SIGNIFICANCE OF STARTUPS' DUAL MISSION DURING THE TIME OF CRISIS

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Streszczenie: Startupy z dualną misją stały się ważnym uczestnikiem poszukiwania rozwiązań problemów związanych z pandemią COVID-19. Manifestowanie ich społecznej misji w połączeniu z tworzeniem innowacyjnych rozwiązań dla wspólnego dobra, może się znacząco przyczynić do walki z pandemią. Artykuł ten ma na celu omówienie znaczenia dualnej misji startupów w czasie kryzysu. Rozważania dotyczą reakcji polskich startupów z dualną misją na pandemię COVID-19. Aby zrealizować zamierzony cel, przeanalizowano literaturę dotyczącą dualnej misji oraz wpływu pandemii COVID-19 na przedsiębiorców i startupy. Na potrzeby niniejszego artykułu zbadano również strony internetowe prezentowanych startupów o dualnej misji. Wynikiem przeprowadzonego badania jest przekonanie, że szerzenie narracji o misji społecznej może skutkować silniejszymi relacjami między startupami a ich interesariuszami, a manifestowanie wartości firmy, która rzetelnie i odpowiedzialnie dąży do dobra wspólnego, to kwintesencja wspólnoty nie tylko w czasie pandemii, ale także przed i po niej, co przyczynia się do rozwoju społeczno-gospodarczego.

Słowa kluczowe: startupy, dualna misja, misja społeczna, pandemia, kryzys.

1. Introduction

On March 11, 2020 the World Health Organization (WHO, 2020) announced COVID-19 a global pandemic. Much public attention since then is paid to the dangers of the economic and social crises, which we are facing as the result of the pandemic (JHCRC, 2020; Kuckerts et.al. 2020). Occurrence of a pandemic is not new to medicine, but social distancing, lockdown and other critical measures undertaken by governments (Glass et al., 2006) in order to slow it down, have enormous impact on the economy and society of every country. The way of life is rapidly changing all over the globe. The epidemic has not only affected healthcare systems, but also numerous industries and has triggered disruptions to normal functioning of companies everywhere in the world.

Many industries are suffering from a drastic reduction of demand for their products and services, partly caused also by full or semi-lockdowns and social distancing, impending enjoying the benefits of the XXI century economy. This economic slowdown, caused by a spreading deadly disease has made enterprises all around the world struggle with financial problems, hindered functioning, and serious limitations of growth. In Poland they generate 75% of gross value added, of which as much as ½ is the result of micro-enterprises, and over ½ of small and medium-sized enterprises (Biga et al., 2020). Start-ups are key drivers of economic growth, they create innovation and give jobs, and through that they significantly contribute to productivity growth (OECD, 2020, p. 1). Therefore, the continuity of the functioning of startups will significantly determine the development prospects of the Polish economy.

The ongoing COVID-19 pandemic is significantly strengthening the demand for digital-based technologies, while at the same time stimulating the need for community and belonging. Economic, social and political changes around the world are causing an increasing interest in social motives of enterprises. Two types of change influence the entrepreneurial approach: problems that require innovative approaches, and changes to solve problems (Nicholls, 2006). Both types are conducive to increasing interest in dual-mission startups, and awareness of the constantly growing inequalities in the distribution of wealth and the degradation of the natural environment. The search for alternative ways of dealing with social, economic and environmental problems is the source of innovations created by startups. They are a new direction of research on the use of opportunities to create value by satisfying social needs or stimulating social changes.

This article aims to discuss the reaction of the Polish dual mission startups to the changing COVID-19 pandemic situation. The structure of this article is as follows. After the introduction, the Author presents a characteristic of dual mission startups and considerations regarding the present pandemic situation. The second part presents the methodology of the presented research, some examples of Polish innovative startup solutions created to help the society during COVID-19 and general recommendations for startups in these tough times. The analysis of literature and presented cases allows formulating the following research questions: Did Polish startups with dual mission find a way to adjust themselves to the pandemic crisis? Did dual mission influence their innovations? In order to answer them, a desk research of multiple scattered sources was conducted.

2. Literature review

A startup is an organization formed to search for a repeatable and scalable business model (Blank & Dorf, 2013), its primary goals are therefore fully business-oriented. Crowne (2002) understands a startup as a company with limited experience but seeing a market opportunity, operating with insufficient

resources, and influenced by stakeholders (investors, customers, competitors) There are also startups, which pursue social and business goals in their parallel activities (Mair & Martı, 2006; Vega & Kidwell 2007), providing financial benefits to stakeholders and implementing socially responsible practices in their operations, they are designed to solve social and ecological problems (Sady & Buła, 2020). These are companies which made social or environmental mission an indispensable part of goals and strategies already at the stage of their formulation, but they will survive if their vision and passion are supported by strong business strategy foundations. The merit good that is so important to them, is defined as an activity or object that benefits society (Guclu et al., 2002). The motivations of entrepreneurs focused on social goals are internal and difficult to observe and examine (Groot & Dankbaar, 2014). They are usually, just like in nonprofits, dissatisfied with status quo of encountered problems (Guclu et al., 2002), therefore they are motivated to change this status using market economics (Katre et al., 2012). This blurring of boundaries supports the strategy of double value creation – social and economic (Alter 2004). There is no doubt, that entrepreneurs striving to achieve social goals operate under the influence of social logic, focused on development, prosperity, trust, cooperation and value creation (Marquis et al., 2011; Reay et al., 2015; Pache & Santos, 2013; Garrow & Hasenfeld, 2012; Santos 2012), and at the same time under the market logic of efficiency, competition, accumulation and profit maximization (Thornton et al., 2012; Zhao & Lounsbury, 2016). As change agents, double-mission entrepreneurs harness innovation to create change in social equilibrium (de Bruin & Ferrante, 2011; Lehner & Kansikas, 2012; Zahra et al., 2009; Phillips, 2014). However, in Polish conditions, dual mission startups are not to be defined as social enterprises. They may also be called hybrid organizations (Battilana & Dorado, 2010), combining institutional logics in unprecedented ways.

The dual mission of enterprises is the subject of research of scientists from the perspective of various scientific disciplines and theories (Short et al. 2009; Reiser, 2010; Mao et al., 2015). The leading trend examines the dichotomy of enterprises with a dual mission (the span between the world of pro-social values and the world of profit), which requires operating in two parallel institutional logics - balancing social and economic goals (Costanzo et al., 2014; Siebold et al., 2019). Some definitions focus specifically on creating shared value, while others recognize that maximizing the creation of social value is a differentiator between social and traditional entrepreneurship (Dacin et al., 2008). Porter and Kramer (2007) also raise the topic of social mission, suggesting that the purpose of an enterprise should be redefined. According to them, companies should pursue the creation of shared value, and not only financial goals, as they are embedded in social structures. To enable their survival and development - they should ensure value creation for all

stakeholders. They thus understand that economic value can be created in a sustainable manner with the involvement of stakeholders. Respectively, those companies are able to identify the opportunities of creating common value faster (Elkington & Hartigan, 2008), which is reflected in the activities of entrepreneurs with dual mission and dual goals (Alter, 2006).

The second trend refers to the stakeholder theory and examines the relations of these enterprises with their environment. According to Short, Moss and Lumpkin (2009), one of the most difficult aspects is managing stakeholder relations, each of whom perceives and evaluates those relations from a different perspective. That is why it is so important for startups with a dual mission to clearly, consistently and coherently communicate their missions and goals, both social and economic (Praszkier & Nowak, 2011).

There is no doubt, that the current crisis and the economic turmoil resulting from it, have strengthened the need for dialogue (Augustyniak et al., 2020b, p. 2). Startups' communication with stakeholders is a research filed vet not thoroughly examined, but may be based on research on social entrepreneur's communication with stakeholders, as manifesting social mission is equally important for both types of organizations. The communication process is crucial in creating a platform of information exchange with stakeholders (Achleitner et al., 2011), and appropriately built an understandable narrative explaining the meaning of their mission and goals is crucial (Roundy, 2014). At times, a personal narrative and a socio-good narrative is added to prove missions' value, and build its legitimacy (Roundy, 2014a). Startups often use social media and new technologies to present their story and mission. This channel has proven to be effective especially in the period of increased remote work. Startups use it to promote their activities, as well as to share knowledge and know-how during numerous webinars, seminars and online conferences.

3. Research Method

This article aims to discuss the importance of the dual mission of startups and its significance during pandemic crisis. The secondary data (the desk research) analysis (Hewson, 2006) is the further analysis of an existing dataset and generating novel interpretations and conclusions. The advantages of desk research include among others: easy accessibility, the ability to analyze on larger samples (if available) (Nachmias 2001), lack of researcher's influence on the subject of the study (Babbie 2013). Desk research can also enable comparing different research results concerning the same or similar research area, and thus can enrich the existing mechanisms of inference in a given topic (Bednarowska, 2015). The presented research was divided between a scientific literature review and inquiry of best practices. A review of literature obtained

from scientific databases was carried out, as well as of materials in the form of available studies prepared by commercial entities and institutions, aimed at introducing theoretical approaches to the subject matter described. To achieve the intended goal, the literature on the dual mission of enterprises, startups, and the impact of the COVID-19 pandemic on entrepreneurs and startups was examined. For the purposes of the analysis, significant studies were selected, which allowed for a discussion of selected issues. Both domestic and foreign literature sources were used.

In the case of the presented study, desk research was helpful in finding innovative solutions to pandemic challenges via Internet databases, industry portals, startup networks websites and blogs, press articles and social media. Websites of presented dual mission startups were also investigated for the purposes of this study. At present there is no official database which might have been used to fish out those startups and their innovative solutions, therefore a desk research of the presented multiple scattered sources was the only possibility. Using obtained results, one can describe tendencies among Polish startups and a rising importance of their social mission, but the conclusions allow to create general assumptions based only on few case studies. As time passes, more dual-mission startups will be presenting their innovative solutions to the Polish market, which will allow to prepare a more conclusive analysis.

4. Presentation of research results and discussion

Today, more than ever, the idea of social responsibility is needed, presenting itself as genuine actions undertaken for a specific purpose. The pandemic showed how companies can flexibly change their business models, adapt their activities to a changing environment, integrate, support employees and help those in need. In order for these activities to be long-term and become an element of the strategy, it is necessary to change the organizational culture, values and motivations of companies and their managers.

Startups play an important role in countries' economies by creating jobs, innovation and supporting long-term development, but the crisis related to COVID-19 has limited startups formation, and has become a challenge for their development and even survival (OECD, 2020). The COVID-19 pandemic is estimated to have affected the layoffs of 69,000 startups' employees worldwide between March and July alone (Ilic, 2020). R&D in startups has been significantly hampered by the lack of access to laboratories, infrastructure and apparatus that cannot be replaced remotely (Kulas, 2020), and lead to optimizing costs, limiting investments in new products or services and looking for new sources of funding. Some startups decided to change their business strategy and adapt to the changes in a creative way. Due to implemented crisis

management strategies, aimed to minimize the impact of the crisis (Spillan & Hough, 2003), some of the innovative companies managed to quickly react to changes and adapt to the new environment. This flexibility allowed to offer new products and services to the market, often helping citizens to shift towards home office, home education, online health services and shopping online. If this crisis management strategy is implemented properly, it will restore functionality of companies suffering from the crisis (Williams et al., 2017). Those companies, which see opportunities and want to create change with the resources available, are the resilient ones (Martinelli et al., 2018). Polish examples of this shift in search of new opportunities are presented in Table 1. A significant number of Polish startups feel socially responsible for participating in the fight against the pandemic, providing support and resources for the medical industry (Kulas, 2020). As presented in the above table, startups have been at the forefront of solving COVID-19 pandemic problems, playing a significant role in creating applications, developing vaccines and helping Polish economy and society. Many startups worldwide are looking to create new solutions and turn their pandemic-inspired innovations into sustainable business (Schroeder, 2020).

Table 1. Selected examples of innovations of Polish startups supporting the fight against the pandemic and helping the society

| Name of the | Product / service |
|-----------------------|--|
| company | Froduct / Service |
| Instytut B61 | COMPAS – chatbot in Messenger application, which answers to questions and provides information related to the pandemic (contains current data on the epidemiological situation, recommendations of the Ministry of Health, cultural events, information on support programs for companies etc.). |
| Centrum | COVID-WATCH device activates without contact and precisely calculates an |
| Badawczo – | effective 30-second hand washing time recommended by virologists. |
| Rozwojowe SoftBlue | |
| Omnioxy | Using hyperbaric chambers for oxygen therapy in the fight against coronavirus on a larger scale would help reduce mortality and the need for respirators by up to half. |
| VentilAid | A device with the function of a respirator is an Open-Source project that can be manufactured anywhere in the world with the help of a 3D printer and generally available components. |
| Mudita | The company has designed an easy-to-use and inexpensive to manufacture ventilator for COVID-19 patients - Breath, which is to supply oxygen to the patient's lungs in a life-threatening situation in the absence of a professional ventilator. |
| Nauczeni.pl | An educational platform that is to help Polish students and teachers find their place in the remote learning system (the portal offers tutoring services and private lessons). |
| IT.focus | Application IHelpYou for local communities enables offering and finding help in one's neighborhood. It supports volunteers who want to help the elderly do shopping or take the dog out. |
| SensDx | First diagnostic test for COVID-19 and influenza A/B with reliable results in just 6 minutes (with sensitivity at the level of a genetic test). This solution combines |

| | the device in which the tests are placed with a mobile application that allows |
|------------------|---|
| MyLuggage | reading the results. The free MyLuggage mobile application, which helps to get ready for any trip. Poles are assisted by a personalized list of necessary items to pack (including protective measures, e.g. antibacterial gel and protective masks), safe travel guides and useful tips. |
| Lokalsi.app | An application that allows to contact other people in the neighborhood to exchange services and goods, find professionals, etc. |
| Ultima RATIO | First Electronic Arbitration Court at the Association of Notaries of the Republic of Poland in Warsaw. This court of arbitration is entirely conducted online, and the arbitrators are notaries. Cases end within 3 weeks with a final judgment without the physical participation of the parties. |
| Genomtec | Diagnostic tests for professional use to diagnose COVID-19 in just 11 minutes. |
| IC Solutions | The IC Pen data digitization system uses digital pens to provide epidemiological safety in a hospital. Digital pens are used to prepare patient documentation, which automates the process, significantly reducing service time. The digital version of the document is immediately available to medical staff in their IT system. |
| Celius | Automatic booths that can disinfect and examine 300 people within an hour. Before disinfection, the cabin automatically measures body temperature, scans the face of the person entering the room and carries out the disinfection process. |
| DataWalk S.A. | A global-scale unique Big Data analysis software with powerful computing power. It can identify the so-called super carriers and people at risk of contracting coronavirus. Analytical platform monitors the development of the pandemic. It is planned to create a solution to support the management of resources of medical and uniformed services (analysis of the availability of equipment and people). |
| Higo | Telemedicine system - a device and a mobile application - enables an interactive interview between a doctor and a patient and a remote diagnosis. The set includes interchangeable modules, which allow the devices to become an otoscope, thermometer, stethoscope, throat imaging camera and dermatoscope. |
| Nestmedic | TeleKTG is a system for monitoring the well-being of the fetus and the mother. It is a mobile device for testing anywhere, anytime, without the need to visit the hospital. |
| LUMICHEM | TitanSolid allows for effective and long-lasting antiviral and antibacterial protection of surfaces with the use of titanium dioxide nanoparticles. It sterilizes public places, providing surfaces free from viruses and bacteria and cleaning the air. |
| InPhoCat | Photocatalytic coatings activate their natural disinfecting properties under the influence of light (a special recipe in the light triggers the oxidation process, during which viruses, bacteria, fungi or microorganisms are transformed into carbon dioxide, water and simple inorganic ions). |
| Bioavlee | Avlee 650 system is used to identify e.g. pathogens and microbes. The laser diffraction technology allows to quickly decode detailed information about microorganisms. In the process of identifying pathogens, the possibilities of cloud computing and self-learning algorithms are used, which significantly facilitates and speeds up work in laboratories. |

Source: own elaboration on the basis of list of company website (see Annex 1) and Mam startup (2020a, 2020b).

There are several advantages of dual mission startups (Grundy, 2019), which may also affect the start-ups' situation during COVID-19. According to Grundy, those startups usually recruit very well qualified and dedicated employees, who will help in the development of the company. They will greatly engage in work, as they not only work for money, which greatly contributes to creating

innovations in the time of crisis. In order to create an actual change in the world - those startups prove to be very creative and have a clear vision of big changes. This dual mission can also inspire other companies and may help to cooperate with competition. Also, visionary investors perceive mission-driven startups as less likely to surrender, and therefore believe in the development of the company.

The results of the conducted analysis indicate that startups with a dual mission can help in the fight against the epidemic. Implementing crisis management strategies (Spillan & Hough, 2003) helped some of the Polish startups make pivot and react quickly to the turbulent environment. They triggered creating new products and services, helping the society in the times of pandemic, and at the same time restoring functionality (Williams et al., 2017). Young, innovative companies have a chance to create solutions aimed at helping Poles in the time of crisis. According to a recent international study, 18% of startups have done a pivot into new business opportunities because of the pandemic, exemplifying the flexibility that startups have demonstrated (STATION F, 2020). Even though economic climate is now unfavorable for innovation (Kuckertz et al., 2020), some startups reacted quickly and flexibly adapted to changes in the environment by creating new technologies, such as: digital health services, trackers, applications enabling patient monitoring, tools for learning and remote work, or even offering contactless delivery of products for home.

Based on the conducted research, several actions were undertaken by dual mission startups during the COVID-19 pandemic and they might be a guidepost for their followers. First of all startups should implement a crisis management strategy, preceded by a revision of the business model and possible strategy pivots (Wilkinson, 2020). Working on innovative solutions to fight the Coronavirus or to help the society in the time of pandemic will not only contribute to better financial results, but will also demonstrate willingness to help and will strengthen the sense of being an important part of the community. Offering free or substantially discounted products and services may manifest the social mission even stronger.

Building a network around startups' values and ideas (Durda & ljučnikov, 2019; Albourini et al., 2020) will enable creating a platform of communication with stakeholders enables startups to be more legitimate (Praszkier & Nowak, 2011; Achleitner et al., 2011). Connecting with the national startup community is also highly recommended, as in the time of pandemic it is collectively undertaking initiatives to support crisis management. Those activities should be followed by a proper communication of narratives in the Internet and social media (Funk, 2013; Lou, 2009), which will not only attract potential clients and investors, but will also raise awareness about the importance of innovative companies for the society and the economy. Hosting trainings, webinars,

discussion panels, podcasts confirms professionalization and a high level of engagement, at the same time helping to create community around the company.

To enable conducting research on innovative solutions during this difficult time, , startups need external funding, therefore they should monitor funding possibilities (loans, grants, subsidies), attract new investors (Gemzik-Salwach & Perz, 2019), and use crowdfunding platforms to raise money for development of products/services (Adhikary et al., 2018). Participation or organization of innovative and educational events, like hackathons (Krasadakis, 2020), will also contribute to the creation of many innovative and revolutionary solutions and will help the visibility of the startup.

Networking and building collaboration are crucial in finding a support system. Finding business and university partners (Bowie, 2010) may strengthen startups by getting access to laboratories, machinery and materials. Collaboration with corporations may give the possibility of testing, implementing or validating the product (Urbaniec & Żur, 2020). Establishing international contacts, participating in international events will help with the networking process and may effect in entering foreign markets or attract foreign investors.

Startups manifesting their social mission have a chance to survive due to the support of clients, investors and the local community, as long as they communicate effectively and legitimize their dual mission. The development of modern technologies supports communication with the environment (Tarmizi & de Vreede, 2007), creates new opportunities for the exchange of knowledge, creating trends and fashion, social awareness and social activation. Spreading a narrative about the social mission can result in stronger relationships with stakeholders, manifesting the values of a company that fights fairly and responsibly for the common good and is the quintessence of the community not only during a pandemic, but before and after it, which is important for socioeconomic development (de Bruin & Ferrante, 2011; Lehner & Kansikas, 2012; Zahra et al., 2009; Phillips, 2014). Society will increasingly expect a double mission from entrepreneurs, as it has become more aware and sensitive to economic, social and environmental problems, as well as more responsible for consumption.

5. Conclusions

The goal of the study was to investigate if Polish startups with dual mission found a way to adjust themselves to the pandemic crisis and did this dual mission influence their innovations. As the conducted desk research shows, multiple Polish dual mission startups adjusted crisis management strategies. Their dual mission directed their innovative process towards creating new

products and services to help the society during pandemic. As a result, their dual mission helped them to survive the crisis and turn the present situation to their advantage. The developed solutions not only positively influenced the safety and comfort of citizens, but also secured the possibility of future growth.

It is extremely important that startups these days not only operate in cost and profit terms, but also focus on people and values. In the time of COVID-19 it is important to understand that the idea of helping is an engagement (of time, skills, competences) in action, not limited only to financial support (Augustyniak et al., 2020a, p. 6). Hence, raising importance of social mission and values is the basis for effective functioning of many companies. Increased awareness of relations with stakeholders – employees, consumers, beneficiaries, contractors, investors – results in building lasting relationships, honesty and keeping commitments.

Startups manifesting their social mission have a chance to survive due to the support of customers, investors and the local community, as long as they effectively communicate and legitimize their dual mission. The development of modern technologies supports communication with the environment, creates new opportunities in the field of knowledge exchange, creation of trends and fashions, awareness of the society and social activation. Spreading social mission narrative can result in stronger relationships with stakeholders, manifesting values of a company that reliably and responsibly fights for common good, and is the quintessence of community not only during a pandemic, but before and after it, which is important for socio-economic development. Dual mission will be increasingly expected by the society that has become more aware and attentive to economic, social and environmental problems, as well as more responsible in terms of consumption.

The dual mission of startups discussed in the article and its' importance in times of crisis is new and insufficiently researched. The conducted analysis of literature showed the lack of Polish scientific sources in this subject area, therefore this study is the first attempt to consider the relevance of dual mission of startups in the time of crisis (which has already resulted in the bankruptcy of many companies in Poland). The study is also an extension of the existing research on the dual mission. The direct implication of the analysis is the assumption that startups communicating their social mission and actively working for social welfare have a chance to survive and even develop in times of crisis. Changing their business model in line with their social mission, gives an opportunity to gain stakeholder support in these difficult times.

This study has several limitations. The research analysis was conducted under the specific context of Polish startups with dual mission, although the theoretical reasoning and recommendations are not specific to this context. Relatively little time has passed since the onset of the pandemic. Some startups have yet to announce the solutions they are working on, and some have not

survived at all. It is too early to be able to say unequivocally whether startups with a social mission have better adapted to the changing environment than those that only manifested a business mission. The lack of Polish scientific publications on this subject is also a serious limitation of the research. The direction of further research development should therefore be to investigate whether the dual mission of startups turned out to be their advantage and to what extent allowed them to survive the ongoing pandemic.

An interesting research area, yet not thoroughly explored in Polish literature, is also communicating a dual mission and thus strengthening relations with stakeholders. Especially in the era of a pandemic, it would be worth to examine whether the use of the Internet as a knowledge exchange technology deepens the relations between startups and stakeholders. The current crisis is an important context for research in the field of knowledge exchange between organizations and sharing intellectual resources. Because of this knowledge and its quick exchange, startups have a chance to react faster and more efficiently to crisis situations on a local, national and global scale. Another research gap is cooperation within the startup community in Poland during the crisis. Investigating this issue might give interesting implications both for the startups, and for startup organizations and incubators.

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Annex 1. Companies website

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SIGNIFICANCE OF STARTUPS' DUAL MISSION DURING THE TIME OF CRISIS

Summary: Dual mission startups have been at the forefront of solving COVID-19 pandemic problems. Manifesting their social mission, followed by creating innovative solutions for common good, will help them to overcome hurdles of the pandemic. This article aims to discuss the importance of the dual mission of startups and its significance in the time of crisis. The results is overview of dual mission startups innovations during pandemic crisis. Spreading social mission narrative can result in stronger relationships between startups and their stakeholders, manifesting values of a company that reliably and responsibly strives for common good is the quintessence of community not only during a pandemic, but before and after it, which is important for socio-economic development.

Keywords: startups, dual mission, social mission, pandemic, crisis