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Integrating Corporate Social Responsibility to Finnish IT startups – Review and prospects

Master's thesis

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Abstract

Integrating Corporate Social Responsibility to Finnish IT startups – Review and prospects

Corporate social responsibility is a movement that is gaining popularity in modern society and has established itself as an essential part of today's business operations. Startup scene is known of its peculiar features and this thesis focuses on researching how corporate social responsibility is used and viewed amongst these entrepreneurs. This thesis is done in a collaboration with a case company and the aim is to provide answers and guidance to their responsibility operations.

The study was conducted by using qualitative methods. Seven Finnish IT startup representatives took part in semi-structured theme interviews. Collected data was then analysed with inductive approach. The results show that startups were able to recognize different responsibility themes and took it into account differently. Requirements from regulators and law were seen as important and essential for the industry. The concrete responsibility actions by startups were strongly related to the strategic future goals and they usually focused on certain responsibility theme. Possible knowledge gaps regarding theoretical knowledge about corporate social responsibility were found and that it can have an effect on the concrete responsibility actions of startups. In addition, a need for simple responsibility reporting or measuring was hoped to the IT startup industry, as it could increase the comparability and communality inside the industry and potentially encourage startups to be more responsible.

Tiivistelmä

Tomas Parkama

Yritysvastuun integrointi suomalaisiin IT-alan startuppeihin – tilannekatsaus ja tulevaisuudennäkymät

Yritysvastuullisuus on lisännyt suosiotaan yhteiskunnassamme ja siitä on tullut oleellinen osa nykypäivän yritysten toimintaympäristöä. Startupit ovat tunnettuja ominaisista piirteistään ja tämä pro gradu -tutkielma keskittyy tutkimaan, miten yritysvastuullisuutta käytetään ja millaisena se koetaan näiden yrittäjien keskuudessa. Tämä tutkimus on toteutettu yhteistyössä toimeksiantajan kanssa ja tavoitteena on löytää vastauksia ja ratkaisuja heidän yritysvastuullisuuteensa liittyviin toimenpiteisiin.

Tutkimus toteutettiin laadullisin menetelmin. Puolistrukturoiduissa teemahaastatteluissa haastateltiin seitsemää suomalaista it-alan startup-yrittäjää. Kerätty data analysoitiin induktiivisesti. Tutkimuksen tulokset osoittavat, että yritykset kykenivät tunnistamaan vastuullisuuden osa-alueita hyvin ja ottivat sen toiminnassaan huomioon eri tavoin. Regulaattoreiden vaatimuksien koettiin olevan toimialalle merkittäviä ja oleellisia. Vastuullisuuden toimenpiteet olivat voimakkaasti liitännäisiä yritysten tuleviin strategisiin päämääriin ja painottuivat osittain tiettyyn vastuullisuuden osa-alueeseen. Vastuullisuusstandardien teoreettisessa tuntemuksessa havaittiin mahdollisia tietoaukkoja, jotka voivat osaltaan vaikuttaa käytännön vastuullisuuden toteuttamiseen. Lisäksi yksinkertaisen ja koko it-alan startuppeja koskettavan vastuullisuuskehikon integrointiin ja puuttumiseen kiinnitettiin huomiota. Koettiin, että sen luominen lisäisi yhteisöllisyyttä ja alan sisäistä vertailukelpoisuutta sekä mahdollisesti lisäisi vastuullisuutta.

Acknowledgements

I like to think that life is made of journeys. Some of them are short, some of them are longer, and some of them change the course of our lives. My journey in Lappeenranta began on March 7th in 2019. At 12:20am I entered the room 7531 of LUT university. I knew that in that room I was probably going to have the most important interview of my life so far.

Today is June 14th, 2021 and this journey is close to its completion. And what a journey it has been. A lot has happened during these few years. I have learned, I have failed, I have grown but most importantly I have accomplished something highly valuable that will stay with me for the rest of my journeys.

I would like to thank my family, friends, and fellow students. You have provided me immeasurable support. In addition, I would like to thank the staff and lecturers of LUT that made it possible to continue our studies even though the global crisis and uncertainty we faced. Also, thanks to the startup entrepreneurs that took part in the interviews and provided me with valuable insights. Without you this research would not exist.

Special thanks to Laura Olkkonen who initially sparked my interest towards sustainability themes during her lectures and Henri Hakala who held interesting courses and lectures and provided support to MIBE students. The feedback I got from both of you regarding my thesis truly helped me to make it all come together.

Today is the first day of my next journey and the winds seem to be fair.

Lauttasaari
14.6.2021
Tomas Parkama

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List of abbreviations

CSR – Corporate social responsibility

SME – Small and medium-sized enterprises

EC – European Commission

FIBS – Finnish Business & Society

UN – United Nations

EIS – European Innovation Scoreboard

UNCED – United Nations Conference on Environment and Development

MNC – Multinational corporations

SD – Sustainable development

SBSR – Small business social responsibility

NGO – non-governmental organization

SDG – Sustainable development goals of UN

1. Introduction

''This is how Finland could look like in the year 2030. Helsinki is the Europe's leading startup capital. In less than ten years we have created ten new companies which each are as valuable as Supercell, 10 billion euros. Some of these companies are seen as rockets which have the possibility to exceed the value of 100 billion euros. International investors receive news about new Finnish companies that are aiming to be global leaders in their own category. Nonsense, one might say, right? Not necessarily when you examine what has happened in the European and Finnish startup scene in recent years. The dream scenario stated above might even be small-scale.'' - Ilkka Paananen, Founder of Supercell, Helsingin Sanomat, 2021

''In the world's biggest startup accelerator, Y-Combinator, 5% weekly growth is seen as a good rate. That means 40% growth in a month. To achieve this growth, the growth itself needs to be main priority of these enterprises.'' - Karri Saarinen, Founder of startup company Linear, Helsingin Sanomat, 2021

''Sometimes in the startup world we are too focused on numbers as the most important or only measure of value. In the startup scene it has become too big of a thing and sometimes even the purpose itself. Companies can create value to the society in such many ways. In this context, numbers are the easiest way that help us understanding the added value created by these companies. Hopefully, this added value is channelled to surrounding society for example as meaningful jobs, taxes, and subcontract chains.'' – Ilkka Paananen, Founder of Supercell, Helsingin Sanomat, 2021

Above are few quotes that handle important aspects relating to the topic of this thesis. I came across them during my thesis process while going through different

materials and I wanted to highlight them here because they crystallized the features of startup world so well. These quotes are stated by vanguards of Finnish startup scene and they handle the fundamental themes of this thesis. These themes are: the pace of growth in startup scene, prospects and responsibility. These quotes are great examples about the opinions, mental images, and ideas I have about the startup scene. Unlimited possibilities to create value to different stakeholders. But what happens inside these companies? What is the state of social responsibility in these companies and how do they see it themselves?

Corporate social responsibility (CSR) and how it is applied on small and medium-sized enterprises (SMEs) suffers from lack of research. Partly, because the importance of smaller firms has been disregarded and the position of multinational corporations (MNCs) has had most of the attention and research that handles these themes. (Spence 2016) Sustainable values and attention towards CSR related themes have been around now for decades. The popularity and importance of them increases all the time. They have mainly focused to serve the reporting and measuring needs of big companies. They are applied and used differently in different companies with different objectives. The versatility of sustainability and CSR related guidelines create an interesting viewpoint if we look closer on how they are actually applied. Startup entrepreneurs are seen as the innovators of business world and researching possible hidden potential regarding CSR could provide valuable insights to this matter.

This is the core of this thesis, to examine the social responsibility of startup companies and how it is applied and experienced. Startup companies are not big corporations with huge budgets and settled ways of doing things. Instead, they are modern day innovators with rapid movements and readiness to come up with innovative ways of doing things. Therefore, this thesis examines how they are doing their social responsibility matters.

To summarize, this thesis handles and researches the CSR of Finnish IT startups. Especially in business world, sustainability and sustainable values have helped the emergence and popularity of better governance, internal and external actions, and how companies take their stakeholders into attention. Therefore, sustainability and CSR are usually somehow linked together and have resemblance. In order to provide a coherent progression to the scope of this thesis, sustainability, sustainable values and CSR are briefly presented. From there on the thesis takes a specific approach to examine and research the corporate social responsibility of Finnish IT startups. The main research question is: How do Finnish IT startups apply their corporate social responsibility practices?

The research included is done in a collaboration with a Finnish IT startup company and the findings of the research aim to help them in their responsibility questions and objectives. The author/researcher receives no funding or financial support and does not have conflict of interest with respect to the research or theories and opinions presented. Throughout this thesis the case company is referred to as ''case company X''. Pseudonym is used to protect the company's business idea. The company develops a software service that helps to solve social issues and reduces barriers for people to have genuine encounters with one another. Therefore, being responsible is in the centre of this startups mission. Further description of the companies involved in the research is presented in the methodology section.

1.1 Background of the research

In the European Innovation Scoreboard (EIS), Finland holds the second place as of 2020. The scoreboard consists almost 30 countries and it provides a comparative assessment of research and innovation performance in EU, European countries, and regional neighbours. (European Commission, 2020.) In addition, according to

Business Finland (2021) Nordic region is the fastest growing startup region in Europe and one of the fastest in the world. Also, Nordic countries have a reputation of having social and environmental regulations and programs that are one of the most advanced ones in the world. Finland has a key role in this as it is known for considerable investments and attention on education, R&D, and CSR. (Olkkonen & Quarshie 2019, 37-42) Furthermore, we are living in a world that is evolving rapidly. Therefore, especially our business world is continuously innovating and creating new ways to generate profits and serve various, and constantly changing needs, of consumers. In the middle of this growth and evolvement of our business world it is important that the companies involved pay attention to sustainability and responsibility matters.

Arguably, especially publicly listed companies and large corporations have a big role of being the messengers of sustainability and CSR related themes. They are seen as companies which have the size and resources to make an impact. In addition, they have the attention of general public and they are closely followed. On the other hand, they might not be as agile as smaller companies in their actions. This can be beneficial for the smaller companies in terms of changing ways or doing quick strategic changes. Generally, shareholders require profits and at the same time the surrounding society and its values demand responsible ways to be used in their objectives. In this environment there seems to be an interesting and sometimes a contradictory mixture of interests, obligations and balancing between different outcomes. (Ritala et al. 2018) Therefore, the operational environment in Finland and Finland's position in EIS provides an interesting possibility to research the corporate social responsibility of startup companies. Finland's placement as one of the leaders in European startup scene, the economic and social importance of SMEs to European region and continuous rise of sustainable values work as a background for this thesis. This thesis aims to approach these themes in a way that it formulates an coherent review about the corporate social responsibility of Finnish IT startups and comes up with solutions for its integration. In addition, this thesis and the findings of the research aim to help the case company X in their social responsibility questions and objectives.

1.2 Theoretical framework

This explorative thesis explores the area of CSR that is yet to specify its theories to fit in the context of startups. Thematically the focus is on three areas that together form the general overview about the CSR of Finnish IT startups and how to integrate it. These three areas are: How CSR is applied, concrete CSR procedures and challenges of CSR.

The theoretical framework is built with the help of comprehensive literature review and other sources of information. This is mainly done by collecting and comparing theories and arguments from peer reviewed articles. The focus of these theories is on SMEs, CSR and sustainability. Additional literature is used that handle the fundamental and relevant theories regarding this topic. Theory section aims to provide inclusive and focused summary that offers interesting insights for the assessment of this research. It offers overview about general CSR guidelines and more detailed theories regarding SME sized businesses. After the theory section this thesis moves on to the research section.

It is worth noting that the startup world is prone to rapid changes and some matters regarding it are hard to measure or explain with existing theories. The literature review and theoretical framework of this thesis helps the reader to understand the concepts regarding this research and how it is approached. These three areas presented earlier will help us in reaching the core of this thesis, understanding the whole phenomenon of CSR in startups and solve the mystery of how CSR is applied in Finnish IT startups.

1.3 Research gap and justification

As said, the field of CSR has gained more attention in the past years. It is a concept that goes more or less hand in hand with sustainability. For example, CSR in SMEs is a field that is being handled by an increasing number of scholars. In addition, SMEs employ significant amount of people. In Europe, two thirds of the jobs are in private sector. Therefore, studying small business social responsibility (SBSR) is important. (Spence 2016)

Retolaza et al. (2020) discuss the themes of CSR in business start-ups in their article and state that the lack of theories regarding business startups and CSR create barriers which make the implementing of CSR procedures harder. CSR theories were initially designed to be used by big companies, MNCs, or companies that need to report about their actions to their owners and stakeholders. Laura Spence and Geoff Moore also assess these themes in their article. (Moore & Spence 2006) They highlight the importance of SME and CSR related research in order to fill the knowledge gaps of these matters. Also, the dilemma of trying to use and utilize the CSR theories to small businesses is brought up and handled.

As stated above, need for further examination and scientific research has been recognized. The number of enthusiastic startup entrepreneurs and business owners has increased in the past decades and Finland is seen as one of the most potential countries to found and manage a startup. (Business Finland 2021) In addition, research Institute of the Finnish Economy (ETLA) states that the most promising startup companies are the ones that focus on software development. The importance of startup companies to the growth of our wellbeing has also been underestimated. (Elinkeinoelämän tutkimuslaitos 2018) Startup companies that are able to scale up their business fast and grow quickly are important to our economy, but usually it takes years for the potential profits to be realized.

Furthermore, the interactive database provided by Business Finland shows that the majority of startups in Finland are in the sector of "computer programming, consultancy and related activities". (Business Finland 2021) Therefore, they fall under the category of IT startups. Handling and processing data to be able to generate competitive advantage and information is the foundation of many of modern tech companies. That is the reason why consumers need to accept various terms and conditions and we have become more aware about the personal data that is being harvested from our behaviour and usage of these services. This is just an example of the accountability these companies need to consider. As the amount of IT related companies, startups and the data they handle and create increases, so does the importance of their social responsibility actions. That is why public concerns towards these themes is increasing and regulation and rules try to keep up with the momentum of this industry. In addition, the existing amount of IT-related startups provides an interesting ground for the research.

1.4 Research questions

The field of startups and their social responsibility has distinctive features. There also seems to be potential knowledge gaps. Taking this and the limitations of undeveloped or young theories into account, the research questions were designed in a way that aim to provide an overview about how to solve CSR related challenges of IT startups and provide valuable information for the case company X.

This thesis has one main research question that is followed by two sub-questions. These open sub-questions are used to gain a better general understanding of this whole phenomenon. In addition, they help to gain knowledge how do the existing theories suit for these companies. Also, they provide valuable answers and insights

that will help finding answers to the main research question. The aim of the main research question is to find answers to the social responsibility objectives of the case company.

The main research question of this thesis is:

RQ: How do Finnish IT startups apply their corporate social responsibility practices?

The sub-questions are:

SQ1: What are the concrete ways, theories or methods of corporate social responsibility used by the companies?

SQ2: What kind of possible challenges, obstacles or knowledge gaps the companies have noticed regarding corporate social responsibility?

The main research question is broad because the research itself benefits from a wide perspective. The sub-questions are used to support the main question, gain more detailed information and to get a profound overview.

1.5 Aim and structure of the thesis

CSR is an important part of modern business actions and startup scene can benefit from the topic of this thesis. This thesis and the findings of the research aim to help

the case company X in their social responsibility questions and objectives. This is what the research questions of this research aim to achieve. Also, this thesis aims to fill a potential research gap. I hope that the results of the research and other materials in this thesis benefit future scholars, case company, students, and the startup scene itself.

This thesis has three aims:

- Help the case company by answering the research questions
- Come up with proposals regarding CSR of IT startups
- Potentially fill a research gap regarding startups and their corporate social responsibility

The structure of this thesis is as follows. After the introduction, relevant theories and literature review are presented and handled. This section focuses on introducing the main theories about sustainability, CSR, and business world. In addition to the literature review of articles that handle the themes of this thesis, few relevant and widely acknowledged guidelines considering sustainability and CSR are presented in the chapter 2.2. These guidelines will help the reader to get a good general overview about the themes that are considered in sustainability and CSR at the moment. With the help of the literature review and presented theories the reader is provided with a logical progression towards the research and why these topics are important. Presented theories in the literature review handle e.g., SME theories, small business social responsibility, CSR and startup scene. Also, the relevant history and evolvement of the main theories and business scene is presented in order to offer a better overview about the events and causal connection between our business world and cultural changes that have advanced the emergence of sustainability and CSR related themes. After the theory section this thesis moves on to the research section.

The research included in this thesis is done with qualitative methods. Theme interviews are used to gather information from the chosen companies. The collected data is processed, analyzed and presented in the findings section. More detailed description about the research is presented later in the methodology section.

2   Literature review and theoretical framework

This chapter provides an overlook of the fundamental themes and theories regarding this thesis. Theoretical framework focuses on sustainability, CSR, social responsibility, SME theories and other business theories that are applicable to startup enterprises and the scene itself. It aims to provide theoretical justification for this research and how it is approached in the research. As the scientific research regarding startups and their social responsibility is not as extensive, SME theories are partly used to build a coherent overview about the modern responsibility themes. In addition, few of the main theories regarding sustainability and CSR are presented. This section aims to investigate and handle peer reviewed articles and other trusted resources to provide a sufficient overview for the reader. Furthermore, this section justifies the need of further examination and research regarding the topic of this thesis. It offers short narrative about the historical evolvement of sustainability and themes related. This helps in understanding the connection between different theories, e.g., sustainability and CSR and why are they such strong initiatives that shape our business world and the way it operates.

To summarize, this section of the thesis aims to introduce the reader with main concepts needed to understand the more detailed topics and quality of corporate social responsibility in smaller businesses and/or startups. After the connection between main concepts and detailed concepts is handled the text progresses towards the research. The function of this thesis is to provide a logical progression from big themes towards smaller themes and what are the most important things to take into account especially in the social responsibility of Finnish IT startups.

2.1 Sustainability and CSR in broad picture

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" – Brundtland report, United Nations, 1987

As an entity, sustainability has gained a lot of attention in the past decades and nowadays it is seen as something that cannot be neglected. Sustainability and sustainable development (SD) are more or less in touch with the emergence of better corporate policies of business world. As the emergence of sustainability gained momentum, other theories that are closely linked to it started gaining attention too. Such theories are, for example CSR, that takes a broad approach to social responsibility of companies. The ever-growing concern about our planet's future, increased attention towards equality and social problems and the evolvement of our society's values are just examples about the key forces that are driving our world towards more sustainable and responsible ways of acting. Startup entrepreneurs are seen as the innovators of business world and researching possible hidden potential regarding CSR could provide valuable insights to this matter.

Nowadays, the work of United Nations (UN) and especially the publication of Brundtland report at the end of 1980's can be seen as a turning point for the emergence of sustainability. After the report sustainable themes gained more international attention. (Mulligan 2015, 4-23) The academical field that handles sustainability and CSR has also established itself as an important part of business world. SD has had an important role in the emergence of CSR and how it is handled nowadays in business world.

In the end of 1980's work of UN and increased attention by the public and non-governmental organizations (NGOs) helped sustainability related themes to emerge and become popular. In those years, the idea of sustainability and CSR evolved to be more than idea or a concept, it became one of the main purposes of these organizations and their actions. (Caradonna 2014, 136-175) The groundwork for this emergence occurred in the 1960s and 1970s when the attention towards environmental issues, equality, and social justice was brought up by various movements and active members of society. Although, these events happened some 50-60 years ago, they had an important role regarding the evolution of sustainability and CSR.

As an explicit and widely accepted concept sustainability started getting international attention in 1970's and 1980's. (Caradonna 2014, 1-4) There were many events that helped the progress of sustainability during those times. One of the strongest and best-known operators has been the United Nations (UN) and its actions. (Caradonna 2014, 136-142) That era of time can be considered as a turning point for a business world in terms of reporting and what were required from them. (Sturges 2016, 3-8) The traditional reporting of business world shifted from having main focus on economic performance to having much broader and multifaceted approach that took environment and social aspects e.g., pollution and workers well-being into account.

Due to these changes, international society started paying more and more attention to our planets future as there were concerning news and information accumulating. At first, we were worried about our nature and its resources, for example how would our forests last the growing amount of lumber industry and its needs. From here on the concept of sustainability and understanding about how our planet and ecosystem works has increased. Modern concept of sustainability is multifaceted and takes several matters into account e.g., social responsibility.

The figure 1 below from Jeremy L. Caradonna's book about the history of sustainability visualizes the number of books that had the name ''sustainable'' or ''sustainability'' in them. It is a great example that visualizes the emergence of sustainability and how rapidly it has happened.
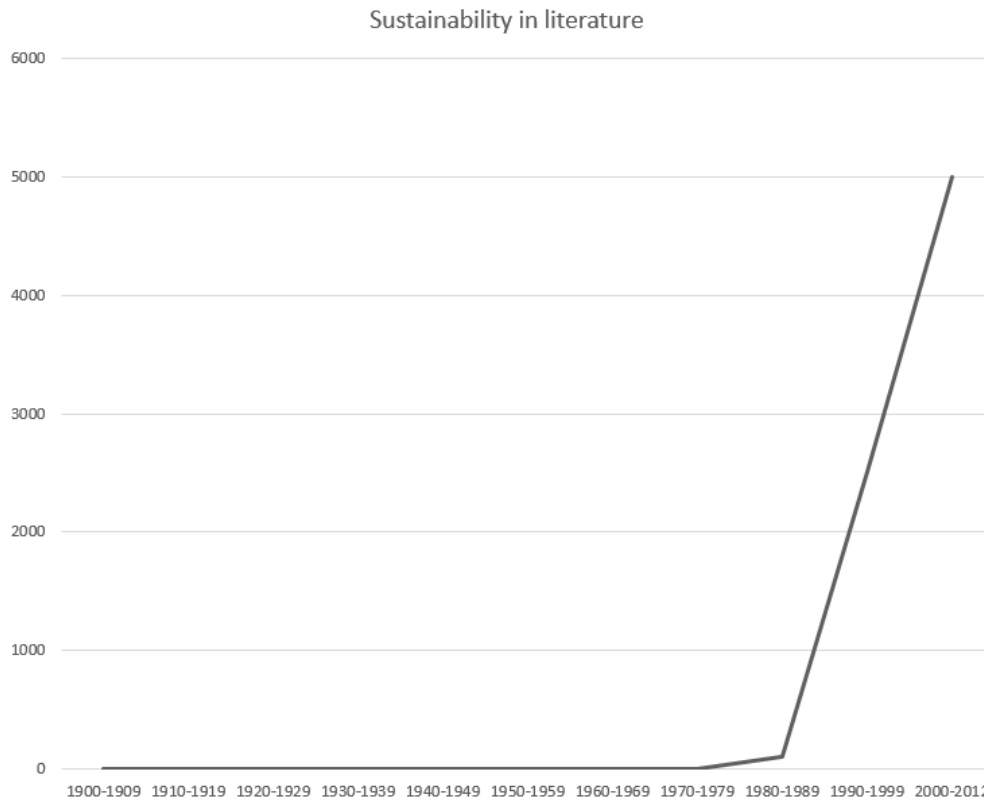
Figure 1: The amount of sustainability in literature. Adapted from Caradonna 2014.

Although the 1980's can be seen as a start of a new era or formation for sustainability, the worry about our planets resources and sustainability is not new. Human history is full of examples how we have tried to manage the consumption of resources from nature. Success of these events is diverse. (Caradonna 2014, 21)

As a result of the industrial revolution that begun in 1700s people started living tightly in cities. Wellbeing and the size of population grew fast. Worry about the sufficiency

of resources started to gain attention. For example, Thomas Robert Malthus was an English scholar that discussed political economy and demography in his famous book from 1798 ''An Essay on the Principle of Population''. He was worried that the population growth would have dramatical effect on our resources (Reisman 2018, 148-151) Although the theories and ideas presented have faced criticism and are not necessarily well-grounded, there is a clear evidence that the discussion about our planet's resources, productivity, well-being, wealth creation and distribution is hundreds of years old. For example, key figure and forefather of economics, Adam Smith, also pondered these questions in his book ''An Inquiry into the Nature and Causes of the Wealth of Nations'' published in 1776. (Otteson 2011, 7-12)

Today, sustainability and CSR have many basic concepts and features that were stated decades ago. Before that, the world had gone through two massive world wars that had the attention of whole world during the first decades of 1900s. As some time after the wars went by, we entered and era of strong growth e.g., economic, industrialism, population, and consumerism. We humans started to see ourselves as part of the environment that surrounds us. We came more aware of our actions and consequences to our surroundings e.g., mercury, pesticides, overload of our environment, or radioactive waste. For example, scientist Rachel Carson and her book Silent Spring from 1962 addressed how the use of inorganic pesticide, DDT (Dichlorodipheny-Itrichloroethane), had spread all over the world causing serious health problems to wildlife and humans. (Mulligan 2015, 14-19)

Also, the opposition of Vietnam war, the emergence of feminism or the Cold War era with its nuclear war threats are some of the most recognized occurrences that increased the attention towards the problems of our society and the way we interact with different stakeholders and have an impact to our surroundings that are nearby or further away. (Caradonna 2014, 88-99) Therefore, the attention towards social effects started to gain even more attention. In the 2000's the social aspects of sustainability have gained more attention than environmental or economical ones. (Caradonna 2014, 177-178)

Today, SD has progressed significantly and sustainability and CSR have a strong foothold in business world and the way companies report and interact. Especially the ways companies report about their business actions has changed significantly. SD has become a mainstream movement that keeps on evolving and is an important part in various fields of our society. (Caradonna 2014, 176-179) This development increased the amount of attention towards e.g., various stakeholders and social responsibility. The theories became more extensive as they took a broader overview about the role of different companies. With the help of increased attention of these theories, causal connection between different business actions became more comprehensible. Also, the consciousness of supply chains increased and knowledge about the international effects consumers and businesses have to one another. (Mulligan 2015, 3-23)

2.2 Review of modern sustainable development goals by UN

Finnish Business & Society (FIBS) is the biggest Nordic network that focuses on being the messenger and specialist on responsibility matters of business world. (FIBS 2021) A survey from 2019 by FIBS showed that 52% of the larger companies take the sustainable development goals (SDGs) into account in their business actions. There was an 11% growth on the usage of these goals compared to previous year. (SDGHUB 2021)

These SDGs are presented as they are the most recognized in the international business world and their popularity is growing. The UN has been the leading messenger of international sustainability in the past decades. (Mulligan 2015, 11-21) Through these decades, the UN has had different international objectives that have helped the global community to come together and make changes to our

environment and business world. In 2015, the UN had general meeting in New York where the member countries agreed on the 17 global sustainable development goals. All of the member countries aim to reach these goals by the year 2030. (UN 2021) These goals are:

- No poverty
- Zero hunger
- Good wealth
- Quality education
- Gender equality
- Clean water and sanitation
- Affordable and clean energy
- Decent work and economic growth
- Industry, innovation and infrastructure
- Reduced inequalities
- Sustainable cities and communities
- Responsible consumption and production
- Climate action
- Life below water
- Life on land
- Peace, justice, and strong institutions
- Partnerships for the goals

UN defines that the aim of these SDGs is to provide ''*peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.''* (UN 2021)

Many of these goals are linked to our business world. Therefore, the actions different businesses take during the upcoming years have a crucial impact to the success of these goals. In addition to the SDGs, the UN has Global Compact initiative that specifically focuses on encouraging businesses worldwide to conduct sustainable and socially responsible policies and to report about the implementation of them.

Global Compact is a framework of ten principles, that focuses on four different areas. It has a special attention on the responsibility of businesses. (UN 2019) Therefore, they provide a meaningful baseline when examining CSR of businesses. The Global Compact principles are:

Human rights

- Businesses should support and respect the protection of internationally proclaimed human rights; and
- Make sure that they are not complicit in human rights abuses

Labour

- Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- The elimination of all forms of forced and compulsory labour;
- The effective abolition of child labour; and
- The elimination of discrimination in respect of employment and occupation

Environment

- Businesses should support a precautionary approach to environmental challenges;
- Undertake initiatives to promote greater environmental responsibility; and

- Encourage the development and diffusion of environmentally friendly technologies

Anti-corruption

- Businesses should work against corruption in all its forms, including extortion and bribery

To summarize, these SDGs provide a broad and extensive approach to sustainability and CSR themes. When examining them their ambitiousness and importance is strongly present. As stated earlier in the thesis, our world and especially business world needs these goals and they are crucial for our future. On the other hand, they have faced criticism because our business world functions differently in different parts of the world and societies are built differently. For example, SDGs have a significant focus on the biggest problems developing countries have and this might have a negative impact for example on the ways environmental indicators are formed and measured. The UN has faced criticism from statistics specialists that the focus on the aspects and opinions of developing countries and organizations that provide development aid to these countries might negatively impact global objectives and the ways different measuring methods are created. (Suomen tilastokeskus, 2021)

It seems that even the most recognized sustainability and CSR measuring methods face criticism and dilemmas on how they should be formed and used by different actors. Arguably, it seems that measurability and ways to implement and concreteness about how to use these standards divides opinions and creates interesting viewpoints and deserves more attention and research.

2.3 Characteristics of CSR in small and medium-sized enterprises

In business world, sustainability is usually accessed through three dimensions. These dimensions are environmental, economic and social. The meaning of these dimensions is to handle e.g., business actions, through these aspects and trying to find a balance where all of these three overlap one another. (Mulligan 2015, 81-85) Nowadays businesses tend to take these three dimensions into account. But there has been critique towards the ability to measure and compare each of these dimensions. For example, economic performance e.g., turnover or profit is easily measured with numbers and other quantitative indicators but the measurement of social or environmental impacts can be more difficult and versatile. (Mulligan 2015, 82-84)

Hence, there has been an increased amount of attention towards these challenges to accurately and comparably measure e.g., social and environmental impacts, especially in terms of CSR. (e.g., Perez & Rodriguez, 2013; Gjølberg, 2009) The practicality of different CSR methods need more attention and research in the world of startup businesses. (Retolaza et al., 2009) In addition, the challenge of implementing CSR might be hard due to lack of commonly and widely accepted patterns that would help achieving sustainable development in IT companies. (Déroche & Penzenstadler, 2018) When taking these viewpoints into account, it seems that there are few commonly identified challenges. Firstly, it seems like the measurability of especially environmental and social aspects needs more attention. Secondly, the practicality of CSR methods needs more attention in order to be able to concretely implement CSR to this business field.

On the other hand, the size of the company does not necessarily mean that they do not perform as well as larger firms. Although it must be noted that the most used and recognized standards were originally designed for the needs of big MNCs and corporations. Regardless, some SMEs might perform well in terms of internal CSR

due to their size and organizational capability whereas larger firms tend to be perform well in external CSR. (Baumann-Pauly et al., 2013)

Even though the accurate definitions between firm sizes are diverse and there are also regional and industry-related differences, small businesses do have a meaningful position in business world. If we look at the global private sector, 95% of them are small businesses. Therefore, it goes without saying that this sector and its contribution to different stakeholders around them is significant. The size and nature of these businesses also causes an interesting and many-sided dilemma. The size of them might make it easier to make changes and be flexible, but on the other hand, the relatively small resources and power they possess makes it harder to make all-round impacts alone. The relationships these small businesses have, especially with important customers or suppliers, are relatively important to them but can also create a stakeholder issue where one supplier or customer becomes the ruling stakeholder. Also, the ability and capabilities to be innovative and flexible differentiates them from larger companies and might work as a way to stand out and survive challenging situations. (Spence 2016) This emphasizes the strategic management capabilities these small SMEs have.

Different strategic frameworks and tools are usually widely used in business world especially the quantitative ones that tend to focus on short-term goals or profit objectives. This might be harmful for the strategic goals and explain the higher failure rates SMEs have. (Stonehouse & Pemberton 2002) Arguably, it seems that SMEs and their actions in terms of CSR creates interesting challenges. SMEs might face obstacles in their collaboration with bigger companies or MNCs as they usually require strict sustainability and CSR protocols to be used by their cooperation partners. As stated earlier, these protocols were originally designed for bigger companies so to meet these standards and to be able to do collaboration, it brings up the fundamental questions and themes this thesis handles. How are the smaller businesses able to do it?

As stated, the frameworks and theories regarding SMEs CSR are various and highlight different sectors of business actions. Justifiable critique about the usability of different theories has emerged amongst scholars and other actors. Therefore, it is useful and necessary to examine and research what the most well-known actors of sustainability e.g., the UN institution state about sustainability and CSR.

To summarize this section, it seems that SMEs can perform well in their internal CSR, but also have size-related dilemmas that emphasize the meaning of implementation of strategic goals. They are agile but the size and resources they have place a limit on their effectiveness in terms of CSR in broad picture. Therefore, the CSR of SMEs has distinctive features that benefits from further examination and research. Comparing and measuring CSR procedures is also challenging and the lack of accurate data makes comparison and implementation harder.

In order to credibly measure and examine the CSR of startups in the research of this thesis, the different sustainability and CSR related principles and agendas by the UN were presented earlier as they provide general overview about how sustainability and CSR is applied in business world.

2.4 The main themes of CSR and small business social responsibility

Attention towards CSR and theories regarding the responsibility of businesses has increased. Although they are essential in modern business world, there is an ongoing debate about the theories and conceptual frameworks. (Crane et al. 2019, 44-55) Usually the debate focuses on few main questions:

- What is the argument that corporations have social responsibility as well as financial responsibilities?
- What is the nature of these social responsibilities?

In the past, companies fulfilled their liabilities by focusing on satisfying the needs of stockholders i.e., the owners of the company. The focus of corporations was usually to make financial profits and arguments regarding other responsibilities were usually overlooked or dismissed. Luckily, nowadays the responsibility of companies takes a broader look on the actions of the companies and businesses are required to have more responsibilities than just the financial ones. (Crane et al. 2019, 48-51) This has helped the emergence of different theories, frameworks and opinions about the responsibility of companies.

There are many opinions about the reasoning behind conducting CSR. Usually, CSR procedures are seen as ways to enhance revenues, reduce costs, manage risks and uncertainty and maintain social license to operate. (Crane et al 2019, 48-49) The figure 2 below is adapted from Crane et al. book about business ethics and it visualizes the possible positive effects of CSR for businesses.

Enhance (long-term) revenues	Reduce costs
• Socially responsible corporations might be rewarded with satisfied customers and employees that are more committed. For example, CSR can be a key motivator for millennials when considering a place of work.	• CSR can reduce costs as encouraging positive environmental and social impact may result in energy being saved, waste being reduced, and inefficiencies being reduced.
Manage risk and uncertainty	Maintaining the social license to operate
• Voluntary commitment to social actions and programs may forestall legislation and ensure greater corporate independence from government.	• Key motivator for CSR is the necessity to gain and maintain the consent of local communities, employees, and government as such actors can provide or revoke a social license to operate.

Figure 2: The business case for CSR. Adapted from Crane et al. 2019

Arguably, one of the most well-known and widely accepted model of CSR is created by Archie Carroll. It visualizes CSR through four different parts. See figure 3 below.

Carroll's CSR pyramid is described as follows by Crane et al. 2019.

'' *Carroll regards corporate social responsibility (CSR) as a multilayered concept, which can be differentiated into four interrelated aspects – economic, legal, ethical, and philanthropic responsibilities. He presents these different responsibilities as*

consecutive layers within a pyramid, such that 'true' social responsibility requires the meeting of all four levels consecutively, depending on the expectations present in society at the time." – Crane et al. 2019
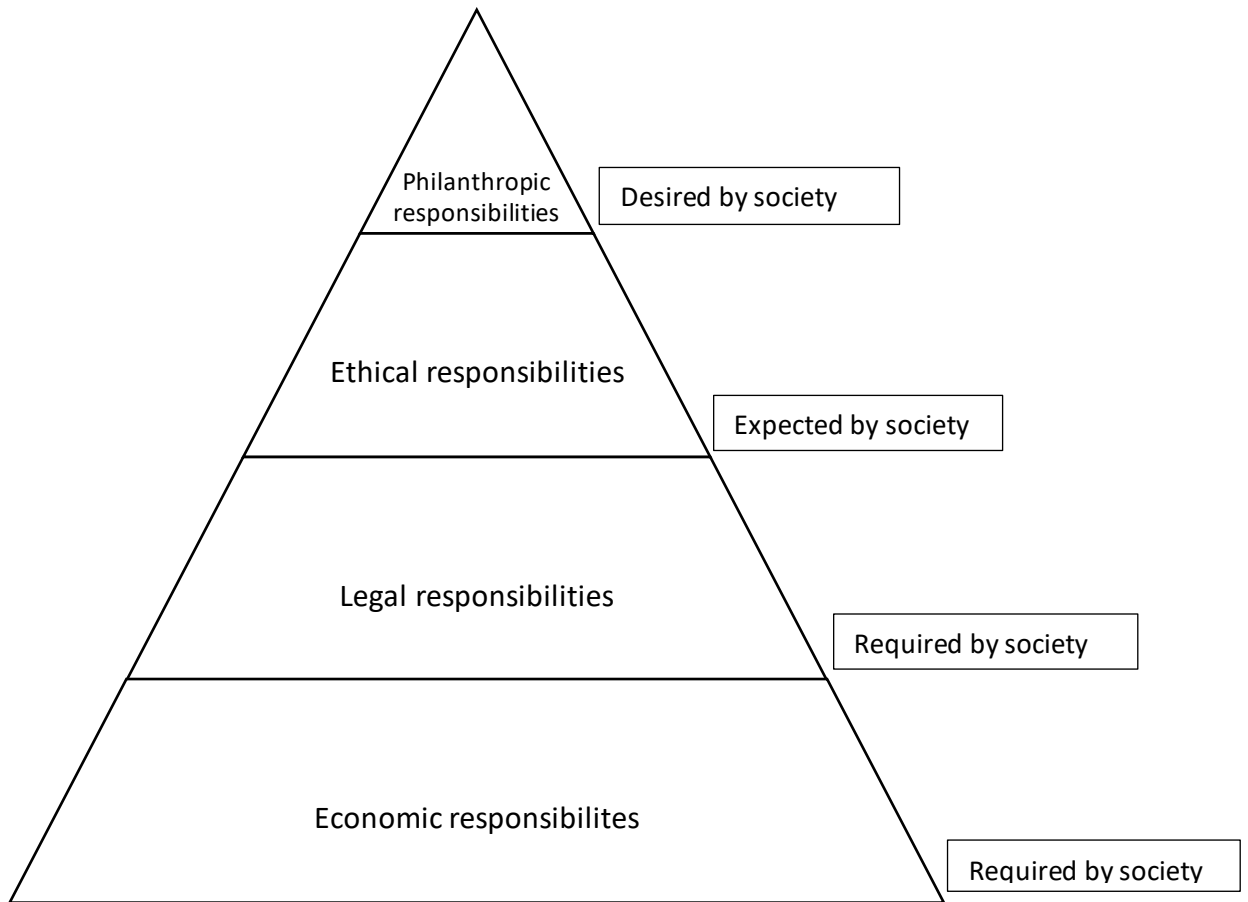
Figure 3: Carroll's four-part model pyramid of CSR. Adapted from Crane et al. 2019

Carroll's pyramid was first introduced in the late 1970's. After that it has been refined few times but the main ideas have stayed the same. First level of the pyramid is about economic responsibilities. If the company cannot function well, stay in business, employ people, pay salaries, provide return to investors, and generate profits to survive, the other layers and their requirements cannot be fulfilled. In

addition to the economic responsibilities, legal responsibilities need to be fulfilled. Businesses need to act accordingly and respect laws and regulations. After these two requirements, ethical responsibility is expected by the society i.e., that the company acts ethically and does what is right and goes beyond the requirements of the law. At the tip of the pyramid lays philanthropic responsibilities which can be seen as improving the life of employees, local communities, doing charity or donations. Usually, this part is seen where businesses are giving back to the communities and stakeholders. This is seen as a vital way to differentiate from the competitors and stand out as a responsible business. (Crane et al. 2019, 49-53)

Carroll's pyramid has worked as a foundation for CSR related theories in the past decades. In the later forms of this pyramid, he emphasized that the pyramid and its levels should not be approached sequentially. These later formulations pointed out that businesses should as a matter of fact try to meet all of the perspectives and parts of the pyramid simultaneously. (Spence 2016) This is a more modern perspective to the CSR as businesses are required to take a broad approach to CSR related themes. Later, few other versions about these pyramids have been presented.

Laura Spence handled this theme of SBSR in her article Small Business Social Responsibility: Expanding Core CSR Theory. In this article, she handles the traditional stakeholder theory and Carroll's CSR pyramid and their relevance for smaller businesses. The article arguments that since the big and smaller firms have various differences in their aims and resources, the CSR approaches should be examined. The figure 4 below presents Spence's outlook on the CSR pyramids that have an ethic of care perspective. This outlook emphasizes specific key relationships rather than the general societal perspectives. (Spence 2016)
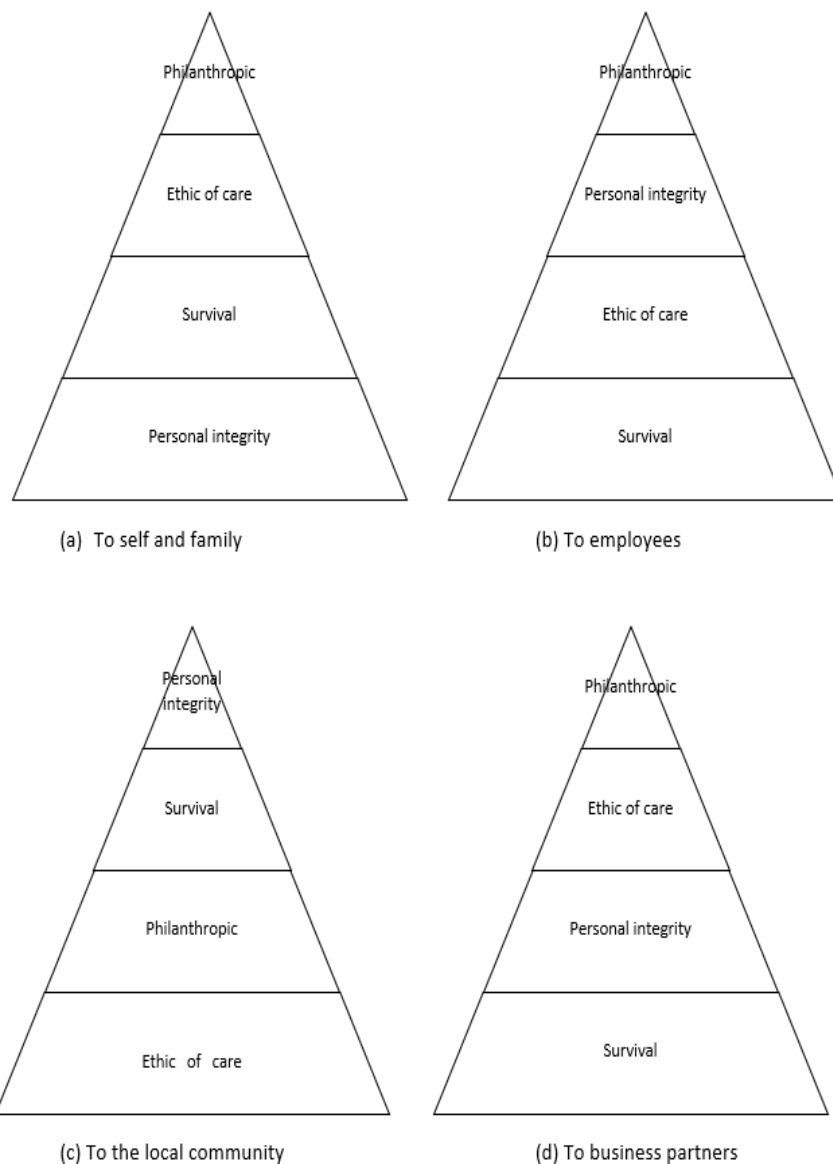
Figure 4: Small business social responsibility pyramids by Laura Spence. Adapted from Spence 2016

Carroll claimed that all four segments of the pyramids are required in order to reach CSR. In addition, the order of them is relevant as the upper segments of the pyramid are built on the success of the lower ones. This is a generalized approach. Spence's outlook on these pyramids on the other hand emphasizes that the hoped approach of CSR should be in some relation to the group to whom responsibility is targeted. (Spence 2016) As earlier presented in the, SMEs CSR approaches might be highly

related to the stakeholders they have. In other words, a strong or an important customer or stakeholder might be in such a strong position that it defines the CSR practices and other business actions.

Carroll's pyramid and other aspects handled earlier give an elementary view about the CSR. Arguably, CSR theories, frameworks and opinions continue to divide scholars and business operators. These theories do not provide an answer to the situations where, for example, two or more responsibilities are in a conflict. In addition, the measuring and implementing of these theories faces criticism, as businesses are operating in international context where different companies, with different aspirations and regulations work with one another. (Crane et al 2019, 53-55)

To summarize, it seems that CSR related theories face the same kind of challenges as sustainability related theories presented earlier in this thesis. The fundamental critique usually focuses on problems e.g., how to accurately measure, what kind of procedures should be used and how to create a framework for a multifaceted business world that is full of different kind of actors with different aspirations and goals and most importantly how to implement these standards as part of concrete actions done by these businesses. After all, different rules are not efficient if they lack the implementation and usability by the actors they have an effect to.

2.5 Positioning of startups to business field

Startups are often seen as young companies with a focused group of employees or participants who are aiming to achieve fast growth with their product or service. In the EU, 99% of the businesses fall under the category of SMEs. European Commission (EC) defines SMEs as enterprises that employ fewer than 250 persons

and have a turnover of less than 50 million euros. (European Commission, 2021.) Accurate and unanimous determining between startups, SMEs or micro companies is indeterminate but most of the startups fall under the category of SMEs and they have a lot of similarities. Therefore, handling of startups is also done with the help of SME -related theories in this thesis.

As stated, the accurate definitions on how to categorize companies varies a lot. EC categorizes micro,- small,- and medium-sized enterprises as follows: micro companies have a staff headcount under 10, turnover around or less than 2 million euros and balance sheet total around or less than 2 million euros. Small companies have a staff headcount under 50, turnover around or less than 10 million euros and balance sheet total around or less than 10 million euros. Lastly, medium-sized enterprises have a staff headcount less than 250, turnover around or less than 50 million and balance sheet total around or less than 43 million euros. This thesis uses this rubric as a tool to handle startups that are taking part in the research. With the guidelines provided by this rubric of the EC, it seems that most of the startups fall under the category of small or micro enterprises. To summarize, the importance of SMEs to the European region is significant and further scientific examination would be beneficial.

2.6 Current status and prospects of social responsibility

The meaning of sustainable procedures and CSR is well-established in the business world. There seems to be limitations on how to implement the procedures, measure them and make sure that the guidelines and rules are followed. The multifaceted and fast-paced business world can add the challenges faced by regulators and companies themselves. The regulators, e.g., the European parliament, recently came out with a proposal that would create a set of new CSR laws that need to be

obeyed in all business segments in the EU area. These new laws would have a special attention towards human rights issues, environmental protection, and good governance. (Helsingin Sanomat, 2021) Heidi Hautala, member of the European parliament, states in that same item of news that the need for this kind of regulation is important as the CSR laws and regulations might be confusing and the amount of them has made it harder for the companies to follow them.

In addition, the UN has released a Global Compact initiative which aims to challenge companies to advance their ecological, social, and economical responsibility. This is done with the help of ten principles of Global Compact that take human rights, labour, environment and anti-corruption into account. Furthermore, the UN Global compact use the 17 sustainable development goals (SDG) that have been an important part of SD in the past years. (Global compact, 2021).

To summarize this literature review, it seems that despite the amount of theories and public attention, there still is some level of uncertainty or ignorance regarding these themes and further research would be beneficial to increase the easiness to integrate them and use them in concrete ways. It is an undisputed fact that the importance of sustainability and CSR procedures continue to advance around the world and the ways they define the actions of our business world will increase.

In the past years, the usefulness of implicit and explicit CSR theories to small businesses has gained criticism and needs more attention. (Morsing & Perrini 2009) Furthermore, the usability of CSR methods regarding especially startup enterprises suffers from lack of research and attention as the methods are usually designed to be applied by medium and large firms. (Retolaza et al. 2009) In addition, it seems that literature that handles business models is focused on the economic values they create (Ritala et al. 2018) and that the progress of sustainable development is slow and needs more concrete guidance so that the businesses know what to do. (Baumgartner & Rauter 2017)

Business world is full of different sized enterprises with different aspirations and the rules and regulations that handle e.g., sustainability or CSR are diverse and multifaceted. The ways different businesses conduct their CSR and sustainability procedures differs and they perform differently. (Hockerts & Wüstenhagen 2010) In addition, SMEs seem to suffer from lack of data regarding sustainability themes as they are not required to report their sustainability performance as accurately as large corporations. They also struggle with resource issues in terms of capital, knowledge, and skills. (Bos-Brouwers 2010) Further research of these matters is needed to help these enterprises to overcome the obstacles that make it harder to implement sustainability and CSR to their business actions.

The reasons stated above are examples why conducting sustainable procedures can be seen as complicated and/or confusing. Enterprises might have differing opinions about the necessary procedures and how to conduct them. As vast majority of companies in the EU fall under the segment of SMEs, it is important to examine the inconspicuous enterprises e.g., startups, that are considered as a part of that segment. As stated, precise differentiation of startups inside that segment is challenging as the definitions are diverse, the lifecycle of startups is fast, acquisitions happen frequently and accurate statistics are insufficient. In addition, most of the used methods and tools to measure performance of businesses is not applicable to startups. As traditional enterprises and startup enterprises differ in so many levels it is hard to compare them and collect data that is comparable. (Rompho 2018)

These are some of the reasons why the research regarding startups, CSR in startups and current examination of these topics is beneficial and important. Arguably, the current state of this business segment and theories can be described as young, undeveloped, and suffering from lack of attention and research. In addition, the increasing amount of public attention is notable.

3 Methodology

The empirical part of this thesis was done with qualitative methods. This chapter presents and handles the research methodology of this thesis. It explains how the research was conducted, how the interviews were carried out and how the interviews were analyzed and processed into findings. Furthermore, the factors that influenced these choices are presented and reasoned. This section presents the startup companies that took part in the research and how the data was collected in the interviews. At the end of this methodology section the reliability, validity and ethical research aspects are handled. After that, this thesis moves on to the findings where the analyzed results are presented for the reader.

3.1 Description of the research and approach

According to professor Pertti Alasuutari, scientific research is a combination of rational observation and argumentation based on that observation. The purpose of researcher is to solve a mystery and create new information with research. Although, science alone does not produce doubtless facts but rather systematic doubt. (Puusa et al. 2020) In addition, the meaning of science is to explain and understand reality and in order to achieve this, researcher and science uses theories.

Kananen (2017) states that the less information and theories there is available about the phenomenon, the more suitable qualitative research can be. Qualitative research is usually used when researcher is aiming to get a better understanding about certain subject that lacks theories and research and that there is a need to gain deeper understanding, and good description about the subject or phenomenon

that is being researched. As the subject of this thesis is broad and lacks theories, qualitative approach was chosen to gain a deeper understanding about it.

One way to approach qualitative research is to conduct interviews with relevant experts who are able to increase the comprehension about the subject of the research. (Kananen 2017, 88-91) Interview situations can be seen as an opportunity to gain missing pieces to the puzzle. The researcher tries to build a general view about the subject of research with the help of interviewees.

Interviews of this research were carried out with the help of semi-structured interviews. In semi-structured interviews all of the interviewees are presented with same or nearly the same questions. Semi-structured interview approach is ideal when research focuses on specific matters and experiences. (Saaranen-Kauppinen & Puusniekka 2006) These semi-structured interviews allowed the interviewer to ask additional questions in order to get more deeper data from the interviewees. The questions presented in the interviews were designed in a way that allows the interviewees to describe, explain and talk about the main themes this thesis aims to research. Additional questions were presented to gain a better general view. These are relevant and important aspects as the CSR of IT startups in Finland and theories related seem to be non-existent or incomplete. The structure and questions of these semi-structured interviews are presented in the appendix of this thesis. The interviews started with short introduction of the interviewees and after that the rest of the interview questions were discussed.

3.2 Description of companies

This chapter describes the selection process and introduces the startups that were interviewed. There were total of seven startup representatives that took part in the

research. All of these representatives worked in key-positions of Finnish IT startups and the businesses had resemblance in their operations and business actions. Their business models were strongly related to their own software, app or software-related services. These were also the requirements for the interviewees. All of them had less than 50 employees and their turnover was less than two million euros. This makes them fall under the category of small or micro companies by the categorization of European Commission presented earlier.

During the interviews and while having conversations with the companies a brief discussion about company categories and categorization was held. Few of the companies mentioned that in some context the term ''startup company'' is not always desirable. They described that sometimes it is associated in the business world with high failure rates, high risks from the investors point of view, lack of resources inside the company and that the proliferate popularity of startup scene has diluted the reputation of that term. They mentioned that the term growth company or a small IT company is something they prefer to use in some context. As all of the companies fall under the category of small businesses, their ways of conducting business has resemblance, IT services are in the center of their business actions and there is a high scalability potential, it was discussed that the term ''IT startup'' is reasonable in the context of this thesis.

The following chart presents the companies that were interviewed. Even though the research of this thesis did not focus on the companies' competitive advantages or other confidential information, the case company and the interviewees are not named and remain anonymous throughout this thesis. Interviewed companies are referred to as Startup A, B or C etc. This is done to protect the information provided by these companies and to ensure their anonymity. In addition, information provided about them is in general form.

The companies are categorized below. In the "phase" -section there is three categories used.

- Development
  - The company is developing or coding their main product/business idea.
- Launching
  - Company is in the middle of launching its main product.
- In operation
  - Company has launched a functioning product or a service.

Name	Company size	Age	Phase	Main product
Startup A	35-45 persons	~ 5 years	In operation	Software based service
Startup B	10-20 persons	~ 3 years	In operation	Software based service
Startup C	5 persons	~ 1 year	Development	Software based service / App
Startup D	4 persons	~ 1 year	Development / Launching	App / service
Startup E	2 persons	~ 2 years	In operation	Software based services / Consulting
Startup F	2 persons	~ 1 year	In operation	App / service
Startup G	2 persons	~ 1 year	In operation	App / service

Figure 5: Categorization of interviewed startups

3.3 Data collection method

The data of qualitative research is usually collected with interviews, inquiries or by observation. Interview situations allow the researcher to ask additional questions and be in interaction that is flexible. Furthermore, it allows dialogue between the interviewer and interviewee. (Tuomi & Sarajärvi 2018, 83-87) The data of this research was collected from seven startup representatives in semi-structured interviews.

Due to the global coronavirus pandemic all of the companies were interviewed with the help of Microsoft teams -software. The interviews were recorded in order to be able to transcribe them later. The interviews were semi-structured and included 10 questions that were presented in relatively same order. Additional questions were presented in order to get more precise and deeper data.

Before the interviews, interviewees were presented with the main themes of this research. In addition, the nature of thesis process was handled. For example, recording, publicity, anonymity, data handling and other matters were discussed. These were initially brought up in the first emails and discussions with the companies but brought up again before the interview to ensure the comprehension of interviewees. Additional information about the interviews are presented in the figure 6 below.

Name of the company	Date of interview	Person	Duration	Location
Startup A	10.5.2021	CEO	31.01	Microsoft teams
Startup B	30.4.2021	CSO, CO-founder	41.37	Microsoft teams
Startup C	26.4.2021	CEO, founder	36.00	Microsoft teams
Startup D	5.5.2021	CO-founder	29.40	Microsoft teams
Startup E	28.4.2021	CEO, CO-founder	32.07	Microsoft teams
Startup F	10.5.2021	COO, CO-founder	34.22	Microsoft teams
Startup G	5.5.2021	CO-founder	27.14	Microsoft teams

Figure 6: Interview timetable

3.4 Data analysis

The purpose of qualitative content analysis is to create clarity from the data and create new information about the researched subject. The aim is to compress the data without losing information it includes. Vice versa, the information value should be increased due to analysis process as it crystallizes and summarizes information from scattered material. (Eskola & Suoranta 1998) Therefore, it is an iterative process that combines analysis and synthesis. There is not one correct or standardized way to analyze qualitative data. This is because qualitative researches have so many differences and approaches. That is why the researcher has great

responsibility in choosing the right analysis approach that suits best for the collected data.

As the theories regarding CSR of IT startups is unmatured or missing, results of this thesis were analyzed with inductive approach. When conducting inductive analysis, the main attention is in the collected data instead of a deductive analysis that leans more towards theories. This means that inductive analysis proceeds from individual perceptions from the data towards general affirmation. (Eskola & Suoranta 1998, 83)

During the analysis process researcher usually goes back and forth between the analysis, collected data and findings. This allows new information to emerge and useless data to be discarded. In addition, it clarifies the most important themes. (Kananen 2017, 131-135) As earlier explained, the interviews were recorded. During the recordings, interviewer did notes regarding the answers and started initial analysis. These notes were used to form additional questions to the interviewees and to make sure mutual understanding of the discussed matters. After the interviews they were transcribed accurately.

Transcribing is a process where the collected data is made comparable. In addition, it helps the handling of data, doing analysis and forming a general overview about the features of that data. (Kananen 2017, 132) After transcribing the data was coded. Coding is usually done as a way to examine and finding relevant phrases, opinions and answers in the light of research problem. Coded data was then grouped under themes that helped to categorize data. These themes were named and organized and used as a foundation for the findings. With the help of these analysis processes, the data was refined into a format that represents it at large but is in compressed form.

The analysis process from the collected data to findings is presented in the figure 7 below. The figure visualizes the iterative movement between collected data and findings. Also, it helps the reader to understand the connection between themes and research questions that lead to findings.
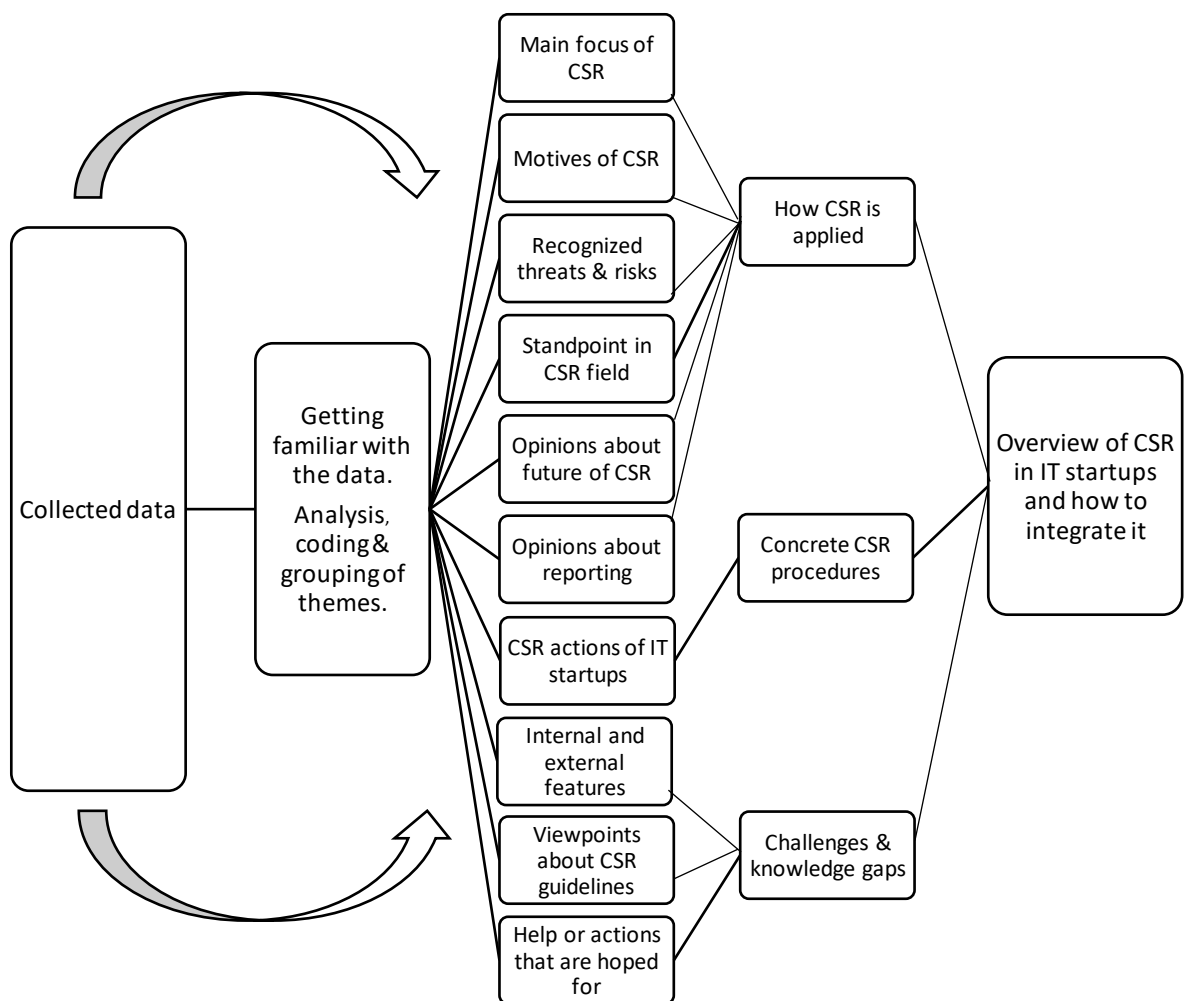

Figure 7: Analysis process from collected data to findings

3.5 Reliability and validity

When doing scientific research, it is important to avoid making mistakes. In addition, objectivity and truthfulness are important elements for the researcher and when doing analysis and presenting the results. (Tuomi & Sarajärvi 2018) Having certain amount of critique and assessment towards researchers own work are factors that can increase the reliability and validity. (Saaranen & Puusniekka 2006)

Reliability means that the results of the conducted research are repeatable. In other words, if the research was done by another researcher the results would be similar. The validity of the research means that the research focuses on researching right things with right methods. Validity is an evaluation criterion that focuses on assessing that the researches conclusions are accurate and how well they match with the chosen research methods. (Kananen 2017)

These are important matters that were taken into account and they helped in accessing researchers own work and ensuring the quality of this thesis. The data gathering methods, analysis process and information about the interview situations and the interviewees are presented as openly and honestly as possible. Throughout this thesis the aim has been to be as transparent, open and objective as possible towards the reader, startups and research itself. The research approach and analysis methods were carefully chosen and the reasoning behind researchers' decisions were argued and presented to reader. Also, the ethical aspects of the research were considered by using pseudonyms, anonymity and having unbiased approach towards the research process.

As a non-experienced researcher and interviewer, there is always a risk that something remains unnoticed or misinterpreted during the interviews or analysis process. The risk for this was reduced by being as open, unbiased, honest and

relaxed as possible towards the interviewees about the whole thesis process so that mutual understanding and trust was reached and risk for misinterpretation was reduced. In addition, the data was gathered, transcribed, and analyzed with the guidelines of recognized researchers and their analysis phases. The analysis was inductive process that increased the understanding and knowledge about the data and what is essential in the light of research questions. During interviews the interviewees were asked additional questions and given the opportunity to give feedback, raise questions and at the end of the interviewees they were given an opportunity to tell if there was still something they wanted to discuss about. The interviewees were all presented with the same questions and the researcher did not try to guide the answers but to gain deeper understanding about the whole phenomenon being researched.

It must be stated that the ongoing global Covid-19 pandemic created challenges for example, when conducting research or having access to libraries and materials. Also, the way how the interviews were organized or how the whole learning process advances during the thesis process were affected by the global crisis. These factors have increased the challenges and has forced the researcher to find new kind of solutions when facing obstacles i.e., having all of the interviews and meetings with supervisors via internet and studying research methods in online and mostly alone. The pandemic might have also had an effect on the viewpoints of the startups about CSR. The world changed so quickly, so fast and took businesses and people to their limits. This is important to take into account when evaluating the whole process of this thesis and other scientific research conducted during this era. But all in all, as a novice researcher, several matters that increase the reliability and validity of this thesis were considered to the best of my abilities and knowledge. In addition to these reliability and validity related statements, responsible conduct of research was used by Tutkimuseettinen neuvottelukunta (TENK 2012).

4   Findings

This chapter presents the findings of this thesis. They were formed with the help of inductive analysis process. As presented earlier, there were ten themes that were recognized from the collected data with the help of inductive analysis. The findings are presented in three main sections. Six of these themes provided answers to the main research question, one regarded the first sub-question and the remaining three regarded the sub-question two. For more detailed presentation of the themes and their relationship with research questions is presented in section 3.4.

First part of the findings present how CSR is applied and general overview about it. Second part presents concrete CSR procedures and lastly challenges and knowledge gaps are handled. After the presentation of findings, this thesis progresses to the discussion section. The figure 8 below visualizes how the findings of this thesis are presented.
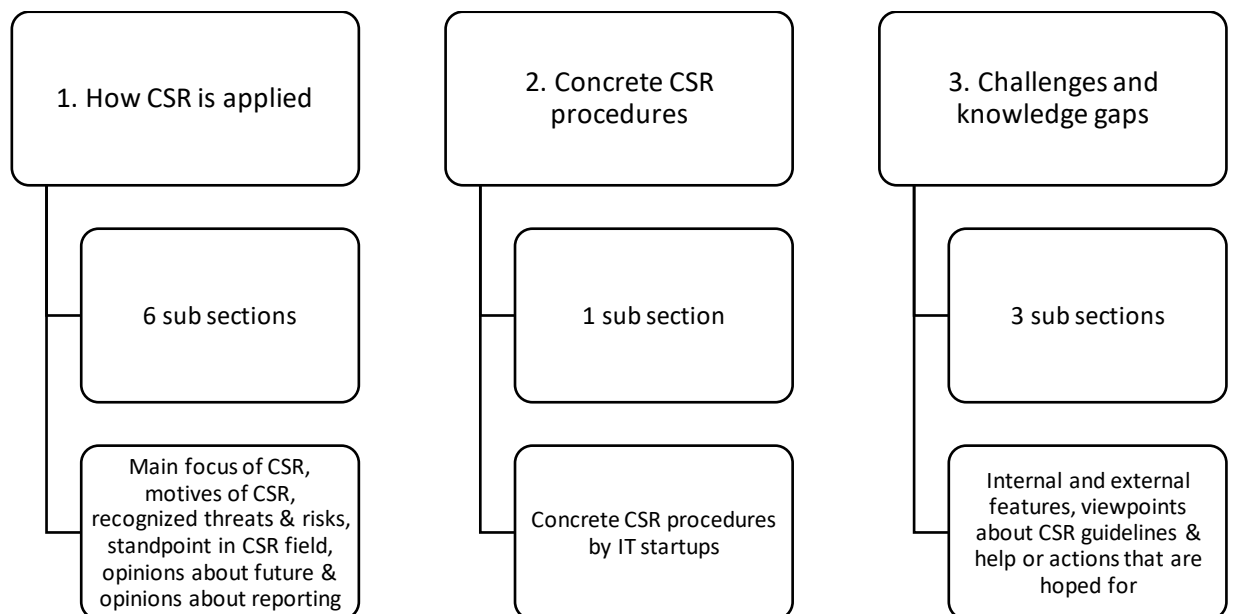
Figure 8: presentation order and sub sections of findings

4.1 How CSR is applied

Main focus of CSR practices of IT startups

All of the companies recognized the importance of being responsible and paying attention to CSR practices. The startups wanted to pay attention to responsibility and had recognized it as essential part of being a modern entrepreneur. During the interviews they were able to recognize i.e., environmental, social and governance related themes but had differing standpoints on them. Responsibility actions of these startups were related to their strategic goals and they usually focused on certain responsibility theme.

As said, there were variations on the focus points of CSR procedures and it could be clearly seen that the younger and smaller firms had more of a focus on the CSR procedures that enabled risk management, brand image, ensuring the continuity of operations and having a smooth start. They emphasized how responsibility actions were seen as a way to stand out and the actions were usually more strongly related to their business idea. Bigger and more mature startups with higher employee amounts and incomes had the possibility to do additional CSR procedures and they had focus on the wellbeing of their staff and business culture. One thing that was same for all of the companies was the attention they had towards data related actions as they all had to take same kind of lawful actions regarding data handling.

Startup G is a relatively young startup and had just launched their first product. Startup A had been in operation for few years and was the biggest of the interviewees in terms of employee amount and years in operation. This is how they described their CSR. These two quotes are stated by two different startups but represent well the viewpoints of smaller and younger versus matured and grown-up startup.

''We are a new startup so it is important to pay attention to data privacy and other responsibility matters so we don't run into problems. We don't want our customers to get a bad image about us so we are aiming to do things as good as possible from the beginning so we don't fail. We want to be credible.'' - Startup G

''In the beginning of a new startup it is easy to focus on other things, such as finding investors. You have to focus on the hard facts of business like sales, product development and funding. Now, when our company is getting bigger and going into better direction, we can do extra miles considering responsibility. I'm not saying we did things badly before, but in the beginning, it is hard to put an effort to these in the same way as the resources are limited compared to bigger startups.'' – Startup A

There were few main points that the interviewees pointed out frequently. These were the well-being of workers, information and data security and meeting the expectations of law. In addition, the general data protection regulation (GDPR) by the EU was something that all of the companies recognized and complied with care. Also, some of the interviewees pointed out that they wanted to be seen as credible and trustworthy actors of this field which made them pay extra attention to brand image and risk management of their operations. This was pointed out especially by the smaller and younger startups as they wanted smooth start to their business operations and limit the risk of reputational loss. They also described that they had realistic approach to responsibility and that to be able to stay in business, the business itself needs to generate income and be successful. On the other hand, more matured startups with more resources invested heavily into the wellbeing of workers. This was clearly noticed by the bigger startups with employers that took part in this research.

''Startup world is like competitive sports. In order to do hard work, you need to be well-being and in shape. It's the same with sports. If you want to train hard and be the top performer, you need to be able to rest and take care of your well-being.

Same goes with startup world. If we want our people to be top performers, they need to have well-being.'' Startup A

Due to the nature of this industry, the startups handle a lot of data. In addition, it has a high internal competition about the skilled IT persons that can play a key role in the success of startup. These factors were highlighted by the interviewees and the main focus points of CSR i.e., well-being of workers and data safety, were understandable and rational. In addition, especially the smaller startups that were relatively young wanted to be seen as credible and trustworthy which made them to pay attention to CSR procedures that benefitted their reputation, brand image and risk management. They felt that making an early mistake could potentially put an end to their business or cause excessive costs in reputation. Also, the possibility to be agile in CSR procedures and shifting the main focus of CSR was brought up by few startups. For example, when asked about what defines their responsibility procedures, few of them pointed out that a client could potentially have an effect on their responsibility actions if the clients hopes so.

''There is always a possibility that we might find a customer that wants us to do responsibility matters differently. In that situation, we might change our responsibility actions towards the desires of that customer.'' Startup E

To summarize, the responsibility matters of startups were usually strongly related to the requirements and nature of this industry i.e., data handling. Also, the competition about IT workers and desire to be a good employer made them pay additional attention to that. There were also certain features that was noticed in the ways younger versus more matured startups did and saw their CSR procedures.

IT startups motives to conduct CSR

All of the startups recognized the opportunities and additional value that being responsible and conducting CSR can create. The possibilities of value creation with responsibility measures were seen differently. In addition, correct CSR measures were seen as an important way to manage risks and to fulfil own ideas about responsibility. These were the main motives behind conducting CSR. Also, the cultural change of business world during recent years was brought up and discussed. Many of the startups saw that being as ethical and responsible as possible is something that comes naturally and cannot be neglected and works as a motive.

"In our company we feel that in order to be long-lasting and successful business, you need to be responsible. If your communication or actions does not fulfil the criteria of being responsible, you cannot be successful in the long run. This is what also motivates our responsibility agenda." - Startup D

Although the general viewpoint on responsibility themes and the reasoning behind it was similar, there were some differences on the motives. There were different factors that directed the CSR procedures focus points. Therefore, the distribution of motives regarding CSR were differing. Some of these differences in motives were argumented with own ethical views, business idea, available resources, visions about future or matters they wanted to solve with their product/service.

For example, startup C stated that in programming business you could very well pay attention to ecological, financial, social, humane, and technological responsibility but from their point of view they wanted to focus on social aspects as it is so strongly linked to their business idea. It was also important for the founder of the company. C's responsibility was therefore strongly linked to their product and owners own ethical views. Startup A frequently pointed out the importance of taking care about the workers and their well-being. The company had experienced strong growth and

saw that by focusing on the well-being of workers the company can achieve multiple benefits. Also, the owners of the company felt that being a responsible employer and being able to provide success for workers came naturally.

''All in all, in business world, the success of your company is strongly linked to your ability to attract the top performers of your industry to come and work for you. If they are happy and well, you can make them do things for you. At the end of the day, people are the ones who run and make the company. Having the right people working for us is the most important asset for us. Definitely.'' – Startup A

Other recognized motives were for example such as wanting to create a better business environment for small businesses, visions about future exit when selling the company or building a brand image.

All of the startups recognized the diversity and extensiveness of CSR and usually mainly focused on single aspect in addition to the requirements of law. On the other hand, taking the limited resources of smaller startups or the need to be tempting employer into account it is somewhat understandable to concentrate available resources to certain key-areas of business. For example, the smaller startups described their approach to CSR as realistic and that they cannot do everything at once. This is how startup D and F described their opinions about how to build and integrate CSR into their business operations.

''First you need the little pieces of responsibility and when the company is healthy and you have gained additional resources you can invest on other responsibility matters. You need to start from somewhere and then you are able to build better overall responsibility'' – Startup D

''We need to be realistic in terms of responsibility matters. We can't go everywhere and do everything.'' – Startup F

To summarize, even though startups were able to perceive the diversity of responsibility, the motives behind concrete responsibility measures were differing and usually strongly related to single theme that was somehow seen as essential part for the business, value creation and future success. In this aspect the responsibility measures were unilateral.

What are the recognized threats and reputational risks

Startups felt that the mental images about data processing and the history of data leaks casted a strong shadow on the reputation of this industry. Therefore, it was natural that this topic emerged in the interviews frequently and was seen as essential part of responsibility. Following GDPR, data regulation and ensuring data safety was present in their actions. Measures considering data handling were seen as most important aspect in terms of risk management, building trust and shaping the image public has about this industry.

''The requirements of GDPR are quite strict and simple, you just can't ignore them. You simply must do them.'' Startup E

In addition, the fast growth and pace was something that few of the companies pointed out as a potential risk. They recognized that growth would require additional attention towards responsibility.

''I feel like being responsible is part of our business culture and it comes naturally. We know the right ways of doing as we are a small and tight group of people. But now when we are recruiting completely new people from outside, I have pondered

how we are able maintain this. When growth happens, we can't just assume that everything works the same way." – Startup E

The interviewees felt that they did not want to make mistakes or take risks considering data. Data protection and handling were seen as an important method of risk management. As data handling is essential in IT sector, this was somewhat expected. The possibilities of data were in the core of many of these startups. Even if it was not in the core, they recognized the responsibilities that come with it. As earlier stated, GDPR and other data safety measures were something that all of them mentioned frequently. The requirements from law and regulators were taken well and they emerged in interviews repeatedly. Although data handling and safety was taken seriously, there were differing ways and opinions about the correct ways. Some companies used cloud services, some used encrypting and some of them had outsourced the data handling and most of the risks that come with it to another operator. So, there were variations in the data processes and few of the companies stated that there are not standardized methods considering that aspect.

"Is this really such a young industry that it completely lacks standards and ways of doing. At least I have not come across them and the tech guys have not pointed out a certain standard or procedure considering data handling." – Startup C

As stated, due to the history and nature of this industry, startups paid attention to GDPR procedures and data safety. They had high trust towards their own capabilities or if they had outsourced the data safety measures, they trusted the outsourced operator. To summarize, GDPR and requirements from regulators were seen as somewhat indispensable measures. Few of the interviewees pointed out that it would be a good thing if there would be commonly accepted guidelines in addition to the GDPR laws to limit the risks of this industry.

How do IT startups perceive their standpoint in CSR field

Many of the interviewees were able to perceive several aspects to being responsible and conducting CSR. There were differing opinions about their standpoint and different themes regarding responsibility. For example, matters regarding environmental aspects brought up different opinions. They felt that environmental aspects are well taken care of as the industry itself generates so little waste, focuses on creating immaterial products and some of the business ideas they have created are helping to reduce emissions and consumption. On the other hand, thoughts about the electrical consumption of IT industry and how it is growing all the time was also brought up and discussed but at the moment it was seen as relatively small. To summarize, the environmental effects these businesses cause were seen as relatively small.

In terms of building better business cultures and working environments, these startups felt that they had great roles. Especially the matured startups with employers had done concrete measures regarding it and the younger ones were able to point out the importance of building a company with responsible business culture. Having well-being, motivated and happy workers was seen as one of the most important assets. Few of the startups told about how they are able to notice possible problems early due to their agility and be in day-to-day connection with their workers which was seen as important and active role in taking care of workers.

One theme that kept emerging during the interviews was the opinions and feelings about the possibility to make a change in a big picture. For example, few of the companies compared their actions to industries that are heavily dependent on physical resources and their usage. Therefore, their role or ability to make great impacts were seen as limited in terms of external effects i.e., CO_2 emissions or energy consumption. In internal effects they felt that they had better capabilities i.e., taking care of employers and changing business cultures in their own companies. To summarize, startups felt that in global responsibility they have a small role and the actions they are doing are in line with their size and resources.

Opinions about the future of IT startups and their CSR

All of the startups had positive outlook on the CSR themes of startup scene. The attention towards these themes had increased and it was seen as a positive thing. They felt that being responsible is an emerging trend and the importance of it increases in the future. On the other hand, few of the companies pointed out that the industry suffers heavily from the past incidents and the reputational damage of data leaks and other malpractices have caused. They felt that they have the responsibility to try and fix the reputation with their own actions and example. One of the startups stated that the industry experienced such a fast and unforeseen growth that the responsibility measures could not simply keep up with it.

"10-15 years ago different IT companies focused solely on creating a functional software without caring about the ethical aspects. Nowadays I see that creating an ethical software has become the most important starting point" – Startup C

Regardless of the incidents in the past they had positive outlook about the future and saw that things are going into better direction in great pace. That could be seen on viewpoints and measures these companies did regarding data handling and how they had given attention to responsibility. Even the youngest startups with limited resources that were in their early stages wanted to be responsible and use it as a method to stand out and had clearly though about responsibility. Also, they were able to describe how they plan on building responsibility as the business grows and they generate more resources. When discussing about future, being responsible and having the resources to do extra measures was pointed out by many of the interviewees.

Risks of rapid digitalization and the amount of data in the world was also discussed. One of the companies pointed out that as the amount of data increases all the time, so does the number of criminals who want to steal data and benefit from it.

Therefore, having a continuing attention towards data security was seen as necessary.

"As technology advances and the amount of data increases, so does the amount of people who try to steal it from you. We have already taken additional safety measures considering that." – Startup B

To summarize, the events in the past seem to have a strong impact how these startups saw and prepared for future. The evolvement of the industry had a strong effect on the measures they were doing i.e., data handling. Responsibility was seen as trend that keeps on growing and sets certain cultural guidelines on how businesses should operate and prepare for it.

Opinions about CSR reporting and its implementation in future

During the interviews CSR reporting and its implementation was also discussed. Although the increased attention towards responsibility was seen as a good thing, opinions about reporting and how it should be implemented divided opinions amongst interviewees. Some of them felt that the increasing amount towards responsibility reporting is a good thing, but on the other hand as long as it's not mandatory, it will remain as *"hidden CSR"*. In addition, few of the interviewees pointed out that some kind of responsibility scoring system would be desired as it would help responsible startups to find other responsible startups and do collaborations and create communality between them. Also, some kind of reporting or official guidelines would encourage businesses to take a more active part in responsibility practices. They felt that now, when the CSR measures of each company are hidden or differing, it is harder to actually now and get a grasp what is happening in terms of CSR and it creates an uncertainty.

''In the future it would be a good thing if there would be some kind of network or scoring system that tells about the responsibility measures of other small businesses and what they are doing. Similar to the ESG scoring system that the publicly listed companies have. Now it is really hard to know who is doing what and how.'' – Startup D

In addition, other opinions about the responsibility reporting were raised. Few of the startups stated that it is true that the reporting of small businesses focuses quite much on the economic aspects and usually the extra measures of responsibility are voluntarily which increases the risk of collected data being biased. In other words, there is a risk that the voluntary responsibility reporting is done by the companies that are doing it okay and have the extra resources to do so. Also, the mandatory aspect of responsibility reporting was brought up. Some saw it as inevitable and necessary in the future and some saw it as a challenging measure that might create challenges regarding integration.

''I feel that being a responsible business becomes naturally to us. It would be a good thing that you could measure responsibility amongst other performance indicators. On the other hand, responsibility reporting should be well implemented. If you have some kind of mandatory extra reporting tools and you need to go there and write something, it might become unmotivating.'' – Startup A

The role of regulators and law legislators regarding possible responsibility reporting was discussed. As earlier stated, the GDPR laws and other requirements from regulators were taken with care. On the other hand, the role of regulators in creating or taking part in the creation of reporting system divided opinions. Some of the startups felt that it needs to come from regulators in order to gain some kind of pressure and guidance for the businesses to report their responsibility. On the other hand, some of them stated that they felt that usually when public servants create new regulations there is a risk that they do not serve the purpose as well as they

could or that they increase unnecessary bureaucracy. There were also opinions that the possible future reporting regulation needs to come from legislators in some way. Otherwise, the reporting faces challenges in establishing itself as a part of startup world.

''I think that the possible future reporting regulations need to come from legislators. We already need to do financial statements every year by the law. I think if you would have some kind of easy framework, add a page about responsibility to your financial statements.. that would do it.. I don't see any other way. If it would be voluntary and done with money involved, the responsibility data starts to be biased.''
– Startup D

To summarize, the prospects about future, responsibility reporting and how it should be implemented divided opinions and sparked thoughts amongst the interviewees. It became clear that this was something that the startups felt important and were willing to give opinions and open their thoughts. All in all, the interviewees saw that compared to the available resources and abilities, responsibility was already taken well in IT industry. Possible future reporting divided opinions and startups recognized the implementation, standardization and measuring aspects and challenges that come along with it. They stated that it might increase the unnecessary bureaucracy, create unbiased data, demand too much resources or make it unmotivating. On the other hand, the desire for increased communality and comparability between startups was also brought up and few of them pointed out that some kind of scoring or reporting would possibly solve it and increase responsibility actions inside the industry.

4.2 Concrete CSR procedures

What CSR actions IT startups use

The concrete CSR actions currently conducted were mainly focused on few aspects, risk management, taking care of workers and building business culture and brand image. Doing data handling measures according to GDPR was self-evident to all of the startups and wasn't brought up as strongly as the other ones when discussing about concrete CSR actions. It was seen as an obvious part of the business.

When asked about the concrete ways and actions there were different approaches and answers. Focusing on the well-being and free benefits of the workers were popular amongst interviewees. Four of the startups described that these included for example healthy food and drinks, bonuses, providing electric bicycles, organizing sport events or the possibility to exercise during work hours, regular meetings with employers and having an active approach to possible challenges in the working environment. One of the startups also pointed out that they use green energy, compensate their CO_2 emissions and do charity when it is possible and there is a right kind of collaboration possibility. Those methods were seen as a way to brand themselves and stand out as a responsible actor but also something that was important for the owners of the company.

Three of the startups also mentioned about the responsibility related internal systems or measuring methods they had created for themselves. They saw that tailor-made responsibility methods to their own needs functioned best. The methods were used to two purposes, measuring and tracking the success, development and happiness of workers or as a tool that helps accessing business actions. For example, one of the companies updated the personnel related tool frequently during performance appraisals. Other startup used their ESG -related triangle framework when making strategic maneuvers and deciding on the next business actions.

In addition to the data requirements from law, few of the startups mentioned about their additional security measures that they saw as an improvement to responsibility. These measures included for example cloud services, encrypting and using special server related procedures to ensure the data safety.

To summarize, there were various different responsibility measures these companies described and they had differing approaches to the whole theme of being responsible when it comes down to concrete actions. One thing that draw the attention while doing the analysis was the lack of financial aspects in the concrete responsibility actions of startups. Even though the financial limitations were brought up by the startups i.e., that they did not have money to do something or that they wanted to focus on growth of the business, there were not concrete actions by these startups towards financial responsibility. It is hard to say is it because financial challenges are so self-evident for these businesses that the lack of financial resources make the whole subject "invisible" to them or that it is hard to grasp it in the midst of all. With this I mean that the ability of these startups to describe and recognize the responsibility measures related to financial wellbeing was almost completely missing. Is it so that the financial responsibility of startups is unrecognized as other processes take so much time and effort and they are used to the fact that startup scene is a place where it is normal to have continuous challenges with financial resources and financing?

4.3 Challenges and knowledge gaps

Internal and external features

While doing the interviews and analyzing the data, internal and external themes that had an effect to CSR kept reappearing. Some of these internal and external features were associated to startups resources i.e., knowledge, money or time, or to the

challenges that were laid on them from outside. These internal and external reasons emerged usually when discussions about the reasoning of CSR actions, challenges or viewpoints and there were variations in them.

Internal challenges that almost all of the startups stated were lack of time and/or money. Especially money had the possibility to create both internal and external limitations. For example, one of the startups stated that potential investors created challenges to their responsibility intentions as investors saw responsibility measures to create additional costs and they hoped that they would do minimal amount of responsibility actions just as the competitors. Other challenges regarding external limitations were example stock allocations and insurance companies' terms of service that were experienced as unfavorable or challenging.

The lack of financial resources was seen as some kind of limitation to responsibility measures especially for the younger startups. Matured startups stated that time or the lack of it was the thing that placed challenges on responsibility.

Despite challenges that were usually related to their size or resources, the tight working communities, agile business culture and technical capabilities inside these startups were also seen as internal strength that helps in tackling differing external and internal challenges. One thing that was pointed out by several startups was the ability to actualize own visions and get a quick response from employees or other stakeholders. This was seen as important internal motivation especially for the owners of the startups. Thus the size of these startups was described to be somewhat double-edged sword that had an effect to internal and external factors.

Viewpoints about CSR guidelines

The interview question three was solely meant to the purpose of gaining comprehension that what kind of possible CSR or responsibility related standards or guidelines are familiar to IT startups. This amongst other questions helped to gain general view about the possible knowledge gaps and what kind of measures they are doing and what are they based on in terms of responsibility. This helped in the discussion about these guidelines and what kind of viewpoints interviewees had on them.

Opinions towards commonly known responsibility guidelines were receptive but they were usually seen as stiff or too ambiguous. They described that some of the objectives of them aren't well applicable to small businesses. Many of the interviewees mentioned that they themselves lack theoretical knowledge about guidelines and/or standards but are broadly able to recognize what aspects belong to CSR. This was proven by the actions the startups conducted and also in the answers they provided as total of two of seven interviewees were able to state some commonly known guidelines. One of them was SDG's by un and the other one was ESG framework.

One of the startups also mentioned that one of the biggest problems towards responsibility reporting and guidelines is the fact that she/he feels they are in constant change and you cannot be sure about the right actions for their industry. This was also brought up by the other interviewees that they do recognize the features of being responsible but cannot actually be sure about everything as there are not formally stated rules, guidelines or frameworks and it creates and/or increases uncertainty about them. As stated earlier, meeting the requirements of the law and having a strong focus on certain point of responsibility was the most common way these startups saw and executed their responsibility.

"If you think about these standards you can notice that there is constant change in them. The ESG world is in constant change and it's a fact that that alone is a challenge" – Startup D

Matters regarding the practicality of some CSR related responsibility measures was discussed in terms of small startups. For example, one of the interviewees pointed out that the possibility of accomplishing gender diversity can be more challenging when the employee amount is really small.

To summarize, the broadness of CSR guidelines was somewhat familiar to the interviewees even though most of them lacked theoretical knowledge. While discussing about these themes, there seemed to be uncertainty on different theoretical levels which might have an effect also to the hands-on procedures they are doing in real life. On the other hand, the opinions and viewpoints about the correct responsibility measures were somewhat differing and were related to available resources, own ideas about responsibility and how they wanted to implement it.

What kind of aid or actions are hoped for

As this research aims on finding ways to the integration of CSR to IT startups it was beneficial to ask what kind of aid or actions they would need or find helpful in terms of responsibility. It would open up the discussion about recognized and respected authorities in this industry that are seen as authors of this industry.

Despite there were several ideas and thoughts about the nature of these actions, one feature was common to all of the interviewees. They pointed out that when/if they seek assistance or help, it would be important that it comes from a source that has practical knowledge about the industry and its features. It would be essential that it has credibility. This was also pointed out by the interviewees when discussing about the future of CSR and its reporting. They felt that if it would be created by an

''outside'' member of this scene, there would be a potential risk that it increases bureaucracy and lacks functionality. For example, Business Finland was a brought up by few interviewees and seen as a credible operator of this industry.

In addition to the features of applicable operator, concrete actions and ideas were brought up the interviewees. The features of these actions were discussed as it was implied that this industry has unique features. Startups hoped that the possible actions would be easy to integrate, done in a collaboration with the industry and they would take essential aspects of IT industry into notion. On the other hand, the practical difficulties this creates were noted as this industry is so multilayered with different kind of operators, with different resources, skills and aspirations. This might be due to the fact that CSR and responsibility was seen as broad and the industry itself as a small and agile actor with distinctive features. Bringing these two together in a functional way was seen as challenging.

As earlier stated, the lack of communality and discussion regarding integration of responsibility was something that was discussed with the interviewees. When asked about what kind of suggestions interviewees had to solve this, different ideas were brought up. For example, webinars, dialogue, networking events or a startup focused consulting service are examples about the ideas that were presented to the interviewer as a possible solution.

5. Discussion and answers to research questions

One thing in common for startup environment and CSR field is that they are in constant change. In addition, businesses are demanded to function by CSR guidelines and even go beyond them. Also, SME sector where these startups operate, is not homogenous and there are internal and external matters that influence the actions they execute. Usually, SMEs have a personalized style of running the business and their operations. (Jenkins 2009) Aligned with these viewpoints, this research implicates that the will to go beyond expectations was something that the startups also wanted to pursue. For example, the way they wanted to do extra measures considering well-being or data safety. Furthermore, the differing viewpoints and concrete ways in executing CSR had differing features.

Even though the increasing attention towards CSR has been present for decades, unbiased definition of CSR seems to be nonexistent. The problem isn't solely that researchers or business world wouldn't have accurate definitions, it's that the definitions are usually biased towards specific interests. (Dahlsrud 2008) The findings reported highlighted this as only few of the companies recognized widely accepted CSR or sustainability guidelines and the CSR actions were directed towards single aspect rather than taking a broad approach.

In the theory section of this thesis different aspects and problems regarding CSR in SME's were presented and handled. For example, the measurability, comparability and implementing challenges were presented by different scholars. Also, organizing CSR in small businesses and startups implied to have special aspects. (Retolaza et al., 2009; Baumann-Pauly et al., 2013) In addition, Laura Spence's revision about Carroll's CSR pyramid presented different aspects that affect the social responsibility of small businesses. (Spence 2016) These are just few examples of the theories and arguments presented earlier that emphasize the features that were

also discovered in the research. Nevertheless, it must be stated that these themes have been addressed before but not in the same way as this thesis did.

There exists very little research on Finnish IT startups and their CSR, if any. This thesis set out to investigate CSR of IT startups to gain a better understanding of how it is applied and used. As this is a partly an unexamined part of business world and responsibility, this thesis tried to solve this ''puzzle'' as follows.

The main research question was:

RQ: How do Finnish IT startups apply their social responsibility practices?

As the findings of the research show, IT startups had differing ways and methods to apply CSR procedures. They had a meaningful focus on the responsibility measures that were linked to the wellbeing of their staff, data security and brand image. Responsibility actions were related to the strategic future goals and they usually focused on certain responsibility theme. There were same variations on the focus points of startups as they had differing sizes, resources, and viewpoints about CSR. One factor that was clearly shown was how the matured startups with employers had significant focus on the wellbeing of their staff. The rationale for this was that employers in this field are seen as one of the most important assets and there seems to be rivalry about them. Younger startups paid attention to brand image and having a smooth start to their operations. They saw responsibility measures as a way to stand out and the CSR actions were usually more strongly linked to their business idea. One thing that was common for all of the startups was the requirements from the law considering data. As they were such an obvious part of this business field, they weren't necessarily seen as CSR actions but rather as something that comes with the business.

The main focus points of CSR were understandable and rational as they were strongly related to the requirements and nature of IT industry. Startups were able to recognize what is essential and had clear visions about the most relevant responsibility actions to them in their own opinion. Also, they pointed out that they are able to change and develop their own actions when needed. In addition, they had realistic approach of not trying to do everything in terms of CSR. That being said, the motives behind CSR actions were surprisingly differing and justified to the interviewer with various reasons.

Reputational risks and past events regarding malpractices seemed to have a strong presence in the actions these companies did today and planned on doing in the future. Startups wanted to avoid making same kind of mistakes and recognized the responsibilities that come with data handling. Even though they saw their standpoint in CSR field as rather small, they had positive outlook on the fact that they are able to change the reputation of this industry, change business culture and pay extra attention to the internal procedures. Also, the increased attention towards responsibility was seen as a good thing, even though the implementation of reporting divided opinions and the startups had different viewpoints on how the integration should be done.

The main research question was followed by two sub-questions that supported the main research questions and provided the possibility to deepen knowledge about this topic. These two sub-questions were:

SQ1: What are the concrete ways, theories or methods of social responsibility used by the companies?

When asked about the concrete actions, there were differing approaches and answers. Even though being responsible was recognized as unquestionable part of being modern entrepreneur, during the interviews it became clear that these

companies had different approaches and viewpoints to the whole theme of CSR / responsibility. Wellbeing of workers was important and majority of the interviewees mentioned about the benefits they are offering to their workers. In addition to that, few of the startups mentioned for example compensating CO_2 emissions, using green energy and charity. Few of the companies also stated about internal responsibility related systems they had created. These systems focused on two aspects, tracking workers wellbeing or as a strategic tool when doing business decisions.

As earlier stated, one thing that caught the attention of researcher was the lack of concrete financial responsibility actions. During the discussions about resources, money was stated as a factor that increases the challenges in terms of responsibility actions. On the other hand, it must be stated that it remained unclear for the researcher was this because financial challenges are so self-evident to these companies and the business environment they operate in, that they were used to the fact that money creates restrictions on all business actions.

Regardless, money created internal and external restrictions to these companies and the concrete actions considering financial responsibility were in a smaller role compared to other actions these companies described. This might have an effect on the overall responsibility and what kind of actions companies are able to do in future in terms of responsibility.

SQ2: What kind of possible challenges, obstacles or knowledge gaps the companies have noticed regarding social responsibility?

Discussion about challenges, obstacles and knowledge gaps during the interviews brought up few points to assess. First, time and money were seen as the most influential factors in terms of responsibility actions. Usually, time was the limiting factor for matured startups and money for the smaller ones. Also, investors and

other operators were able to have an unfavorable influence on responsibility actions as responsibility actions were seen to create for example extra costs or limiting their responsibility actions some other way. Therefore, in some situations the size of these companies was somewhat double-edged sword as it allowed them to be agile but on the other hand made them reliant on other operator's terms.

Also, discussion about the CSR guidelines was held. It helped to gain general overview about them. Opinions towards responsibility and CSR guidelines were receptive but they were seen stiff or too ambiguous towards IT startups. Majority of the interviewees stated about the lack of their theoretical knowledge regarding these guidelines and topic. This theoretical knowledge gap or uncertainty about correct procedures might have an effect on the concrete action's companies do. Despite this, startups had strong own visions about responsibility and how to execute it with their resources and own values.

Uncertainty towards CSR also had other causations. As there isn't any widely recognized and standardized way of conducting CSR and responsibility, interviewees felt that it remains as ''hidden CSR'' and the comparability and communality between different companies suffers from this. Few of them stated that the lack of this creates uncertainty as nobody really knows who is doing what and how. Some kind of responsibility reporting was hoped from majority of the interviewees and the increased attention towards this topic was seen as a positive thing. On the other hand, the implementation of this reporting should be done with great care and interviewees mentioned that increased bureaucracy isn't hoped for. Attention towards the quality and comparability needs to be taken into account to avoid biased data.

Aligned with the findings of this study it was interesting to see how well these findings matched with the literature and theories provided earlier. As many of the articles earlier handled and presented, CSR still suffers from lack of definitions,

measuring, implementing and comparability. Also, the lack of theoretical knowledge might increase the risk of responsibility actions being strongly related to single aspect which can create challenges for overall responsibility. For example, more attention towards the financial aspects of responsibility could help in future responsibility actions as they would not be se heavily dependent on the lack of financial resources. Furthermore, the opinions and experience of startup entrepreneurs should be taken into account if responsibility reporting measures are implemented to this scene.

6. Conclusions

Assessing the results showed that responsibility related themes are seen as important part of being modern entrepreneur. Even though the limited resources and different viewpoints, startups recognized being responsible as important part of their operations. In addition, this study showed that startup world and CSR field continues to divide opinions and the concrete actions are diversified. These factors might increase the risk of CSR not being fully exploited and remaining undefined.

This thesis has provided an overview of Finnish IT startups and their CSR. Furthermore, it has provided insights about the different ideas and approaches the interviewees had on this theme. As the theory section and the findings of this thesis show, both of them are broad themes. This creates theoretical and practical challenges to the aspect of researching them, implementing them and approaching the entity they create. These challenges were recognized in this research and based on them, contributions and implications are presented.

6.1 Contributions

This thesis has had few contributions. Firstly, it theoretically adds to the limited and young field of research that handles startups and their CSR. Secondly, it has provided insights and help to the case company's responsibility questions. Thirdly, the results of the research show what kind of limitations the knowledge gaps and dilemmas of CSR create to startups in real life and this justifies the need for further research and examination. Lastly, it has given an overview about the state of responsibility in this business scene. Based on that, implications regarding the implementation of CSR are presented.

6.3 Implications

Despite the limited approach to this study and the broadness of the subjects that were researched, there are few implications that can be made. Arguably, this research can provide beneficial information regarding the matters that need to be taken into account when developing and/or implementing CSR to startups.

CSR was applied in various ways amongst the interviewees. The possible knowledge gaps regarding responsibility and CSR guidelines can create an situation where overall responsibility suffers, some part of it is neglected or left without attention. Based on this, a suitable actor of this industry should come up with a plan on how to communicate responsibility related matters to the companies of this industry in a way that emphasizes the different sectors of responsibility. After this, the discussion about the implementation and developing of some kind of reporting or measuring system could be created in collaboration with these companies. These actions would ensure the mutual understanding and create discussion regarding responsibility and how it should be implemented.

Startups were receptive towards responsibility and saw that they have a significant role in changing the business culture of future. This should be capitalized via dialogue by the regulators and operatives because it would help in the responsibility objectives of our business world.

6.4 Suggestions for further research and limitations

Even though master's thesis is a process that takes months and is usually well planned and executed with great care, there are some limitations that need to be

acknowledged when assessing it. The experience of researcher, sample size or the regional and industry related concentration of interviewees and their opinions are just examples that create limitations for this study.

Data of this study was collected from seven startup entrepreneurs. The interviewees were chosen with great care but with a bigger amount of data the results could be different. Also, they were all focused on the capital region of Finland and had differences in their resources, sizes, ages, experiences and opinions about the themes that were researched in this thesis. Taking the nature of startup world into account, this was somewhat expected but still the results of this study cannot be generalized to reflect startup scene or IT industry. In addition, we are experiencing turbulent times in global business and the nature of fast-paced startup world with its peculiar features increases the possibility of having different results if conducted with different sample group and time.

It would be interesting to conduct same kind of study in a few years to see how things have evolved from this point and what kind of other aspects and results can be found with different approaches, sample sizes or research methods. In addition, the continuous evolvement of responsible business culture and digitalization of our society increase the amount of interesting possibilities for future research. As stated above, this study is limited in various ways. The topic of startups and CSR are both broad and create complexity and challenges now and in the future. Therefore, it would be important to research it more.

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Appendix

Appendix 1. Interview questions

1. Please introduce yourself. Tell me about the startup company we are discussing today and how it relates to CSR?
2. What comes to your mind about CSR and concrete ways of doing it?
3. What CSR or responsibility standards are familiar to you?
4. What kind of CSR procedures are you doing in your company? Why?
5. What defines your CSR procedures? Why?
6. What kind of challenges have you faced regarding CSR?
7. What CSR procedures do you perceive as easy and/or obvious?
8. What kind of help or guidance regarding CSR you would see as beneficial and/or useful? From who?
9. How do you see the future of CSR and startups and are you preparing for it somehow?
10. Is there something you would like to address or discuss more about? Something relevant you would want to tell or handle regarding this topic?