The virtuous cycle of discovery and creation of entrepreneurial opportunities*, “Strategic Entrepreneurship Journal” 2008, vol. 2, no. 3, pp. 243–257.
- 12 J. Austin, H. Stevenson, J. Wei-Skillern, *Social and commercial entrepreneurship...*
- 13 E. Chell, L.J. Spence, F. Perrini, J.D. Harris, *Social entrepreneurship and business ethics: Does social equal ethical*, “Journal of Business Ethics” 2016, vol. 133, no. 4, pp. 619–625.
- 14 S. Smith-Nonini, *Inventing Eco-Cycle*, “Anthropology in Action” 2016, vol. 23, no. 1, pp. 14–21.
- 15 J.G. Dees, *The meaning of “Social Entrepreneurship”*, Draft Paper, 2001, https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/03/Article_Deess_MeaningofSocialEntrepreneurship_2001.pdf (accessed: 3.10.2020).
- 16 P.A. Dacin, M.T. Dacin, M. Matear, *Social Entrepreneurship...*; J. Mair, I. Marti, *Social entrepreneurship research...*
- 17 P.A. Dacin, M.T. Dacin, M. Matear, *Social Entrepreneurship...*
- 18 H. Haugh, *New strategies for a sustainable society: The growing contribution of social entrepreneurship*, “Business Ethics Quarterly” 2007, vol. 17(4), pp. 743–749.

Some researchers as Thompson and Doherty¹⁹ go even further, arguing that social entrepreneurship is a social value creation concept only and its organizational forms should exist in the non-profit domain, because any shared value creation ambition would compromise the legitimacy of the promoted social cause. On the other hand, Boschee and McClurg²⁰ claim that the difference between a social and a traditional enterprise is specifically identified in the primacy of social performance measures.

The concept of social entrepreneurship is also raised by Porter and Kramer²¹, who suggest that the purpose of the corporation needs to be redefined. They postulate that corporations should pursue shared value creation rather than pursuing solely financial value. They argue that managers should perceive their organization as an entity which is socially embedded and therefore to remain competitive and secure organizational longevity, they should actively pursue potential for value creation for all stakeholders. They believe that economic value can only be created in a sustainable way and with full engagement of stakeholders. Therefore, they are often discovering shared value opportunities much faster than established corporations, because they are not limited by the traditional business thinking²². Social entrepreneurs also try to create shared value by pursuing dual objectives²³.

Those dual identities, entrepreneurial and social, represented by social enterprises complement Albert and Whetten's²⁴ statement about company's utilitarian and normative identities²⁵. The first ones are a manifest of economic identity (rationality, revenue maximization, cost minimalisation), addressing customer service, staff expertise, product/service quality, and industry and market factors²⁶. On the other hand, a normative identity is found in companies using ideologies to create and

19 J. Thompson, B. Doherty, *The diverse world of social enterprise: A collection of social enterprise stories*, "International Journal of Social Economics" 2006, vol. 33(5/6), pp. 399–410.

20 J. Boschee, J. McClurg, *Toward a better understanding of social entrepreneurship: Some important distinctions*, SE-Alliance White Paper 2003.

21 M. Porter, M. Kramer, *The Big Idea*....

22 J. Elkington, P. Hartigan, *The power of unreasonable people: how social entrepreneurs create markets that change the world*, Harvard Business School Press, Boston 2008.

23 S.K. Alter, *Social Enterprise models and their mission and money relationships*, [in:] A. Nicholls (ed.), *Social Entrepreneurship – new models for sustainable social change*, Oxford University Press, Oxford 2006, pp. 205–232; M. Pirson, *Social Entrepreneurship*...; K. Rangan et al., *Business Solutions for the Global Poor: Creating Social and Economic Value*, John Wiley & Sons, Hoboken 2007.

24 S. Albert, D. Whetten, *Organizational identity*, "Research in Organizational Behavior" 1985, vol. 7, pp. 263–295.

25 T.W. Moss et al., *Dual Identities in Social Ventures: As Explanatory Study. Entrepreneurship Theory and Practice*, Baylor University, Waco 2010, pp. 1042–2587.

26 P. Foreman, D.A. Whetten, *Members' identification with multiple-identity organizations*, "Organization Science" 2002, no. 13, pp. 618–635.

control organizational patterns, where employees manifest high engagement and commitment²⁷. Company's success is therefore assessed by the degree to which the organization meets the needs of its identity²⁸. Foreman and Whetten²⁹ talk about family and artistic normative identities which encompass social relationships, community involvement, education and training, commitment to the organization's ideals, artistic prowess, aesthetic autonomy, and reputation³⁰.

The characteristics of a social entrepreneur

Most definitions describe social entrepreneurs as entrepreneurs with a social mission³¹. Dees³² was more idealistic when presented a view of social entrepreneurs as change agents in the social sector, which is in contrast with a pragmatic approach that presents social entrepreneurship as the generation of earned income by ventures in the pursuit of social outcomes³³. Though motivations standing behind social entrepreneurs are internal to the entrepreneur, they cannot be easily observed³⁴.

Social entrepreneurs are influenced by a community logic focused on community needs, development, prosperity, trust, cooperation, collaboration and value creation³⁵ as well as a market (or economic) logic associated with efficiency, competition, wealth accumulation, profit maximization, and value capture³⁶. Therefore,

27 S. Albert, D. Whetten, *Organizational...*

28 M.A. Glynn, *When cymbals become symbols: Conflict over organizational identity within a symphony orchestra*, "Organization Science" 2000, no. 11, pp. 285–298.

29 P. Foreman, D.A. Whetten, *Members' identification...*

30 T.W. Moss et al., *Dual Identities...*

31 F.M. Santos, *A positive theory of social entrepreneurship*, "Journal of Business Ethics" 2012, vol. 111(3), pp. 335–351.

32 G.J. Dees, *The meaning...*

33 F.M. Santos, *A positive theory...*

34 A. Groot, B. Dankbaar, *Does Social Innovation Require Social Entrepreneurship?*, "Technology Innovation Management Review" 2014, vol. 4, no. 12, pp. 17–26.

35 C. Marquis, M. Lounsbury, R. Greenwood, *Introduction: community as an institutional order and a type of organizing*, [in:] C. Marquis, M. Lounsbury, R. Greenwood (eds), *Communities and Organizations*, Emerald Group Publishing Limited, Bingley 2011, pp. ix–xxvii; T. Reay, P. Jaskiewicz, C. Hinings, *How family, business, and community logics shape family firm behavior and "rules of the game" in an organizational field*, "Family Business Review" 2015, vol. 28, pp. 292–311; A.C. Pache, F. Santos, *Inside the hybrid organization: selective coupling as a response to competing institutional logics*, "Academy of Management Journal" 2013, vol. 56, no. 4, pp. 972–1001; E. Garrow, Y. Hasenfeld, *Managing conflicting institutional logics: social service versus market*, [in:] B. Gidron, Y. Hasenfeld (eds), *Social Enterprises: An organizational perspective*, Palgrave/Macmillan, London 2012, pp. 121–143; F. Santos, *A positive theory...*

36 P.H. Thornton, W. Ocasio, M. Lounsbury, *The Institutional Logics Perspective: A New Approach to Culture, Structure and Process*, Oxford University Press, Oxford 2012; E.Y. Zhao,

social entrepreneurs manage existing tension caused by combining community and economic logics, and their activities are aimed at integrating competing logics³⁷.

Not only conflicting logics, but also received feedback differentiate social entrepreneurs from market entrepreneurs and non-profit actors. When market entities base on feedback from the marketplace (i.e., customer feedback), and non-profit organizations are informed by their beneficiaries, social entrepreneurs need to be informed by both – the marketplace and the beneficiaries³⁸. This means that in addition to trying to satisfy their beneficiaries, social entrepreneurs pursue financial viability by selling products or offering services and, therefore, their behaviors must be attuned to the profit and loss signals of the market³⁹. This emphasis on creating positive value through business mechanisms influences their communication processes and interactions with suppliers.

Social entrepreneurs wanting to communicate with their stakeholders, such as beneficiaries, employees, volunteers, and investors⁴⁰, need to create a complex and positive narrative explaining their mission and integrating their business and social meaning⁴¹. This means that their communication process must be concentrated on both financial and social welfare returns on investment⁴².

Corporate Social Responsibility

The trend towards making companies more socially responsible can be broadly observed in the late XX and the XXI century. Numerous researches have attempted to give an overview of the concept of corporate social responsibility⁴³. CSR has

M. Lounsbury, *An institutional logics approach to social entrepreneurship: market logic, religious diversity, and resource acquisition by microfinance organizations*, "Journal of Business Venturing" 2016, vol. 31, no. 6, pp. 643–662.

37 E.Y. Zhao, M. Lounsbury, *An institutional logics approach...*

38 P.T. Roundy, M. Bonnal, *The singularity of social entrepreneurship: Untangling its uniqueness and market function*, "The Journal of Entrepreneurship" 2017, vol. 26, no. 2, pp. 137–162.

39 A.R. Hall, *Mountains of disappointment: The failure of state-led development aid in Appalachia*, "The Journal of Private Enterprise" 2014, vol. 29(2), pp. 83–100.

40 A.K. Achleitner et al., *Unlocking the mystery: An introduction to social investment*, "Innovations: Technology, Governance, Globalization" 2011, vol. 6, no. 3, pp. 145–154.

41 P.T. Roundy, *The stories of social entrepreneurs: Narrative discourse and social venture resource acquisition*, "Journal of Research in Marketing and Entrepreneurship" 2014, vol. 16, no. 2, pp. 200–218.

42 P.T. Roundy, M. Bonnal, *The singularity of social entrepreneurship...*

43 A.B. Carroll, K.M. Shabana, *The business case for corporate social responsibility: A review of concepts, research and practice*, "International Journal of Management Reviews" 2010, vol. 12(1), pp. 85–105; A. Dahlsrud, *How corporate social responsibility is defined: An analysis of 37 definitions*, "Corporate Social Responsibility and Environmental Management" 2008, vol. 15(1), pp. 1–13;

an undeniable positive effect on both society and business, but it depends on the management and shareholders whether the company will get involved in social responsibility and to what extent. Although the primary goal of a company is to maximize profits, the primary mission should be acquiring financial independence by creating value for stakeholders⁴⁴. A true CSR strategy is envisioned to benefit all parties (business and society)⁴⁵, because not the maximization of profit, but profit sharing is the main objective of business⁴⁶.

CSR researchers debate whether corporate social responsibility strategy can be perceived in the same way as any other company strategy, but they agree that CSR is a higher level of a business strategy based on win-win cooperation with its environment. Social responsibility is associated to mission and competences of a company, but at the same time it can attract profit and value for investors⁴⁷, and create a balance between profitability and morality⁴⁸. CSR also enables to improve competitiveness through building strong relationship between companies and their stakeholders⁴⁹. In general, CSR is understood as building a strong connection between business decisions and ethical values, legal requirements, respecting stakeholders and protecting natural environment⁵⁰.

T.M. Devinney, *Is the Socially Responsible Corporation a Myth? The Good, the Bad, and the Ugly of Corporate Social Responsibility*, "Academy of Management Perspectives" 2009, vol. 23(2), pp. 44–56; I. Freeman, A. Hasnaoui, *The Meaning of Corporate Social Responsibility: The Vision of Four Nations*, "Journal of Business Ethics" 2011, vol. 100(3), pp. 419–443; K. Jefe, *An Overview of Corporate Social Responsibility*, "The International Journal Of Humanities & Social Studies" 2017, vol. 5, pp. 287–296; M.T. Khan et al., *Corporate Social Responsibility (CSR) – Definition, Concepts and Scope (A Review)*, "Universal Journal of Management and Social Sciences" 2012, vol. 2(7), pp. 41–52; D. Silberhorn, R.C. Warren, *Defining Corporate Social Responsibility: A View from Big Companies in Germany and the UK*, "European Business Review" 2007, vol. 19(5), pp. 352–372.

44 A. Grove, G.A. Berg (eds), *Social Business*.

45 K. Jefe, *An Overview...*

46 A. Sharma, R. Kiran, *Corporate Social Responsibility Initiatives of Major Companies of India with Focus on Health*, "Education and Environment. African Journal of Basic & Applied Sciences" 2012, vol. 4(3), pp. 95–105.

47 L. Bakos, *Decision-making and Managerial Behaviour Regarding Corporate Social Responsibility in the Case of Small and Middle-Sized Companies*, "Procedia-Social and Behavioral Sciences" 2014, no. 124, pp. 246–254; R. Kiran, A. Sharma, *Corporate Social Responsibility: A Corporate Strategy for New Business Opportunities*, "Journal of International Business Ethics" 2011, vol. 4(1), pp. 10–17.

48 M. Mozes, Z. Josman, E. Yaniv, *Corporate Social Responsibility Organizational Identification and Motivation*, "Social Responsibility Journal" 2011, vol. 7(2), pp. 310–325.

49 M. Battaglia et al., *Corporate Social Responsibility and Competitiveness within SMEs of the Fashion Industry: Evidence from Italy and France*, "Sustainability" 2014, vol. 6(2), pp. 872–889; A.B. Carroll, K.M. Shabana, *The business case...*

50 P. Buřa, M. Sady, *Think Globally, Act Locally – How International Corporations Adjust Their CSR Strategies to the Local Markets*, [in:] N. Delener, C. Schweikert (eds), *Shaping the next wave*

Even though the concept is concentrated on social performance, its primary motivation remains maximization of profits. Social entrepreneurship is therefore a higher level of social responsibility, where the social mission is the primary goal.

Dual mission startups

Although numerous academics attempt to describe the phenomenon of startups, there is still no consensus on its definition. Deloitte report *The diagnosis of the ecosystem of startups in Poland*⁵¹ defines startups as “undertakings conducted to manufacture new products or services in highly uncertain conditions, with a history of no more than 10 years”. Blank defined it as “a temporary organization in search of a scalable, repeatable, profitable business model”⁵². Ries understands it as “a human institution designed to create a new product or service under conditions of extreme uncertainty”⁵³. Crowne⁵⁴ sees a startup as a company with limited experience but seeing a market opportunity, operating with insufficient resources, and influenced by stakeholders (investors, customers, competitors). Glinka and Piaseczny⁵⁵ see a startup as a young or newly created firm which is determining and testing its business assumptions. Still, a very important factor differentiating a startup from a conventional company is an ambition to grow⁵⁶.

Startups with dual mission do not fall under the traditional definition of doing business – instead of merely providing financial benefits to stakeholders and implementing socially responsible practices in their operations, they are designed to solve social and ecological problems. The merit good that they aim for, is popularly defined as an activity or object that benefits society (e.g. providing education,

of globalization: using current trends to reconnect with markets and create value, GBATA, Huntington Station 2018, pp. 60–70.

51 Deloitte, *Raport: Diagnoza ekosystemu startupów w Polsce*, 2016, <https://www2.deloitte.com/pl/pl/pages/zarzadzania-procesami-i-strategiczne/articles/innowacje/startup-ankieta2016-2.html> (accessed: 7.10.2020).

52 S. Blank, B. Dorf, *The startup owner's manual: The step-by-step guide for building a great company*, BookBaby, Pescadero 2012.

53 E. Ries, *The lean startup: How today's entrepreneurs use continuous 40 innovation to create radically successful businesses*, Crown Books, New York 2011.

54 M. Crowne, *Why software product startups fail and what to do about it. Evolution of software product development in startup companies*, Engineering Management Conference, vol. 1, IEEE, Cambridge 2002.

55 B. Glinka, J. Piaseczny, *Tworzenie przedsiębiorstwa: szanse, realizacja, rozwój*, Wydawnictwa Uniwersytetu Warszawskiego, Warszawa 2015.

56 K. Rostek, A. Skala, *Differentiating Criteria and Segmentation of Polish Startup Companies*, “Problemy Zarządzania” 2017, vol. 15, no. 1(65), issue 1, pp. 192–208.

drinking water, access to healthcare). Just like in nonprofits, social startups are dissatisfied with *status quo* responses to problems usually encountered personally, whether in the family or in the community⁵⁷, therefore they are motivated to change the *status quo* using market economics⁵⁸. As part of their basic market activity, they contribute to solving the most important local and global challenges, showing a new face of business in the society – increasing value by improving the quality of life of citizens and the quality of the natural environment. In the era of global growing awareness of social and environmental problems, the proposed innovative social solutions of startups are attracting an increasing number of investors.

Rok uses another term to describe those kind of startups. In his report on dual mission Polish startups he refers to them as “positive impact startups” and defines them as “an economic activity, thanks to which – through innovation for sustainable development using technology and increasing the level of reliability and efficiency – people acting with passion in the name of the common good lead to a rapid increase in the value of the company/organization, the quality of people’s life and the environment within their sphere impacts”⁵⁹. This definition is a reflection how the authors of this paper perceive a dual mission startup.

Startups with a social mission imprinted in their DNA strive to achieve social goals. They have a chance to succeed only if their passion and vision are followed by a concrete business strategy and are fully accepted by the employees. The interaction between social mission and business model that will allow their survival and development.

Therefore, a question arises on how to measure the effects of social impact. In this case, product or service indicators, as well as implemented social change (actual contribution to reducing the given social problem) should be measured. Impact assessment can be measured from two perspectives: a direct impact through own activities, and indirect impact (i.e. cooperation with business and non-commercial partners in order to extend their impact). In both cases not only reducing negative impact, but primarily creating positive impact is the core value.

57 A. Guclu, G. Dees, B. Anderson, *The process of social entrepreneurship: Creating opportunities worthy of serious pursuit*, Center for the Advancement of Social Entrepreneurship, Fuqua School of Business, Durham 2002.

58 A. Katre, P. Salipante, *Start-up Social Ventures: Blending Fine-Grained Behaviors From Two Institutions for Entrepreneurial Success*, Baylor University, Waco 2012, p. 972.

59 A. Andrzejewska et al., *Startupy Pozytywnego Wpływu 2019*, Koźmiński Business Hub, Warszawa 2019, p. 17.

Legal forms of dual mission startups – the case of Poland

Both Spear⁶⁰ and Vidal⁶¹ found that social enterprises choose diverse legal forms. Spear found out that the choice of a legal form is not always rational and consulted with professionals, advisers, or support organizations. Vidal found that the legal form of the enterprise is not an indicator of single or multiple stakeholder structure⁶².

Polish startups with social mission often operate globally from the beginning of their existence, which also determines their legal form. Started by innovators who perceive the world as a global market of products and services, these startups benefit from possibilities of a global mindset in terms of both, clients and suppliers. Some of those companies grow and scale fast, rapidly building its market value and through that also social impact, others remain as early startups searching for a business model, and others cease to exist after a few months. They take many different legal forms. The dilemma of the legal form of such startup may evolve around such factors as: available financial means, number of people involved in creation of the company, as well as social and market goals to achieve.

A sole proprietorship is one of the most popular forms of running a business. In Poland it can be created by Internet and there is no need to own initial capital, but at the same time the owner takes full responsibility of the company's assets and liabilities, and is not able to have a partner.

Another possible form is a **civil law partnership**, which is associated with entities such as a limited liability company or limited partnership. The founders are jointly and severally liable (each of the partners in full for the liability) with all their assets. The civil law partnership itself has no legal subjectivity, so all partners must participate when concluding agreements.

Limited liability companies are entities with separate legal subjectivity, therefore to conclude contracts only an authorized representative is necessary. This type of company must be registered in the National Court Register on the basis of a model contract available in electronic form or a contract in the form of a notarial deed. The advantage of this form of business activity is the separation of company assets and limiting the liability of the founders. **An association conducting**

60 R. Spear, *Social entrepreneurship: A different model?*, "International Journal of Social Economics" 2006, vol. 33(5/6), pp. 399–410.

61 I. Vidal, *Social enterprise and social inclusion: Social enterprises in the sphere of work integration*, "International Journal of Public Administration" 2005, vol. 28(9), pp. 807–825.

62 P. Braunerhjelm, U. Stuart Hamilton, *Social Entrepreneurship – a survey of current research*, Swedish Entrepreneurship Forum Working Papers Series, 2012, no. 09, p. 30.

business activity is another possible legal form. It can be founded by a group of at least 7 people. It does not require initial capital, and must be registered in the National Court Register. The generated profit can only be used to achieve the statutory objectives and cannot be divided among its members. They can use public funds by participating in the implementation of public tasks. Associations may also apply for public benefit organization status, which enables them to receive 1% of the tax transferred by taxpayers.

A **foundation** is a legal form established to achieve socially or economically useful goals. It is created by folding statements in the form of a notarial deed or by calling it in a will and has a legal personality since registration in the National Court Register. A foundation is allowed to conduct business activities to achieve its goals. Just like association, after obtaining the status of a benefit organization it can receive 1% tax transferred by taxpayers.

Poland has also introduced recently a new legal form, specifically intended for work integration social enterprises: a **social cooperative**, which is also a legal entity, and its functioning is regulated by the Act on social cooperatives and also must be registered in the National Court Register. The minimum number of founders must be at least three natural persons or two legal entities. A social cooperative conducts its activities based on the personal work of its members and employees, and it can be founded by representatives of any group in need: long-term unemployed, ex-convicts, former alcohol or drug addicts, members of integration center, the disabled and their guardians, jobseeker up to 30 years of age or older than 50, and newly adults leaving a foster family, an orphanage or a care institution. A restriction to profit distribution is that the profit generated by the cooperative can only be used for the purposes strictly described in the legal Act⁶³, including, among others, professional reintegration of cooperative members, social and educational-cultural activities as well as socially useful activities. Its balance surplus cannot be distributed among members of a social cooperative and possible losses must be covered by them up to the amount of their shares, but are not personally responsible for the cooperative's obligations. State budget or local government can support a social cooperative financially (by grants and loans). Social cooperatives are entitled to perform public tasks, similarly to associations and foundations, and to produce goods and services on a not-profit maximizing basis.

Besides the presented traditional legal forms, there are several entities that do not have a legal personality and act as substructures of associations, foundations and other voluntary organizations, e.g. vocational enterprises for the handicapped

63 Ustawa z dnia 27 kwietnia 2006 r. o spółdzielniach socjalnych [Act of 27 April 2006 on social cooperatives] (Dz.U. 2006 Nr 94, poz. 651).

(zakłady aktywności zawodowej, or ZAZ), social integration centers (centra integracji społecznej, or CIS), social integration clubs (kluby integracji społecznej, or KIS), job-seeking clubs (kluby pracy, or KP) and workshops of vocational therapy (warsztaty terapii zajęciowej, or WTZ)⁶⁴.

Regardless of the business models and legal entities they adopt, open innovations are highly important in order to enable cooperation with the environment. At various stages of product and service development, dual mission startups should consult with engaged users as co-creators of value (user-driven innovation). Customers opinion and feedback enables those startups to bring their solutions to the market much more effectively, but dual mission startups also need to learn from their beneficiaries, who should also be engaged in the process as a sort of consultants. This solution, based on the vision of sustainable development, contributes to changing quality and lifestyle of the society, as well as production and consumption patterns.

Conclusions

Business ventures are influenced by a strong corporate social responsibility wave, forcing them to rethink the postulation that doing social good and making a profit are mutually exclusive⁶⁵. Being socially responsible is now required by various stakeholders, and at the same time having a social conscience is also good for business. Academics believe that social ventures incorporate business and charity goals into their operations to create positive social impact for the society⁶⁶. Some researchers argue that combining social and economic missions is beneficial⁶⁷, while others perceive that dual missions detract from each other⁶⁸. Still, creating

64 J. Defourny, M. Nyssens, *Social Enterprise in Europe: Recent Trends and Developments*, "Social Enterprise Journal" 2008, vol. 4, no. 3, pp. 202–228.

65 S.A. Zahra et al., *Globalization of social entrepreneurship opportunities*, "Strategic Entrepreneurship Journal" 2008, vol. 2(2), pp. 117–131.

66 J. Austin, H. Stevenson, J. Wei-Skillern, *Social and commercial entrepreneurship...*; J. Battilana, M. Lee, *Advancing research...*; N. Siebold, F. Günzel-Jensen, S. Müller, *Balancing dual missions for social venture growth: a comparative case study*, "Entrepreneurship & Regional Development" 2018, vol. 31, no. 9–10, pp. 710–734.

67 J. Battilana, S. Dorado, *Building Sustainable Hybrid Organizations: The Case of Commercial Microfinance Organizations*, "Academy of Management Journal" 2010, vol. 53(6), pp. 1419–1440; A.C. Pache, F. Santos, *Inside the hybrid organization...*

68 J. Austin, H. Stevenson, J. Wei-Skillern, *Social and commercial entrepreneurship...*; R. Stevens, N. Moray, J. Bruneel, *The Social and Economic Mission of Social Enterprises: Dimensions, Measurement, Validation, and Relation*, "Entrepreneurship Theory and Practice" 2014, vol. 39(5), pp. 1051–1082; I. Vickers, F. Lyon, *Beyond Green Niches? Growth Strategies*

both social and economic value leads to profit reinvestment in the social mission, which then facilitates large-scale social change⁶⁹.

The presented literature review's goal was to ideate the concept of startups with dual mission and show how they can operate in Poland. This is only a first stage of the study and hopefully it starts a discussion on the significance and understanding of dual mission startups in Poland.

References

- Achleitner A.K., Heinecke A., Noble A., Schöning M., Spiess-Knafl W., *Unlocking the mystery: An introduction to social investment*, "Innovations: Technology, Governance, Globalization" 2011, vol. 6, no. 3, pp. 145–154.
- Albert S., Whetten D., *Organizational identity*, "Research in Organizational Behavior" 1985, vol. 7, pp. 263–295.
- Alter S.K., *Social Enterprise models and their mission and money relationships*, [in:] A. Nicholls (ed.), *Social Entrepreneurship – new models for sustainable social change*, Oxford University Press, Oxford 2006, pp. 205–232.
- Alvord S.H., Brown L.D., Letts C.W., *Social entrepreneurship and societal transformation an exploratory study*, "The Journal of Applied Behavioral Science" 2004, vol. 40(3), pp. 260–282.
- Andrzejewska A., Jachna P., Osytek A., Panek-Owsińska M., Pokora A., Rok B., Wrzostek A., *Start-upy Pozytywnego Wpływu 2019*, Koźmiński Business Hub, Warszawa 2019.
- Austin J., Stevenson H., Wei-Skillern J., *Social and commercial entrepreneurship: same, different, or both*, "Entrepreneurship: Theory & Practice" 2006, vol. 30, no. 1, pp. 1–22.
- Bakos L., *Decision-making and Managerial Behaviour Regarding Corporate Social Responsibility in the Case of Small and Middle-Sized Companies*, "Procedia-Social and Behavioral Sciences" 2014, no. 124, pp. 246–254.
- Battaglia M., Testa F., Bianchi L., Iraldo F., Frey M., *Corporate Social Responsibility and Competitiveness within SMEs of the Fashion Industry: Evidence from Italy and France*, "Sustainability" 2014, vol. 6(2), pp. 872–889.
- Battilana J., Dorado S., *Building Sustainable Hybrid Organizations: The Case of Commercial Micro-finance Organizations*, "Academy of Management Journal" 2010, vol. 53(6), pp. 1419–1440.
- Battilana J., Lee M., *Advancing research on hybrid organizing – Insights from the study of social enterprises*, "The Academy of Management Annals" 2014, vol. 8, no. 1, pp. 397–441.
- Battilana J., Lee M., Walker J., Dorsey C., *In Search of the Hybrid Ideal*, "Stanford Social Innovation Review" 2012, vol. 10(3), pp. 50–55.
- Blank S., Dorf B., *The startup owner's manual: The step-by-step guide for building a great company*, BookBaby, Pescadero 2012.
- Bosch J., McClurg J., *Toward a better understanding of social entrepreneurship: Some important distinctions*, SE-Alliance White Paper 2003.
- Braunerhjelm P., Stuart Hamilton U., *Social Entrepreneurship – a survey of current research*, Swedish Entrepreneurship Forum Working Papers Series, 2012, no. 09.

of Environmentally Motivated Social Enterprises, "International Small Business Journal" 2012, vol. 32(4), pp. 449–470.

69 J. Battilana et al., *In Search of the Hybrid Ideal*, "Stanford Social Innovation Review" 2012, vol. 10(3), pp. 50–55.

- Buła P., Sady M., *Think Globally, Act Locally – How International Corporations Adjust Their CSR Strategies to the Local Markets*, [in:] N. Delener, C. Schweikert (eds), *Shaping the next wave of globalization: using current trends to reconnect with markets and create value*, GBATA, Huntington Station 2018, pp. 60–70.
- Carroll A.B., Shabana K.M., *The business case for corporate social responsibility: A review of concepts, research and practice*, "International Journal of Management Reviews" 2010, vol. 12(1), pp. 85–105.
- Chell E., Spence L.J., Perrini F., Harris J.D., *Social entrepreneurship and business ethics: Does social equal ethical*, "Journal of Business Ethics" 2016, vol. 133, no. 4, pp. 619–625.
- Crowne M., *Why software product startups fail and what to do about it. Evolution of software product development in startup companies*, Engineering Management Conference, vol. 1, IEEE, Cambridge 2002.
- Dacin P.A., Dacin M.T., Matear M., *Social Entrepreneurship: Why We Don't Need a Theory and How We Move Forward From Here*, "Academy of Management Perspectives" 2008, vol. 24(3), pp. 37–57.
- Dahlsrud A., *How corporate social responsibility is defined: An analysis of 37 definitions*, "Corporate Social Responsibility and Environmental Management" 2008, vol. 15(1), pp. 1–13.
- Dart R., *The legitimacy of social enterprise*, "Nonprofit Management and Leadership" 2004, vol. 14(4), pp. 411–424.
- Dees J.G., *The meaning of "Social Entrepreneurship"*, Draft Paper, 2001, https://centers.fuqua.duke.edu/case/wp-content/uploads/sites/7/2015/03/Article_Deess_MeaningofSocialEntrepreneurship_2001.pdf (accessed: 3.10.2020).
- Dees J.G., Elias J., *The challenges of combining social and commercial enterprise*, "Business Ethics Quarterly" 1998, vol. 8(1), pp. 165–178.
- Defourny J., Nyssens M., *Social Enterprise in Europe: Recent Trends and Developments*, "Social Enterprise Journal" 2008, vol. 4, no. 3, pp. 202–228.
- Deloitte, *Raport: Diagnoza ekosystemu startupów w Polsce*, 2016, <https://www2.deloitte.com/pl/pl/pages/zarzadzania-procesami-i-strategiczne/articles/innowacje/startup-ankieta2016-2.html> (accessed: 7.10.2020).
- Devinney T.M., *Is the Socially Responsible Corporation a Myth? The Good, the Bad, and the Ugly of Corporate Social Responsibility*, "Academy of Management Perspectives" 2009, vol. 23(2), pp. 44–56.
- Elkington J., Hartigan P., *The power of unreasonable people: how social entrepreneurs create markets that change the world*, Harvard Business School Press, Boston 2008.
- Foreman P., Whetten D.A., *Members' identification with multiple-identity organizations*, "Organization Science" 2002, no. 13, pp. 618–635.
- Freeman I., Hasnaoui A., *The Meaning of Corporate Social Responsibility: The Vision of Four Nations*, "Journal of Business Ethics" 2011, vol. 100(3), pp. 419–443.
- Garrow E., Hasenfeld Y., *Managing conflicting institutional logics: social service versus market*, [in:] B. Gidron, Y. Hasenfeld (eds), *Social Enterprises: An organizational perspective*, Palgrave/Macmillan, London 2012, pp. 121–143.
- Glinka B., Pasieczny J., *Tworzenie przedsiębiorstwa: szanse, realizacja, rozwój*, Wydawnictwa Uniwersytetu Warszawskiego, Warszawa 2015.
- Glynn M.A., *When cymbals become symbols: Conflict over organizational identity within a symphony orchestra*, "Organization Science" 2000, no. 11, pp. 285–298.
- Grimes M.G., McMullen J.S., Vogus T.J., Miller T.L., *Studying the origins of social entrepreneurship: compassion and the role of embedded agency*, "Academy of Management Review" 2013, vol. 38, no. 3, pp. 460–463.

- Groot A., Dankbaar B., *Does Social Innovation Require Social Entrepreneurship?*, "Technology Innovation Management Review" 2014, vol. 4, no. 12, pp. 17–26.
- Grove A., Berg G.A. (eds), *Social Business*, Springer-Verlag, Berlin – Heidelberg 2014.
- Guclu A., Dees G., Anderson B., *The process of social entrepreneurship: Creating opportunities worthy of serious pursuit*, Center for the Advancement of Social Entrepreneurship, Fuqua School of Business, Durham 2002.
- Hall A.R., *Mountains of disappointment: The failure of state-led development aid in Appalachia*, "The Journal of Private Enterprise" 2014, vol. 29(2), pp. 83–100.
- Haugh H., *New strategies for a sustainable society: The growing contribution of social entrepreneurship*, "Business Ethics Quarterly" 2007, vol. 17(4), pp. 743–749.
- Jefe K., *An Overview of Corporate Social Responsibility*, "The International Journal of Humanities & Social Studies" 2017, vol. 5, pp. 287–296.
- Katre A., Salipante P., *Start-up Social Ventures: Blending Fine-Grained Behaviors From Two Institutions for Entrepreneurial Success*, Baylor University, Waco 2012, pp. 967–994.
- Khan M.T., Khan N.A., Ahmed S., Ali M., *Corporate Social Responsibility (CSR) – Definition, Concepts and Scope (A Review)*, "Universal Journal of Management and Social Sciences" 2012, vol. 2(7), pp. 41–52.
- Kiran R., Sharma A., *Corporate Social Responsibility: A Corporate Strategy for New Business Opportunities*, "Journal of International Business Ethics" 2011, vol. 4(1), pp. 10–17.
- Mair J., Marti I., *Social entrepreneurship research: a source of explanation, prediction, and delight*, "Journal of World Business" 2006, no. 41, pp. 36–44.
- Marquis C., Lounsbury M., Greenwood R., *Introduction: community as an institutional order and a type of organizing*, [in:] C. Marquis, M. Lounsbury, R. Greenwood (eds), *Communities and Organizations*, Emerald Group Publishing Limited, Bingley 2011, pp. ix–xxvii.
- Moss T.W., Short J.C., Payne G.T., Lumpkin G.T., *Dual Identities in Social Ventures: As Explanatory Study. Entrepreneurship Theory and Practice*, Baylor University, Waco 2010.
- Mozes M., Josman Z., Yaniv E., *Corporate Social Responsibility Organizational Identification and Motivation*, "Social Responsibility Journal" 2011, vol. 7(2), pp. 310–325.
- Nicholls A. (ed.), *Social entrepreneurship: New models of sustainable social change*, Oxford University Press, Oxford 2006.
- Pache A.C., Santos F., *Inside the hybrid organization: selective coupling as a response to competing institutional logics*, "Academy of Management Journal" 2013, vol. 56, no. 4, pp. 972–1001.
- Pirson M., *Social Entrepreneurship – a blueprint for humane organizations?*, [in:] H. Spitzack, M. Pirson, W. Amann, S. Khan, E. von Kimakowitz (eds), *Humanism in Business: Perspectives on the Development of a Responsible Business Society*, Cambridge University Press, Cambridge 2008, pp. 248–259.
- Porter M., Kramer M., *The Big Idea: Creating Shared Value*, "Harvard Business Review", January – February 2011, no. 1, pp. 1–17.
- Rangan V.K., Quelch J.A., Herrero G., Barton B., *Business Solutions for the Global Poor: Creating Social and Economic Value*, John Wiley & Sons, Hoboken 2007.
- Reay T., Jaskiewicz P., Hinings C., *How family, business, and community logics shape family firm behavior and "rules of the game" in an organizational field*, "Family Business Review" 2015, vol. 28, pp. 292–311.
- Ries E., *The lean startup: How today's entrepreneurs use continuous 40 innovation to create radically successful businesses*, Crown Books, New York 2011.
- Rostek K., Skala A., *Differentiating Criteria and Segmentation of Polish Startup Companies*, "Problemy Zarządzania" 2017, vol. 15, no. 1(65), issue 1, pp. 192–208.

- Roundy P.T., *The stories of social entrepreneurs: Narrative discourse and social venture resource acquisition*, "Journal of Research in Marketing and Entrepreneurship" 2014, vol. 16, no. 2, pp. 200–218.
- Roundy P.T., Bonnal M., *The singularity of social entrepreneurship: Untangling its uniqueness and market function*, "The Journal of Entrepreneurship" 2017, vol. 26, no. 2, pp. 137–162.
- Santos F.M., *A positive theory of social entrepreneurship*, "Journal of Business Ethics" 2012, vol. 111(3), pp. 335–351.
- Sharma A., Kiran R., *Corporate Social Responsibility Initiatives of Major Companies of India with Focus on Health*, "Education and Environment. African Journal of Basic & Applied Sciences" 2012, vol. 4(3), pp. 95–105.
- Short J.C., Moss T.W., Lumpkin G.T., *Research in Social Entrepreneurship: Past Contributions and Future Opportunities*, "Strategic Entrepreneurship Journal" 2009, vol. 3(2), pp. 161–194.
- Siebold N., Günzel-Jensen F., Müller S., *Balancing dual missions for social venture growth: a comparative case study*, "Entrepreneurship & Regional Development" 2018, vol. 31, no. 9–10, pp. 710–734.
- Silberhorn D., Warren R.C., *Defining Corporate Social Responsibility: A View from Big Companies in Germany and the UK*, "European Business Review" 2007, vol. 19(5), pp. 352–372.
- Smith-Nonini S., *Inventing Eco-Cycle*, "Anthropology in Action" 2016, vol. 23, no. 1, pp. 14–21.
- Spear R., *Social entrepreneurship: A different model?*, "International Journal of Social Economics" 2006, vol. 33(5/6), pp. 399–410.
- Stevens R., Moray N., Bruneel J., *The Social and Economic Mission of Social Enterprises: Dimensions, Measurement, Validation, and Relation*, "Entrepreneurship Theory and Practice" 2014, vol. 39(5), pp. 1051–1082.
- Thompson J., Doherty B., *The diverse world of social enterprise: A collection of social enterprise stories*, "International Journal of Social Economics" 2006, vol. 33(5/6), pp. 399–410.
- Thornton P.H., Ocasio W., Lounsbury M., *The Institutional Logics Perspective: A New Approach to Culture, Structure and Process*, Oxford University Press, Oxford 2012.
- Ustawa z dnia 27 kwietnia 2006 r. o spółdzielniach socjalnych [Act of 27 April 2006 on social co-operatives] (Dz.U. 2006 Nr 94, poz. 651).
- Vickers I., Lyon F., *Beyond Green Niches? Growth Strategies of Environmentally Motivated Social Enterprises*, "International Small Business Journal" 2012, vol. 32(4), pp. 449–470.
- Vidal I., *Social enterprise and social inclusion: Social enterprises in the sphere of work integration*, "International Journal of Public Administration" 2005, vol. 28(9), pp. 807–825.
- Wry T., York J.G., *An identity-based approach to social enterprise*, "Academy of Management Review" 2017, vol. 42, no. 3, pp. 437–460.
- Zahra S.A., *The virtuous cycle of discovery and creation of entrepreneurial opportunities*, "Strategic Entrepreneurship Journal" 2008, vol. 2, no. 3, pp. 243–257.
- Zahra S.A., Rawhouser H.N., Bhawe N., Neubaum D.O., Hayton J.C., *Globalization of social entrepreneurship opportunities*, "Strategic Entrepreneurship Journal" 2008, vol. 2(2), pp. 117–131.
- Zhao E.Y., Lounsbury M., *An institutional logics approach to social entrepreneurship: market logic, religious diversity, and resource acquisition by microfinance organizations*, "Journal of Business Venturing" 2016, vol. 31, no. 6, pp. 643–662.

Abstract

The main business goal of a startup is usually fast development and ultimately generating satisfactory profits. However, there are startups whose main purpose is not only to maximize financial profits, but to have a positive social impact. This noble business idea has many representatives: inspirational startups operating in the field of eco-innovation, social innovation, social change and social entrepreneurship.

This article explores the ideation and practice of the concept of startups with dual mission. Literature review situates the idea within a broader context of socially responsible business practices, social innovation, social entrepreneurship and dual mission. The article is also an attempt to show what legal forms can be used for startups with dual mission in Poland.

Keywords: startups, dual mission, social entrepreneurship, social responsibility