


# Chapter 11

## CSR and SDGs in Early– Stage Entrepreneurship: A Startup Perspective of Sustainability

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### ABSTRACT

*Entrepreneurship conditions the sustainable development of a society by the economic, social, and environmental impact of new ventures. Specifically, startups, due to their high level of innovation and scalability, have an important role in fostering and accelerating the implementation of sustainable practices. An empirical analysis is carried out through data collected in the framework of the GEM project to define the extent in which startups innovation impact SDGs. The results highlight that the most frequently addressed goals belong to the economic sphere (e.g., SDG 8 and SDG 9), while environmental and social aspects are scarcely considered. More than half of the SDGs are addressed by less than 10% of the startups. A change in policies to promote SDGs is needed to foster the implementation of CSR strategies from early entrepreneurial stages, increase startups awareness, and face the lack of attention that some SDGs are receiving from the currently emerging innovation.*

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## **INTRODUCTION**

Entrepreneurship leverages the potential of existing resources by creating new outputs that meet the demands of society (Cuervo et al., 2007). In this area, startups stand out as examples of innovative entrepreneurship, as their business models involve innovation and are characterized by replicability and scalability (Blank, 2010; Skala, 2019). In this sense, through the detection of opportunities and disruptive thinking, startups satisfy needs in a novel way by creating value through products, services and business models (Hsieh & Wu, 2018). This value is not only economic but can also have an impact on social and environmental dimensions. Through Corporate Social Responsibility (CSR), companies in general, and startups in particular, can maximize this social and environmental impact by contributing to the sustainable development of society.

In this sense, startups must be aware of their potential incorporating a systemic thinking into their business models from initial phases, favoring the impact on real and viable sustainable objectives through their innovative proposals. Previous studies show that entrepreneurial initiatives give less weight to CSR compared to established companies and large corporations (e.g., Gartner & Carter, 2003). This is mainly due to the scarcity of initial resources, a short-term vision and the prioritization of economic and financial issues that ensure business survival (Luetkenhorst, 2004). Even so, incorporating sustainability strategies from the outset can be crucial for business success, as it favors the establishment of partnerships and the development of competitive advantages and business reputation in the eyes of investors and other stakeholders (De Lange, 2017; Murillo & Lozano, 2006).

To achieve this goal, a growing number of studies highlight the key role of the Sustainable Development Goals (SDGs). Specifically, ElAlfy et al. (2020) state the importance of considering the SDGs into CSR strategies because of their numerous benefits for the company, its stakeholders and society in general. These goals help startups to understand their potential social and environmental impact, as well as to focus their innovative actions on specific areas. The SDGs are therefore defined as a facilitating tool and a precursor for startups' sustainability. However, a company cannot influence through their activity all of the SDGs, but its consideration must be based on real impact possibilities and environmental needs, which can be grouped in different SDG dimensions. In this sense, the present study highlights the SDG classification "The Wedding Cake", developed by the Stockholm Resilience Centre (2016). It is a grouping that not only differentiates three dimensions (biosphere, society and economy), but also establishes premises on the mainstreaming of these goals. In addition, it emphasizes the relevance of generating partnerships (SDG 17) as a way to maximize the potential economic, social and environmental impact.

Although both CSR and SDGs are fields of research that are currently receiving a great deal of interest, there is little research that focuses on the relationship between these two areas with a view on startups (Retolaza et al., 2009). In this sense, this study fills an important gap by analyzing the impact of startup innovation on the SDGs through one general and two specific objectives. In general terms, the aim is to determine what SDGs does startup innovation impact on, i.e., to analyze which SDGs are most and least related to startups activities, in order to discover whether there are predominant goals and if there are SDGs on which startup innovation has little impact.

The specific research objectives are, firstly, to identify the SDGs addressed by startups according to a framework of needs based on the Wedding Cake Model (Stockholm Resilience Centre, 2016), differentiating the three dimensions: biosphere, society and economy. Secondly, to determine the extent to which startups impact SDG 17 through their business strategy.

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