

MASTER THESIS

Unveiling conflicts and limitations of implementing a stakeholder dominant logic: A multi-case study

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Abstract

This research addresses the challenges and conflicts startups face when implementing a stakeholder logic from the beginning, filling a gap in the existing literature. Traditional startup models typically focus on shareholder value, leading to a dominant logic that prioritizes profit maximization. However, as some startups shift towards stakeholder-oriented business models, which consider the interests multiple stakeholder such as investors, customers, employees, the society and environment, they encounter significant obstacles in balancing these diverse interests. Current tools like the Business Model Canvas (BMC), an artifact of shareholder-centric logic, do not adequately address stakeholder needs. Even newer, more sustainable tools, such as the Ecocanvas and Triple Bottom Line Business Model Canvas (TLBMC), fail to fully resolve these challenges. This research employs a qualitative multi-case study approach, examining multiple early-stage startups to explore the complexities of adopting a stakeholder logic. Through semi-structured interviews, the study identifies key challenges startups face, including financial limitations, regulatory compliance, and sustainability. Financial constraints emerge as the most critical challenge, influencing startups' ability to address stakeholder interests. Regulatory and legal challenges, along with balancing sustainability, add further complexity, particularly as startups struggle to align growth with stakeholder expectations. The findings offer new insights into the interplay between enterprise models and dominant logic, revealing that startups remain embedded in an economic environment shaped by shareholder logic. Even with stakeholder-oriented intentions, startups must navigate old structures focusing on traditional shareholder priorities. This research contributes to the literature and understanding of how these challenges influence startup strategies and offers a model of interconnected challenges, providing a foundation for future research into sustainable business practices. In conclusion, while startups are making steps towards stakeholder-oriented business models, this research highlights the conflicts and limitations they face, emphasizing the need for new tools and strategies to better create stakeholder-focused business models.

Key words: multi-case study, startups, dominant logic, business model, stakeholder logic, shareholder logic, sustainability, conflicts, challenges, Business Model Canvas

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List of Abbreviations

Abbreviation	Meaning
BMC	Business Model Canvas
TLBMC	Triple Layered Business Model Canvas
TBL	Triple Bottom Line
QR	Qualitative Research
PaaS	Product-as-a-Service
S1, S2, ..., S7	Startup 1, Startup 2, ..., Startup 7
5Cs	Common ground, Complication, Concern, Course of Action and Contribution

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Chapter 1 – Introduction

This chapter serves as introduction to the study's starting point. Its goal is to describe the overall situation and complication why research in this field is necessary. To structure the chapter and create a sense of urgency, the 5Cs as presented by Lange & Pfarrer called Common ground, Complication, Concern, Course of Action and Contribution, were applied (Lange & Pfarrer, 2017). The *Common Ground* establishes the shared understanding and foundational context for this research topic. The *Complication and Concern* section identifies the key issues or challenges that create a need for further investigation and understanding. Furthermore, it highlights the specific problems or risks arising that create the urgency and relevance of this research. The *Course of Action* section outlines the proposed strategies or solutions to address the methodology used in this study. Finally, the *Contribution* section details the anticipated impact and value of the research findings in advancing knowledge and practice in the field (Lange & Pfarrer, 2017). When this research refers to "the environment," it specifically focuses on sustainability and ecological factors. This includes elements such as the conservation of natural resources, reduction of pollution, and promotion of renewable energy (Panwar, 2011). These elements involve waste reduction, energy efficiency, and minimizing carbon footprints (Parashar, 2020). The focus here lies on practices that mitigate environmental impact and contribute to ecological balance, rather than on other aspects of the macro-environment of a startups including broader economic, demographic, or technological factors.

Starting with creating a *common ground*, the prevailing economic model, which follows a linear economic approach that focuses on profit maximization and has endured since the initial phases of industrialization, has resulted in a number of consequences for businesses, society as such and the environment, encompassing environmental degradation, resource depletion, and a surge in waste generation (Marín-Beltrán, et al., 2022). Today's society demands a shift towards more sustainability (Silvestre & Tirca, 2019). To achieve sustainability in these practices, many companies would have to implement a new enterprise model (Zollo, et al, 2013). A firm's enterprise model 'delineates how it perceives and fulfills its purpose and role in the socioeconomic context where it acts' (Zollo, et al, 2016). The concept of the enterprise model is closely related to the idea of a company's dominant logic. The "dominant logic" describes not only the predominant culture within the respective enterprise, including decision structures and decision premises. Originally, the concept of dominant logic was

introduced by Prahalad and Bettis in 1986 and is defined as ‘a mindset or a worldview or conceptualization of the business and the administrative tools to accomplish goals and make decisions in that business’ (Prahalad & Bettis, 1986). The concept of dominant logic links organizations members’ cognitive structures with strategic choices and actions (Engelmann, et al, 2020). The dominant logic therefore has been described as ‘the way in which managers conceptualize the business and make critical resource allocation decisions’ (Prahalad & Bettis, 1986). These resource allocations usually are made for a business to become more efficient and successful. This traditionally has the purpose of making financial profit (Friedman, 1970). However, this conventional perspective is undergoing a transformation, especially within the context of modern-day start-ups. Zollo et al define two types of enterprise model archetypes: The first type is the standard model in the current economy, which focuses on shareholder primacy and exclusively focuses profit maximization. The second type is a stakeholder model which is characterized by a more diverse distribution of roles among different classes of stakeholders (Zollo, et al, 2016). As the more holistic model of the two, it integrates social, economic and environmental outcomes and essentially integrates the shareholder model (Zollo, et al, 2016). As the stakeholder model is not purely focusing on profit maximization but socio-economic and environmental elements too, it is better suited for usage in a sustainability-related context. Here, a shift towards multi-stakeholder-oriented views becomes visible (Mitchell & Cohen, 2006) & (Zollo, et al, 2016).

The change from a shareholder to a stakeholder logic is a crucial step in how startups conceptualize their business models and operational strategies (Mason & Brown, 2014). As the dominant logic of most businesses in the current economy is in line with the traditional shareholder logic, the dominant logic of modern companies should consider the diverse expectations of stakeholders (Freeman, et al, 2004).

Startups are highly relevant for the new enterprise models, as the dominant logic of a firm is set during the early stages. Some modern startups want to implement a stakeholder logic and follow a more sustainable approach. This is supported by recent studies showing that 55% of worldwide CEOs from all industries and regions prioritize sustainability on their strategic agenda (Rosenfield, 2021). This appears to be difficult in an economic environment which is still strongly influenced by traditional, profit-centric norms and values.

The critical *complication and concern* this study is dealing with is that startups have to implement a new, stakeholder-oriented logic within the existing shareholder structures, which

is contradicting. This is where the potential for conflicts and limitations occurs. Startups often encounter significant challenges in balancing the conflicting interests of various stakeholders. To balance these interests is crucial as stakeholders may have different expectations and needs. For instance, while investors might prioritize short-term financial returns, customers and employees may emphasize ethical practices and environmental sustainability (Mitchell R. K., 1997); (Freeman E. R., 1984). These differences in stakeholder interests can create strategic tensions, making it difficult for startups to align their operational practices with both economic and social objectives. The challenge is supported by the fact that startups typically operate with limited resources and face high levels of uncertainty (Kuckertz, 2020). Balancing these conflicting interests requires not only to address financial pressure but also integrate longer-term sustainability goals.

Existing tools, e.g. the business plan but most prominently the BMC are – with a few exceptions such as Econcanvas or Triple-bottom-line BMC (TLBMC) – based on the old logic (Joyce & Paquin, 2016; Daou, et al., 2020). Some startups want to implement the stakeholder logic, but this appears to be difficult and there is not much theory around this. Therefore, the assumption crucial to this study is that startups who implement the stakeholder model during their foundation have all kinds of conflicts and challenges, which leads them to have to make trade-offs. This assumption is the starting point for the *research gap* identified in this research. There is not much known about which challenges, conflicts and trade-offs startups face while implementing a stakeholder logic from the very beginning. The starting point for this research is that there is a lack of sufficient research on the complex challenges and limitations that startups face when adopting a stakeholder logic in an economic environment that still is following the shareholder model. Specifically, there is a gap in theory around the conflicts and challenges that the affected startups face during the implementation of this new logic. This is particularly important in the context of conflicts that may arise between traditional shareholder-centric views and emerging stakeholder-oriented perspectives. This leads to the following central research question of this study:

What are the primary limitations and conflicts startups encounter while implementing a stakeholder logic from the very beginning?

This research aims to fill the gap in existing literature by investigating the primary limitations and conflicts that startups encounter while implementing a stakeholder logic from the very beginning. By focusing on this issue, the research tries to provide new insights into the

interplay between dominant logic and stakeholder perspectives within early-stage startup business models.

Answering the central research question of this study requires a *qualitative* research approach which is employed to explore the complexities of respective startups implementing a stakeholder logic. This is described as *course of action*. The qualitative methodology allows for an in-depth understanding of the experiences, motivations, and perspectives of individuals within their natural startup environments. This research uses a multi-case study approach, focusing on multiple startups to capture diverse perspectives and strategies. The respective startup sample is chosen based on their early-stage, stakeholder-oriented approach. By conducting semi-structured interviews with individuals across different early-stage startups, the study aims to find the challenges and limitations startups face while implementing a stakeholder model.

This research aims to make substantial *contributions* to both the academic and business domains. On the *theoretical side*, this research investigates which conflicts arise during the implementation of a stakeholder logic for startups. Interviews were held with various startups and during this process, it got clearer how startups define and prioritize their stakeholders, how startups are including their stakeholders and what conflicts arise during this process. It then was possible to make statements regarding the challenges startups face during the implementation of a stakeholder logic in an ecosystem still primarily structured alongside a shareholder logic. The theoretical contributions of this thesis allow to show what is relevant for the implementation of a stakeholder logic and where in the process conflicts arise. This, in summary, extends existing literature on stakeholder theory and dominant logic.

On the *practical side*, the outcome of this research could result in recommendations for practical changes for both startups as well as their incubators. This could be in a way that would result in a change of how startups are operating or how incubators can better structure their supporting systems for startups. This increases stakeholder-involvement and helps integrating a stakeholder logic from the very beginning. By showing what challenges startups are confronted with in the process of integrating stakeholders better into their business model, startups would have the chance of a more reflected view on current challenges they face. Besides the startups themselves, the results of the research could be interesting for potential incubators as well. Incubators support startups in their early phases to develop their business models and put it into practice. They do so by supporting startups with knowledge

and act as mentor. Incubators thereby provide startups with a collaborative environment (Sweeney, 2019). Knowledge improvements on how to make the implementation of a stakeholder logic more efficient with knowledge on potential conflicts would help incubators to optimize their support for startups in practice.

In summary, this research contributes to the theory by showing what challenges startups face when implementing a stakeholder logic. On the practical side, by showing what challenges startups are facing during the process of integrating their stakeholders, the research's outcome could be useful for both startups as well as supporting organizations such as incubators.

Chapter 2 – Theoretical background

Following the research gap and contributions in the previous chapter, this chapter investigates the theoretical framework guiding the exploration of how start-ups can implement a new stakeholder logic as their dominant logic from their very beginning. The goal is to show the complex relationships and limitations of the study's main concepts and their influence on implementing a stakeholder logic in start-up business models. Furthermore, relevant explorations in the study's context such as the BMC, Ecocanvas and triple-layered BMC are being displayed. The chapter serves as the study's theoretical foundation and prepares for the data collection and analysis in the following.

2.1 The need for a new enterprise model

A sustainability-focused business approach requires new enterprise models that look at multiple stakeholders instead of just shareholders. This includes the concept of dominant logic, as the dominant logic of a firm traditionally has been in line with a shareholder-centric perspective, supported by quotes from the past such as „the social responsibility of business is to increase its profits” (Friedman, 1970).

As a firm's enterprise model delineates “how it perceives and fulfills its purpose and role in the socioeconomic context where it acts” (Zollo, et al, 2016), it is important to take a look on the transition from the ‘standard’ shareholder towards the stakeholder model. The multi-stakeholder model has a more diverse approach, covering aspects such as the distribution of roles, powers and rights. This does not imply that both premises, shareholder and stakeholder model, are the complete opposite of one another. The shareholder model can be understood as “one special case of a multi-stakeholder model, characterized by giving governance rights and salience to only one specific stakeholder group” (Zollo, et al, 2016).

The concept of dominant logic referred to in this study has been instrumental in understanding how businesses perceive their goals and operate within their respective contexts. In the past, the dominant logic of most businesses has been in line with a shareholder-centric perspective, leading to profit-oriented business models (Zollo, et al, 2016) & (Friedman, 1970). The dominant logic often directs decision-making, resource allocation, and strategic choices, all of which are relevant to the structure of an enterprise model as well. However, in recent years, there has been a growing acknowledgment that the traditional

shareholder-centric viewpoint is no longer sufficient to address the challenges created by contemporary business environments (Zollo, et al, 2016).

The concept of dominant logic consists of four defining dimensions: (1) shared mental models, (2) values and premises, (3) organizational practices and (4) organizing structures (Engelmann, et al, 2020). The shared mental models and values and premises are considered the 'invisible' dimensions of the dominant logic. The organizational practices and structures on the other hand are considered the 'visible' part of the logic.

The shared mental models are defined as 'organized packets of information about the world, events, or people, stored in long term memory' (Eysenck & Keane, 2005). They are, by definition, closest to the main components of the dominant logic which refer to the managers conceptualizing the business in their mind. The values and premises are tightly linked to the mental models and can be defined as 'concepts or beliefs that pertain to desirable end states or behaviors, that transcend specific situations, and guide selection or evaluation of behavior and events' (Schwartz, 1992). Regarding the 'visible' dimensions, the organizational practices describe dominant logic as a 'set of elicited management processes' and considers cognition as crucial part of organizational practice (Bettis & Blettner, 2011). The fourth dimension describes dominant logic as organizing structures. This again refers to the original definition of dominant logic, viewing it as 'administrative tools and accomplish goals and make decisions' (Prahalad & Bettis, 1986). It shows that all four dimensions share tight, consistent relationships.

Due to organizations trying to meet the need for sustainability, the establishment of a new dominant logic becomes a crucial element for startups. In modern firms, the transition from a profit-centric, shareholder logic to a more holistic stakeholder-based logic takes place. This perspective aligns with the exploration of dominant logic's influence, illustrating how cultural factors can significantly shape the transition from a shareholder-centric logic to a stakeholder-based orientation. This is crucial for the integration of sustainability principles within start-up business models, which links with the overall characteristics of a stakeholder-perspective. When various stakeholder (e.g. society, environment, financiers) have to be considered and the business' actions need to be in line with their interests, a firm must change its cultural norms and values or 'dominant logic', which shows the significant influence of cultural norms on the implementation of a new enterprise model.

The most important differences between the two enterprise models are happening along *cognitive*, *behavioral* and *relational* elements of organizations. While showing these differences, it is also important to link the dominant logic with the three core elements that differentiate the enterprise models. Dominant logic as underlying mindset of an organization influences strategic choices and organizational behaviors. This includes the cognitive, behavioral and relational elements relevant to an enterprise model.

Examining the *cognitive* aspects, the shareholder primacy and stakeholder enterprise models differ in how they perceive strategic intent, stakeholder relationships, and stakeholder networks (Crilly & Sloan, 2012). In the shareholder primacy model, stakeholders are seen as transactional partners with contractual obligations. On the other hand, the stakeholder model aims to create value for all stakeholders through trust-based mechanisms, viewing stakeholders as interconnected and integral to the firm (Bridoux, 2014). On a cognitive level, dominant logic shapes the strategic decisions an organizations takes, which influences how it views its environment and stakeholders. In a shareholder-dominant logic, the focus is on profit maximization. A change towards a stakeholder-centric logic broadens this perspective, changing strategic thinking that values long-term, sustainable outcomes for all stakeholders (Bridoux, 2014).

In terms of *behavior*, the two models contrast in the involvement of stakeholders in governance, goal-setting, and management control. The shareholder primacy model restricts non-shareholding stakeholders' influence, safeguarding their interests through contracts (Phillips, et al, 2010). Goals and incentives primarily focus on maximizing shareholder returns. Conversely, the stakeholder model acknowledges all stakeholders as contributors, influencing governance and strategic decisions (Zollo, et al, 2016). Governance structures may include stakeholder representation, goals, controls, and incentives that encompass environmental and social impacts along with economic goals (Eccles & Serafeim, 2010). In terms of behavioral elements, dominant logic guides organizational behavior, particularly in governance and decision-making. Under a shareholder-centric approach, behavior is centralized and focused on maximizing financial returns. A stakeholder-oriented logic however promotes more inclusive governance and decision-making, aligning organizational goals with broader social and environmental values (Gulati, 1995).

In terms of *relational* ties, the shareholder primacy model relies on transactional approaches and formal contracts, viewing relationships in transactional terms (Gibbons & Henderson,

2012). The stakeholder model, however, integrates multiple stakeholders into the firm, relying more on relational contracting and trust which in return allows for more flexibility to coordinate actions and allocate rewards on an 'ex post facto' basis (Gulati, 1995). This flexibility allows for better coordination and reward allocation based on trust, fostering stronger relational ties among employees and between employees and external stakeholders (Zollo, et al, 2016). In terms of relational elements, the dominant logic influences the nature of relationships between an organization and its stakeholders. In a shareholder-focused model, relationships are transactional and contract-based. Shifting to a stakeholder-centric logic creates collaborative relationships, which increases stakeholder engagement.

For startups, both enterprise models are of high relevance. The shareholder logic, as known from the past, is by definition focused on profit-maximization (Friedman, 1970). As the economical and societal needs are different now compared to the past, startups need to adapt to these circumstances. This is where the implementation of a stakeholder logic comes into play. The stakeholder logic, apart from solely economic interests, also focuses on social- as well as environmental interests. This makes the implementation of a new stakeholder logic relevant for today's businesses. For a more holistic overview of the main differences between both enterprise model archetypes, see appendix 2.

Referring back to chapter 1, the societal shift happening today is one starting point for this research. This leads to the need for a change in companies' dominant logic, which makes especially startups very relevant as they have to build a new dominant logic from the start. Overall, startups act as starting point for a change in the dominant logics and enterprise models of firms in today's economic world. As the base for both is set at the early stage of a firm, this research focuses on early-stage startups as main sample group. By introducing new ideas and pushing innovation, startups challenge established norms and practices. These norms and practices are defining the concept of dominant logic, which is why startups are the ideal example of how to build and establish a new dominant logic right from the start. The relevance of startups for the new enterprise models in the research's context is explained in the following.

2.2 The relevance of startups for new enterprise models

Following the exploration of the need for a new enterprise model, another crucial element of this study is the relevance of startups for this research. This starts with looking at the general definition of startups used during this research, their relevance in the context of enterprise model change and what their importance is in an institutional context.

2.2.1 Definition and relevance startups

A startup is typically defined as a newly established business that is in the early stages of operations, characterized by a high degree of innovation, uncertainty, and growth potential (Isabela Moroni, 2015). Startups often develop a unique product or service with the goal of rapidly scaling in a competitive market. This research specifically focuses on early-stage startups where the enterprise model and dominant logic are still being defined. Both are set during the initial phase of a startups founding (Engelmann, et al, 2020). At this initial stage, companies are trying to establish their minimum viable product in the respective market (Tripathi, et al, 2019). They are still 'figuring things out', which makes them a great example of how a company can shape its dominant logic and core beliefs.

Nowadays, these core beliefs are more focused on integrating sustainability principles. Developing new business models that include sustainable principles is therefore crucial. Startups are increasingly recognizing that their success is connected to their social and environmental impact (Schaltegger & Wagner, 2011).

Furthermore, young startups are known for their openness to experimentation and their willingness to implement new business models and methodologies (Guckenbiehl & Zubielqui, 2022). They are recognized for their adaptability and their position at the forefront of innovation (Griva, et al, 2023). Especially young startups are more likely to proactively incorporate new, future proof principles into their business models, responding to the contemporary development towards sustainability and the importance of aligning with environmental, social, and economic goals (Lammers, et al, 2022).

Another crucial aspect to clarify the relevance of startups in a sustainable, stakeholder-oriented context is current research done in this field. Recent studies highlight a growing trend among startups to incorporate sustainability as a core element of their founding mission. Recent research highlights a shift among startups towards embedding sustainability into their core missions. According to the EY future consumer index, 43% of global consumers want to buy from businesses that focus on sustainability and their social impact as foundational

elements of their businesses (Rogers & Cosgrove, 2021). This is supported by the results of a survey which revealed that 60% of millennials and Gen Z state that their company is addressing sustainability and climate change (Deloitte, 2024). Additionally, B Lab – a non-profit network dedicated to certify companies for social and ecological efforts - reports that in 2022 over 5,000 companies, many of them startups, have become “Certified B Corps” (B Lab Global, 2022). This emphasizes a commitment to sustainability and stakeholder-driven approaches (B Lab Global, 2022). In general, it becomes clear that there is a need for business models that incorporate sustainable principles and considers the interests of multiple stakeholders when looking at current research done in the field. In the following, the relevance of an enterprise model change for startups is described.

2.2.2 Relevance of enterprise model change for startups

The enterprise model change from shareholder to stakeholder logic is highly relevant to modern startups. The main argument for this thesis is that startups are embedded into old shareholder structures, and therefore have difficulties in implementing a stakeholder-oriented logic. As this logic of a business is established during its early stages, focusing on the implementation of a new enterprise model is of high importance especially in the context of startups, as they are the starting point for laying the foundation of establishing a new logic.

The relevance of an enterprise model grounded in stakeholder logic is particularly significant for startups that are established with this approach from the very beginning. The transition from a shareholder to a stakeholder view signals a change in the foundation on which these enterprises are built. This transformation not only aligns with the elements of sustainability and social responsibility but also shapes the overarching dominant logic that governs start-up operations. The cultural norms, beliefs and values need to be in line with the business' enterprise model. Unlike larger corporations or later stage startups that often face rigid structures and established norms, early-stage startups have the unique advantage of flexibility and creativity in designing their business models (Paternoster, et al, 2014). This flexibility allows them to embed stakeholder-oriented principles into their core operations from the beginning, positioning them as pioneers in adopting stakeholder logics.

Another important aspect is that startups founded with a stakeholder logic are not constrained by traditional shareholder-driven objectives. Instead, they prioritize creating value for a broad range of stakeholders, including customers, employees, communities, and the environment. This inclusive approach aligns with the growing demand for businesses to

address social and environmental challenges, making these startups particularly relevant in today's economic landscape. Startups that prioritize stakeholder value must navigate complex, multi-faceted relationships, including international environmental policies and regulations (Aagaard, et al, 2021). By facing these challenges, early-stage startups show the relevance and potential of stakeholder-centric models in driving sustainable change.

Moreover, startups founded with a stakeholder logic are more concerned with the evolving expectations of their stakeholders. They often emerge as "agents of social change" (Gelobter, 2015), proactively responding to societal demands for more ethical and sustainable business practices. By embedding stakeholder principles into their business model, these startups not only contribute to social innovation but also set new standards within their industries, encouraging other companies to do the same (Nikina-Ruohonen, 2020). The ability of these startups to disrupt traditional industries and introduce new business models demonstrates their influence in the broader market. By adopting a stakeholder-centric approach from the start, they differentiate themselves in competitive environments and inspire established companies to reconsider their own enterprise models. Establishing stakeholder logics can "foster trust, collaboration, and coordination among various stakeholders" (Kaggwa, et al., 2023), thereby contributing to more resilient and inclusive business models.

In summary, startups that are founded with a stakeholder logic play a crucial role in redefining traditional enterprise models. By embedding stakeholder principles, they act as drivers for a more inclusive and sustainable economy. They are challenging the dominance of shareholder-centric business models despite facing conflicts and challenges while trying to implement a stakeholder logic from the very beginning.

2.2.3 The institutional context of start-ups

Following the relevance of the enterprise model change for startups, it is important to mention that startups are embedded in an institutional context and typically use tools that encourage a shareholder-centric approach. A great example of a tool developed in the context of the traditional shareholder logic is the BMC. The BMC plays a crucial role in how a business perceives and executes their objectives in a profit-oriented economy. The BMC can be described as a table that includes all crucial components of a business and is used by businesses to plan and visualize core elements of their business. It is used for strategic planning as well as organizational development (Osterwalder & Pigneur, 2011), both of which are influenced by the dominant logic of a business. In case of the BMC, it has been

representative of the shareholder dominant logic, which does not include the diverse needs and expectations of various stakeholders (Freeman, et al, 2010). Overall, the BMC is a great example of an artifact of the traditional shareholder logic.

As it is not the ideal tool for modern startups trying to implement a stakeholder logic into their business model, more sustainable alternatives were developed. One relevant exploration in existing research is the previously mentioned Ecocanvas by Daou et al. The Ecocanvas was developed as a BMC for a circular economy. The starting point for developing the Ecocanvas as alternative tool was the need for a closed-loop model in production and consumption to address environmental and social damages caused by the opposite, linear approach (Daou, et al., 2020). They emphasize that many new enterprises are increasingly motivated by environmental concerns. They quote: “The Ecocanvas is an innovative sustainability tool that is specifically designed to support entrepreneurs interested in creating a circular value proposition for their businesses” (Daou, et al., 2020). This reflects a commitment to sustainability that goes beyond traditional profit-driven motives. It shows that founders are driven by a desire to create businesses that not only generate financial returns but also contribute to a sustainable future by considering environmental issues and stakeholder interests. Building on the original structure of the BMC, Daou et al describe the Ecocanvas as “a circular upgrade of the tool” (Daou, et al., 2020). The main difference compared to the traditional BMC by Osterwalder and Pigneur which contained 9 building blocks, are three additional blocks which include legal, environmental and social forces. The main goal of the three extra blocks is to create value among a broader range of stakeholders, which aligns with the stakeholder logic dealt with in this research. This is simultaneously crucial to modern startups trying to implement a stakeholder logic from the very beginning. Daou et al describe the relevance of the three added blocks for the categories of the BMC in greater detail. For more information on this, please have a look at Appendix 4.

Another relevant exploration in the context of the BMC and sustainability is the triple layered BMC (TLBMC). The triple layered BMC is an extended version of the traditional BMC and adds two dimensions: an environmental layer and a social layer. The environmental layer is used to introduce a lifecycle perspective to the BMC, while the social layer is linked to stakeholder perspectives (Joyce & Paquin, 2016). The TLBMC is being adopted by startups that prioritize sustainability as a central mission. The TLBMC allows startups to design business models that are economically viable while also addressing environmental and social challenges. “For

sustainability-oriented firms, creating social value is likely a clear part of their mission” (Joyce & Paquin, 2016). This approach is indicative of entrepreneurship where the mission to create positive social and environmental impact is just as important as achieving financial success. For deeper explanation of the two layers and the goals of the TLBMC, please have a look at Appendix 5.

Comparing both alternatives, it appears that the TLBMC is not adding any blocks to the canvas. The additional layers used for the TLBMC parallel the original categories by highlighting environmental and social impact and extending the BMC by drawing connections across the three layers (Glaser J. , 2006), (Hubbard, 2006).

Keeping the more sustainable alternatives in mind, it becomes clear that these are not the ideal solution for startups to implement a stakeholder logic from the beginning. The Ecocanvas as well as the TLBMC are more likely to be seen as the exception rather than the norm. They are not yet being applied to a great extent, which is keeping room for potential conflicts. As startups are still embedded into old structures, there are conflicts, challenges and trade-offs occurring. These are crucial elements to the main research question of this study. While they all refer to the hurdles startups face while implementing a stakeholder logic into their business model, they have different definitions and meanings in the context of this research.

For this research, the term *conflicts* refers to situations where two or more opposing needs or interests come into direct confrontation, creating a state of tension or incompatibility (Zhyvko, 2024). In the context of this research, conflicts may arise between different stakeholder groups. For example, investors might demand higher financial returns, while environmental stakeholders such as customers push for more sustainable practices, creating a conflict of interest. When it comes to *challenges*, they are defined as difficulties or obstacles that need to be addressed or overcome in order to achieve desired outcomes. They represent the broader difficulties faced by startups during their transitions towards a stakeholder-centric business model. In the context of this research, the challenges faced by startups could include limited financial resources, regulatory hurdles, or scaling issues. These are the broader difficulties that need strategic solutions and management to successfully implement a stakeholder-centric approach. In terms of *trade-offs*, they involve decisions where achieving one goal or satisfying one need requires compromising on another goal or interest. It often involves balancing competing priorities and needs (Wu, 2011). In the research’s context, startups face trade-offs when they e.g. must decide between investing in high-quality

materials for sustainability and cutting costs to improve profitability. Here, improving one aspect (sustainability) might reduce the focus or resources available for another (profitability). The main differences in the three terms can be described as follows: conflicts involve direct opposition between stakeholder interests, challenges represent broad obstacles that hinder the startups progress, and trade-offs require balancing competing interests through decision-making. Using all terms makes sense as they are interconnected; conflicts often lead to trade-offs, and addressing these trade-offs is part of the broader challenges startups face in implementing a stakeholder-centric approach. Challenges ultimately require more planning, resource allocation and problem-solving strategies. It shows that there is literature and research done on the challenges that startups face while implementing a stakeholder logic from the beginning. There are examples from the past, and more sustainable alternatives, but overall, it appears that there is not sufficient information yet on the actual conflicts and challenges early-stage startups face when trying to implement a stakeholder-logic while being embedded into shareholder-centric structures.

2.3 Conclusion

After thoroughly exploring the concepts of dominant logic, shareholder vs. stakeholder perspectives, startups and relevant explorations, the next chapter is leading us to the overall research design. Before doing so, a short summary of our research gap to make following chapter easier understandable is presented.

The thesis focuses on the intersection of dominant logic, stakeholder-oriented business models, and conflicts arising from the integration of a stakeholder logic in startups. The research gap identified in this study focuses on the lack of sufficient theory and understanding of the challenges, conflicts, and trade-offs that respective startups face when attempting to implement a stakeholder logic from the very beginning. While startups have traditionally operated under a shareholder-centric model, recent trends toward stakeholder-oriented business models have highlighted the need for new insights into how their dominant logic is impacted. The gap identified in this study therefore refers to missing knowledge in regard to the conflicts and challenges that the affected startups face during the implementation of this new logic. Existing literature fails to fully address the complexities startups face in balancing traditional shareholder views with emerging stakeholder perspectives, which is the focus of this research. This gap leads to the central research question of this thesis:

What are the primary limitations and conflicts startups encounter while implementing a stakeholder logic from the very beginning?

Chapter 3 - Research Design

In this chapter, the outline of the methodology and strategy for gathering and analyzing data is given. This is a crucial step in addressing the research problem regarding the conflicts and limitations occurring during the implementation of a new stakeholder logic in start-up business models.

3.1 Methodology

Qualitative research, which focuses on depth and context, offers a detailed understanding of various processes. Unlike quantitative methods that deal with numerical data, qualitative research delves into the nuances of human experiences, motivations, and perspectives (Clark, et al, 2008). First and foremost, it is important to introduce the qualitative nature of this study. Qualitative Research (QR) as such is grounded in interpretivism (Levy, 2006). It reflects the subjective nature of reality and the importance of understanding social phenomena from the perspective of the participants. While exploring the social phenomena, QR allows for an understanding of experiences, motivations and perspectives of individuals in their 'natural' setting (Ormsten, et al, 2014). In the context of this study, this 'natural' environment would be startups. In general, the QR approach is of inductive nature (Thomas, 2003), meaning it allows for themes and patterns to emerge from the data rather than testing hypothesis. This allows for a deeper exploration of the research problem. The research methodology used here adopts a qualitative multi-case study approach (Yin, 2009) to focus on the complexities of start-up business models during the implementation of a stakeholder instead of shareholder logic. As this research focused on interviewing multiple people from multiple startups, a multi-case study was chosen as overarching procedure to collect all relevant data. This multi-case study approach includes a detailed understanding of diverse perspectives, strategies, and challenges. In the context of the main research question, the QR approach was chosen for its ability to provide a better understanding of the limitations and conflicts startups are faced with by implementing a stakeholder logic. As this study is faced with complex relationships between the component's dominant logic and enterprise model evolution, QR helps to understand the complex relationships of startups that try to implement a new stakeholder logic in their core enterprise model. This research offers a chance to get access to multifaceted experiences and perspectives from various startups. This can offer rich insights into what happens when startups are forming their dominant logic. By choosing the qualitative

approach, talking to individuals from various backgrounds and having the chance to hear directly from the people involved, was crucial for the outcome of this research. A total of seven Interviews were conducted, leading to seven startups cases. Therefore, the conclusions in chapter 4 are drawn based on the information collected from these cases in practice. Each case represents a startup and answers were given by either the founder/CEO or employees of the respective startup.

3.2 Sampling

This study focused on studying the conflicts and limitations that startups are facing while implementing a new stakeholder logic as their enterprise model. By startups, those are meant that are in their formative years. In total, seven individuals of various startups were interviewed. Within each start-up, interviews were conducted across various functions. Interviewing both founders as well as employees offers a broader perspective on the challenges a startup is faced with. Selection criteria prioritized commitment level in regard to sustainability, industry diversity, and innovative strategies to ensure a holistic view of the integration process. Most importantly for the selection of startups in our research is their goal to establish a stakeholder business model that act in favor of sustainable principles.

To select startups for interviews, a variety of channels was utilized to ensure a comprehensive and diverse sample. Important to mention here is that this study is not relying on any specific startup type, whether the startup is offering a product or service nor a certain industry. First, online directories such as Gründerplattform or Crunchbase were used to apply industry-specific search criteria to identify relevant startups. Additionally, participation in online startup communities on social media platforms like LinkedIn helped with networking and discovering of potential interview candidates. Moreover, engagement with startup support organizations such as incubators, accelerators, and university programs were a crucial factor of this research. Lastly, personal contacts from the authors current entrepreneurial-focused study helped identifying promising startups, as some former colleagues have started their own company. By using these diverse channels, a well-suited selection of startups could be made for the interviews. Below, an overview of the startups selected is displayed, including an overview of the data retrieved from the companies' websites.

Table 1 - List of startups interviewed

Company	Industry	Commitment sustainability & stakeholder approach	Founding year	Role interviewee
Startup A	Steel industry / Infrastructure	Yes	2019	Business Developer
Startup B	Electrical bicycle charging	Yes	2019	CEO/founder
Startup C	Education / Software	Yes	2020	CEO/founder
Startup D	Noise reduction / infrastructure	Yes	2012	CEO/founder
Startup E	Noise reduction / infrastructure	Yes	2012	Business Developer
Startup F	Food industry / B2B	Yes	2019	CEO/founder
Startup G	Service/ Employee benefits	Yes	2019	CEO/founder

3.3 Data Gathering

Semi-structured interviews served as the primary data collection method, aligning with the qualitative multi-case study approach (Patton, 2014). This flexible method systematically covers key themes, focuses on the personal experiences and perspectives of team members navigating the challenges and opportunities in startups caused by implementing a new enterprise model. This was supported by collecting data from the companies' websites. This is displayed at the end of this chapter, with the purpose to support the data analysis in the following chapter. The interviews aimed to uncover the primary limitations and conflicts faced by startups when implementing a stakeholder logic. At least one member from each start-up was interviewed, providing a comprehensive range of viewpoints. Questions focused on understanding the motivations driving startups to adopt a new enterprise model, particularly the implementation of a multi-stakeholder logic. Core interview questions were directly aligned with the main research question. Furthermore, potential follow-up questions were displayed in preparation of potential answers given on the core questions. All questions combined should ultimately answer which conflicts and limitations young startups are facing

during the implementation of a stakeholder dominant logic. The interview guide including core- and follow-up questions are added to Appendix 1.

To complement the interview data for this research, information from the official websites of each startup was analyzed to provide a deeper understanding of how these startups present themselves and their stakeholder-oriented initiatives. Based on the collection of data from the startups' websites, a collective understanding emerged of how these companies present themselves and implement stakeholder-oriented approaches. Several key themes were consistent across the startups, including a strong focus on sustainability, innovation, and tailored solutions for diverse stakeholders. For instance, startups such as S1 and S2, highlighted their contributions to sustainable development, offering environmentally friendly products and services aimed at enhancing infrastructure longevity or improving energy efficiency. Startups like S4 and S5 focused on creating cost-effective, sustainable noise reduction solutions for transportation infrastructures. This demonstrated their commitment to improving the quality of life for communities while supporting regulatory compliance and environmental goals. Other startups, such as S6 and S7, emphasize localized and personalized value creation. S6 focuses on sustainability in the production of high-quality chocolates using locally sourced ingredients, while S7 enhances employee engagement through exclusive discounts, benefiting local businesses and reinforcing a “buy local” mindset.

Overall, the startups interviewed reflected a commitment to integrating stakeholder interests, addressing the needs of customers, employees, and communities, alongside investors and regulators. They try to balance financial objectives with sustainability goals by offering innovative solutions to modern market demands. This approach aligns with the emerging stakeholder logic, moving beyond traditional shareholder-centric models and addressing complex challenges in both environmental and social dimensions.

3.4 Data Analysis

After finding the right sample size and collecting the data from interviews, analyzing the data was of crucial importance as this provided an answer to the main research question.

For exploring the implementation of a stakeholder perspective within startups, inductive elements were used primarily. This refers to the data analysis that emerges directly from this research. This includes finding themes or patterns and is not based on previously developed theories.

The main method used to collect and analyze data for this research is the *multi-case study* research approach. Case studies usually combine multiple data collection methods such as interviews or observations and the outcome can be both of qualitative and quantitative nature (Eisenhardt, 1989). Furthermore, case-studies can serve multiple aims, starting from providing a description, test theory or generate theory (Eisenhardt, 1989).

“The case study research is a strategy which focuses on understanding the dynamics present within single settings” (Eisenhardt, 1989). A case study aims to understand the complex dynamics of a specific case by gathering data through e.g. interviews or document analysis (Eisenhardt, 1989).

The case study approach includes two types of analysis: within- and cross-case analysis. Within-case analysis involves a process where the researcher analyzes the data collected from a single case to understand its unique characteristics. It usually is characterized by a large volume of data descriptions of the case study write-ups (Eisenhardt, 1989). Cross-case analysis builds upon within-case analysis and involves the comparison of multiple cases to identify patterns and differences across cases. In case of this research, both analyses are relevant, as the results from single startup cases are analyzed as well as a comparison across all startups is done.

Another method that has proven itself at handling qualitative data is the thematic analysis. Per definition, ‘thematic analysis is a method for identifying, analyzing and interpreting patterns of meaning (‘themes’) within qualitative data’ (Clarke & Braun, 2017). Thematic analysis is a systematic procedure to generate codes and themes from a set of qualitative data (Clarke & Braun, 2017). It can be used for both inductive and deductive approaches. In case of this research, data derived from both inductive (own data retrieved from interviews) as well as deductive sources.

Both, the thematic analysis as well as case-study analysis can be combined. Thematic analysis in this research was used to identify patterns within each case (single startup). These patterns were then compared across cases (all startups) during the cross-case analysis. Essentially, thematic analysis is part of the multi-case study approach as described by Eisenhardt.

The final stage of the data analysis involved the synthesis of the data into one coherent narrative (Braun & Clarke, 2006). This narrative should ultimately answer the central research question aspects are causing conflicts for the implementation of a stakeholder dominant logic within startups. This is done by summarizing the key findings, which is supported by visualizing the studies main outcomes.

To structure the collected interview data, a qualitative *coding* approach has been applied. The goal was to systematically analyze and interpret the large volume of collected data. This was done by categorizing and labeling specific sets of data from the interviews.

For this research, a licensed tool called 'Atlas.ti' was used for coding. First, all anonymized transcripts of each interview were uploaded as text to the programmes interface. Then, for each interview, codes were attached to the data. These codes were organized following the structure and content of the interview questions. The following main codes were generated: Overview startup & founders; understanding stakeholder logic; conflicts, trade-offs & challenges; strategies incorporating interests; future stakeholder relationships. These main codes were then split into multiple sub-codes each, which helps analyzing the collected data in a more detailed and structured way. The sub-codes are the following: Role interviewee; Motivation founders; Startup objective; Main stakeholders; Prioritization stakeholders; Stakeholder interests; External perception on interests; Strategies for incorporating stakeholder interests; Trade-offs stakeholder interests; Challenges incorporating stakeholder interests; Stakeholders vs. Business priorities; BMC; Future stakeholder engagement; Long-term relationship stakeholders. Following the development of a coding scheme, an Excel-sheet was created via Atlas.ti. This Excel-sheet was specifically created for each code mentioned above. The result was an overview in form of a table which contains all quotes linked to the respective sub-codes. The table showed all answers across all interviews related to each individual sub-code. This overview is important to mention, as it served as base for further analysis of the data. It contains all relevant information from the transcripts regarding the relevant answers given during the interviews.

For a better understanding of these codes and how they are linked, please have a look at the coding scheme below:

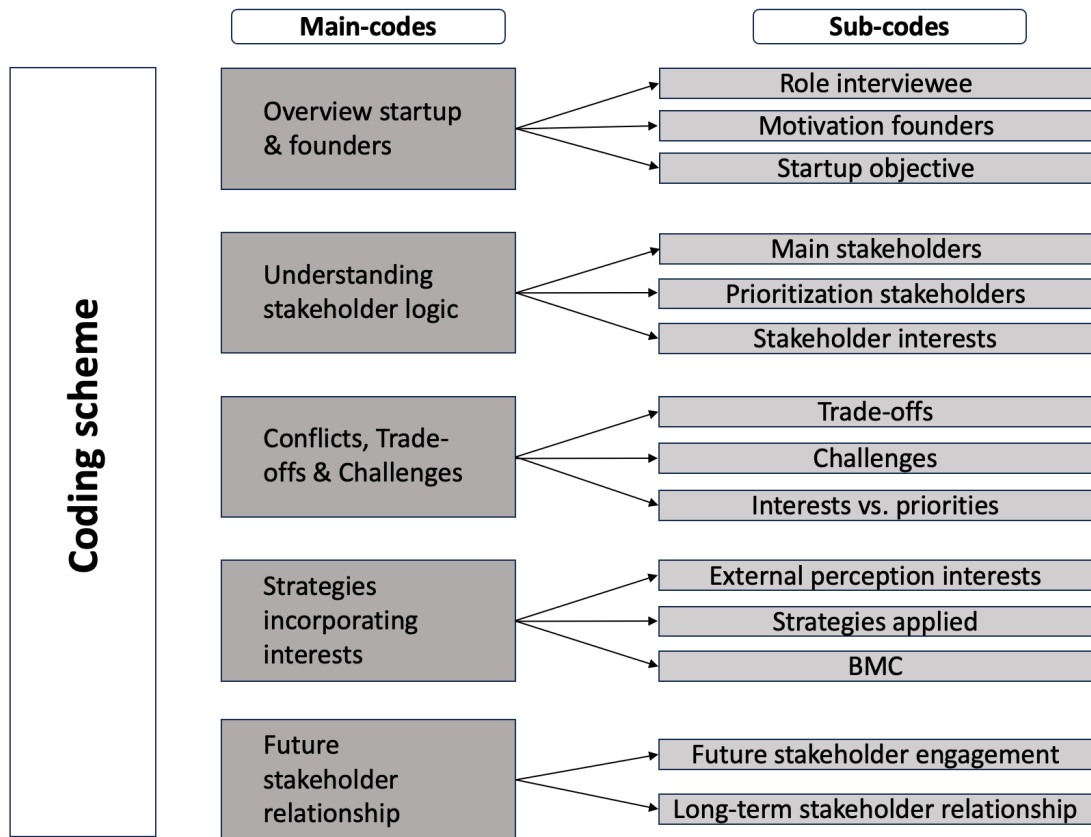


Figure 1 - Coding scheme

3.5 Reliability, Validity & Ethics

In this sub-chapter, first the reliability and validity issues connected to this research are being discussed. This is followed by a rubric dedicated to the ethical concerns in the context of this research.

To reduce both reliability as well as validity issues for this research, various strategies from existing literature were applied. To ensure the study's validity, a process called 'triangulation' was applied. "The logic of triangulation is based on the premise that no single method ever adequately solves the problem of rival explanations" (Patton, 1999). This refers to the process of using different sources of data from various fields and compare them with the self-developed theory. In case of this study, multiple startups from multiple industries have been interviewed. Furthermore, multiple data sources apart from interviews were used such as company websites. Another method to reduce issues in regard to validity is called 'member checking'. Here, relevant research participants such as interview participants are involved in the process of reviewing and validating research findings. In case of this study, all interview participants got the opportunity to confirm or deny the accuracy and interpretations of the information shared, which adds credibility to the research's outcome (Candela, 2019).

Prior to conducting the interviews with startups founders and employees, all participants were provided with comprehensive information on ethical and legal considerations relevant for this research. Everyone involved was informed about the purpose of the research, risks linked to the research and their rights as participants. As the results of this research are going to be publicly available, names of respective startups and participants were kept anonymous. Furthermore, specific sensitive company data has been deleted from the transcripts, following the request of participants. Between 3-5 days before each interview, an ethical consent form was sent out to the participants, allowing for enough time buffer to review and sign the form. The signed consent forms were collected and stored by the interviewer. Right before every interview, the interviewer double checked and informed each participant about their rights. Ethical approval for this research was obtained by the Ethical Committee Behavioral Management and Social Sciences (BMS) at the University of Twente. Up until here, theory has been developed, the cases were selected and the design of the data collection was created. Following this, the interviews were conducted in a timespan of 12 weeks and lots of relevant information has been gathered. In the following chapter, the results of this process are presented.

Chapter 4 – Results

In this chapter, all results from the data collection as described above are presented. It starts with a detailed within-case analysis for each startup that was interviewed. This is followed by a detailed cross-case analysis which is followed by an analysis of the data retrieved from the company websites. The chapter ends with a conclusion of the analyses.

4.1 Within-case analysis

For each of the individual cases, the relevant information shared during the interviews is summed up in a within case analysis below. To increase readability of the text and assure anonymity, each interviewee will be referred to as he/him.

Case-report S1

The first case startup, S1, is a *software-based company* specialized in extending the lifetime of steel structures through crack-detection technologies. Their main focus lies on ports, critical infrastructure and the steel industry. The company itself was founded in 2019 and is still at a rather early stage of their business development.

The Interviewee has *the position* of a business developer and previously was the chairman of a study investment club and worked as an investment analyst for two different companies. The *main motivation* to start working for this startup is to gain experience in an entrepreneurial environment, to be able to build an own startup one day. Furthermore, he appreciates entrepreneurship as ‘the highest human vocation’.

The *startups objective* was described as developing sensors for critical infrastructure which are easy to install. These sensors come with a licensed software to operate the sensors which collect data that is then analyzed by the company. The overall goal of the startups is thus to make infrastructure more secure.

As *main stakeholder*, the interviewee named funders, employees, investors, asset owners and partners to install the sensors. When it comes to *prioritizing* these, he stated “the biggest priority in this context is the growth of a company and the maximization of the revenue.”

Especially investors would care about company growth and growth of the revenue. The reasoning behind this is that more revenue means more installed sensors, which means more revenue for the partners and more access from asset owners.

As *stakeholder interests*, customers satisfaction and quality of the service were mentioned primarily. More quality means more demand and satisfaction of customers, which ultimately would lead to more revenue which is a key goal of the startup.

From an *external viewpoint*, the stakeholder interests and how there are embedded into the startup could be noticed through the companies 'standardized community guidelines'. Furthermore, their message and the meaning behind it is clearly visible on their website as well as various social-media account such as LinkedIn.

A total of two specific *strategies* to incorporate stakeholder interests into the business model were mentioned during the interview. First, due to the intersection of hardware and software, all employees work close together across departments to deliver the best quality product there is. This happens at least once a week, more likely twice which leads to 'an alignment of the message'. On an external level, the reliance on a partnership structure with all external parties/organizations is crucial to the startups strategy to implement stakeholder interests. In the beginning, they were mostly focusing direct distribution rather than creating sustainable partnership structures.

In terms of *trade-offs* between stakeholder concerns and other business priorities, multiple examples were given. First, a market trade-off to stay competitive was mentioned. With their company's product as a service, it doesn't make sense to cut costs as quality needs to be guaranteed. So there is no real option to cut costs, which leads to the question if it still makes economic sense for the potential customers. Another trade-off mentioned is the management of the subscription-price in order to minimize churn. Sometimes the price needs to be reduced in order to keep customers on board. His conclusion regarding trade-offs is: "the trade-off is the price."

The primary *challenges* while implementing stakeholder interests into the business model are mostly industry specific. As the industry they operate in is a relatively conservative industry, things happen at a slower pace. Furthermore, their business model is focused on improving infrastructure so things being expensive is another challenge. In terms of their software "the main challenge is that, because it's a startup, and because we're VC investors, they are used to very high growth – like hypergrowth."

As investors are expecting hyper-growth, it makes it hard to actually complete one product until perfection. Another challenge mentioned is that partners involved can have the same clients, which could lead to a conflict of interest who gets which client.

One specific example mentioned where *stakeholder considerations conflicted* with other aspects of the business model is about multiple of their partners having access to the same region. As one partner signed the contract first, an exclusivity for this region was given to them while multiple other partners were excluded automatically. This made them re-think their business model in legal terms.

As the interviewee joined the company after it was being founded, he had no insights into whether the *BMC* or any other model was used during the founding phase of the company.

Regarding *future stakeholder engagement*, acquisition is expected to be a very relevant topic for the company. “How I think the future is going to look like is going to be through acquisition. That is going to impact stakeholders as partners significantly”. This means that not all partners could be included which could lead to conflict interests with the acquiring party. So according to him, the biggest disadvantage for *sustainable stakeholder engagement* in future would be the exclusion of partners.

Case-report S2

The second case startup, *S2*, is a company rooted in the *electrical bicycle charging sector* on a B2B-level. The interviewee is the *CEO* of the company, with an educational background in *mechanical engineering*. He set up the company in 2019 simultaneously to his study's and worked various jobs before.

The *initial motivation* to start up the company was to make the electrical bicycle industry more circular. He first wanted to make the production of solar panels more sustainable before he figured out he wanted to enter the market with a new product related to solar energy. In summary he stated “what motivated me initially was to do something better for the world (...) and provide valuable solutions. My motivations were about sustainability, circularity, and sustainable transportation.” This created the idea of charging electrical bicycles with sustainable solar panels, which is the *main objective* of the startup.

The *main stakeholders* mentioned are customers (employers & employees), government, certification providers, suppliers, investors, shareholders and external developers. When *prioritizing* these, the interviewee made sure to point out that this is based on which point in time the question is asked. When the startup is close to go to market, insurance companies are their prioritized stakeholder because they hand out certifications. When extra investment is required, investors and shareholder become more relevant. But generally speaking, he

pointed out the customers as most important stakeholder. Here, the level of priority depends on the type of customers (big vs. small) as well as the stage of the development. He finished off this question by pointing out that “there is a constant interplay between stakeholders.” Again, it became clear that prioritization happens based on industry-specific reasons and in which state of development the startups sits.

As *stakeholder interests*, he mentioned three crucial ones: shareholder interest, customer interest as well as the interest of insurance companies. The main interest for the shareholders is longevity, so being in it for the long run and aligned with the mission. For customers, in their case companies, the main interest and reason to buy is fire safety and the sustainable nature the products offers at the same time. For insurance companies, their main interest is that the companies they insure limit their risk. Ultimately he stated that they ‘invest in people’ for the long-term.

From an *external viewpoint*, especially the customer interest is being communicated by showing what exactly their needs are. The communication is mostly done via social media (LinkedIn) as well as their own website. On their website, they also showcase companies they did pilots with to show that they put certain sustainable interests at heart.

In terms of specific *strategies* applied to implement stakeholder interests, two strategies were pointed out. First, circularity is being kept in mind by offering a product as a service (PaaS) where the customers pays for a service but the company keeps ownership. “Circularity is something we fundamentally believe in as a company we should ensure. And how we incorporate it in our business model is that, although we provide options, the core of our business model is that we provide a product as a service. We provide as a service, they pay for it, but it keeps in our ownership.”

Secondly, part of their strategy is to create a closed-loop, so taking back products to take care for their afterlife. This happens in the interests of multiple stakeholder, the company itself as well as the customers.

The main reason for trade-offs according to the CEO is caused by the variety within customer needs. “It’s a broad range of different customers that have different needs.” At the moment, the charging stations are only meant for inside usage, which excludes companies that do not have the facilities for that. Another trade-off needs to be done in the context of insurance companies, as not every part of the product is fully certified yet.

As main *challenge*, it was pointed out that as a startup, there is a constant need to balance sustainability with the growth of the business. "At certain points we focus on the core product developments and sustainability is still part of the circularity of the business model, but we also recognize we are a startup so if we don't exist in 10 years, there's nothing to recycle. So, we need to constantly balance that." Furthermore, the CEO pointed out the decision which has to be made whether they start offering a product for outside usage as well or not. This is mainly driven from the customer interest.

Regarding the *BMC*, it was not used during the foundation phase of the company to determine how to build the company. It was mostly developed from practice. Also, no other theoretical models were used.

In terms of *future stakeholder engagement*, it was pointed out that the potential biggest impact of the company in future is to provide as many charging hires as possible, as it increases the usage of a sustainable, fire safe charging solution compared to existing variants. So according to the CEO, the goal in terms of *stakeholder integration* is to improve the transition to sustainable transportation for all stakeholders involved.

Case-report S3

The third case startup, S3, is a company that developed a *PDF-converter tool* that helps marking important information in a PDF-document and transfers the information to a word document in real time. The interviewee is the *founder of the company*, his educational background is a *bachelor's in international business*.

The *initial motivation* to start the company came to his mind during his first year of his bachelors. He thought there could be an easier way to transform and summarize data than writing it down by hand or copy-paste relevant information one by one. Furthermore, he had an internal drive to become an entrepreneur, which helped him receiving financial and knowledge support from the university.

The *main stakeholders* in the context of this startup are linked to educational institutes. This includes universities, students, publishers, investors and his programmers. When *prioritizing* these, the most important stakeholder are universities. They have the largest number of potential users, their students and employees. Shortly after, the publishers become relevant. In his vision, publishers can integrate an add-on on their respective website enabling users to directly edit the PDF to retrieve important information. He then added the investors to the

list, as they were the ones to initially support his idea financially by handing out a startup-scholarship. Lastly, he mentions his programmers, which he constantly stays in contact with to further optimize the software.

As main *stakeholder interest* for universities the effectiveness of the tool for students to improve their learning is mentioned. Here, KPIs help to monitor the respective effectiveness. For students, the main interest would be to the 'free' usage of the tool. Universities would have to pay for the service. The publishers' main interest is the quality and convenience of the tool.

In terms of *strategies* to incorporate stakeholder interests into the business mode, the main strategy is concerned with building on a network effect. It is in the interest of all stakeholders involved, that as many people use the tool so it is available at many universities and publishers. "That's why we also have to build a network effect with these universities, so that we can get them on board as partners. So that's the network effect. Here, stakeholders would be important." Therefore, the startups main strategy is to build on a network effect. This would help them to build an ecosystem, allowing users to interact and also make sure their idea is not easily copied by another company.

Regarding *trade-offs* that had to be made between stakeholder interests and other business priorities, he states that until now, he has not had a situation where he needed to compromise. He said this will potentially be the case when they go to market, as this requires more investors to join meaning they will have demands for the tool.

The main *challenge* when implementing stakeholder interests into the business model is are financial limits. "Even what our stakeholders would want would not be possible because we have no money. Basically, the biggest difficulty is of financial nature." According to the interviewee, they would already have been able to scale up if there were more financial capacities to hire more programmers. As this limits the startups progress, it becomes harder to match all stakeholder interests.

When asked about the *BMC*, he states that it was shortly used during the founding phase of the startup. Especially customer segments and key partnerships are closely related, as universities would buy thousands of licenses, opening the Programme to a wide range of customers.

For *future stakeholder engagement*, an important aspect would be to make the tool more collaborative. This would mean that one document could be added by multiple users, allowing e.g. group work to happen more efficiently.

In terms of *long-term relationships* with stakeholders, he states that the most important thing is to increase the network size, so everyone in the network can profit off of a network-effect. Furthermore he states that he expects universities to have a rather high influence and power within the network, which would lead the startup to focus more on their interests.

Case-report S4

The fourth case startup, S4, is a *university spinoff* and focused on developing *products that reduce noise* alongside roads, highways and railways. The Interviewee is one of the original *founders* and his educational background lies in *civil engineering*. He worked in the water construction industry before being approached by his co-founder with the idea of building noise reduction elements.

The *initial motivation* to start the company came from the co-founder who was a professor for acoustics at a university. During his job at the university, he filed a patent which later became the ground stone for the startup which immediately attracted external investors. The idea was to create a sustainable, cheaper solution to current variants for noise reduction. To have some context: their noise reduction barrier is roughly 1m tall, while current variants are on average 5m tall. Another motivation to start the business was the governmental framework which says that there have to be noise barriers where noise harms people's health.

The *main stakeholders* mentioned are authorities as main owners of infrastructure, railway operators, provinces as main consumers, engineering agencies, ministries of infrastructure and environment and the national institute for public health and environment (NIHE). It became clear that the startup has to deal a lot with governmental and public institutions, as they work with infrastructure.

When talking about *prioritizing stakeholders*, the NIHE was mentioned as most important because without legislation nothing can happen. Shortly after, railway operators and authorities as owners of infrastructure are mentioned. They are the ones who gave a budget to the NIHE to start implementing new laws and regulations in favor of their product.

As *stakeholder interests*, especially the need for a more sustainable way to create infrastructure from the governmental institutions was mentioned. Current products are

destroying landscapes and use more materials which isn't sustainable. As noise reduction elements are mandatory from a legislative point of view, their noise reduction products are a good fit to an already existing market. Furthermore, increased health is a interest by both provinces, governments as well as the members of the society as such. So the stakeholder interest they serve are of high relevance. The CEO summarized this as "we have a product that was developed based on a stakeholder interest for a big, existing market."

In terms of how these interests are reflected by the company's culture, he said you automatically adapt to your customer needs.

From an *external viewpoint*, their main way of communicating stakeholder interests happened through media (TV, newspapers) as well as collaborations with public institutions. They often go to present their idea to new provinces and also have a well-structured website. Furthermore, they always make sure to communicate their roles as 'consulting scientists with a great idea', both in person as well as on social media (LinkedIn), so they appear more trustworthy.

In terms of *strategies* applied to implement stakeholder interests, the main strategy they follow aims at their idea being integrated into the domestic law. This is strategically supported by mathematical models that are updated regularly to measure the products noise reduction in various settings. Furthermore, one strategy to convince public institutions to support the idea is by clearly pointing out the sustainable nature of the product.

The main *trade-offs* mentioned are connected to the bureaucratic environment the business sits in which led to them needing a lot of patience and good-will. Their startup exists for almost a decade now, but still highly depends on their investors and still waits for their market entry. This is mainly connected to the fact that their business is depending on legislative inclusion. This is closely linked to the *challenges* mentioned: Their startup is depending on external engineering agencies to do research and measure the actual noise reduction regularly. As their interest lies in doing research and measure things, it usually takes much more time than it should. Overall, laws- and regulations are a big challenge for incorporating stakeholder interests. "That's the biggest bottleneck. Regulations, procedures."

This leads to the main *conflicts* between integration of *stakeholder interests and other business priorities*. As things take too much time and no profit is made meanwhile, surviving financially becomes a conflict as investors are potentially pulling out. The conflicts are again traced back to monetary interests, as "money does take priority."

Regarding the *BMC*, it was not used during the foundation phase of the company to determine how to build the company. It was mostly developed from practice. Except for calculation models related to the product, no other theoretical models were used.

In terms of *future stakeholder engagement*, they expect to be part of the domestic law soon. This changes the role of the company towards certain stakeholders such as engineering agencies who are testing the product. The product then becomes freely available on the market.

For the *long-term relationship with stakeholders*, maintaining the network will be of high importance. "Maintain your network well. Keep managing your relationships. Watch carefully which way the client is moving. With procurement. With sustainability. With legislation." The CEO hereby states that it will be important to watch towards which trends clients are moving and to also watch out for tenders.

Case-report S5

The fifth case startup refers to the same startup mentioned before, S4, with the difference that now the interviewee is an employee working in *business development* for the company for 5 years. His educational background is *industrial engineering and management*. The motivation to start the company as well as the startups' objective were discussed in case-report S4. The same applies to the description of the main stakeholder, how stakeholder interests are displayed and communicated to outsiders.

One important addition is that he acknowledges the environment as important stakeholder and adds that compared to existing variants for noise reduction, based on a Lifecycle analysis (LCA), their product is up to 70% more sustainable.

Regarding the *level of priority* of stakeholders, one important addition is that according to him, the provinces including the residents are the priority, as their health and convenience are the ultimate reason for governments to change laws and accept their innovation. Apart from that, the level of priority for all other stakeholder stays the same.

The main differences appeared when questions were asked regarding the *stakeholder interests* as well as conflicts with integrating them into the business model. First, he mentioned that "all stakeholder interests are intertwined and connected".

So, they do not necessarily view stakeholder interests separately, as one requires or enables the other. One example is the pressure created by the habitants of provinces, as their

acceptance is of high interest for the provinces. For governmental institutions, it is important that the new product is cheap due to tax money being spent. Furthermore, the products needs to meet existing guidelines which also requires the new product to be more sustainable than existing variants.

When prioritizing these stakeholder interests, he put them in the following order: “First I would say guidelines, then costs, acceptance, and lastly the environmental impact.”

When it comes to *strategies* applied to integrate stakeholder interests, multiple things were mentioned. First, to get in touch with the relevant parties of e.g. the German market, they contacted the 200 largest provinces and cities in Germany via phone. A large number of them was interested in the idea due to the advantages in costs and sustainable impact, so they had the chance to visit them and present the idea. The municipalities then had the chance to communicate their interests and potential changes they would appreciate. The problem here was, that changes on the product are not possible, as the product is certified and these certifications would no longer be valid. This appeared to be a problem when integrating stakeholder interests into the business model.

This is closely linked to the *trade-offs* he adds. The biggest trade-off they have to make is that due to the interests of governments and ministries to follow laws and hand out certifications, they are limited in changing the product following the interest of potential clients. Another trade-off mentioned is connected to the maximum noise reduction which is the interest of all involved parties. The product can always be better and absorb more noise, but this usually requires it to be way bigger and therefore less sustainable. The startup has made some trade-offs here so that both size and effect are in line.

In terms of *challenges*, the answers are essentially similar to case S4. “The biggest challenge (...) is that we are developing something that is not covered by current guidelines. And the stakeholder is interested in applying existing guidelines.”

He again emphasized that the main challenge for implementing stakeholder interests are the laws- and regulations which have to be changed.

For *future stakeholder engagement*, it will be important to improve the product more based in the customer needs. “The focus is on product development so that the interests of all are increasingly integrated.” Once they enter the market, adaptations based on stakeholder interests needs to me possible and more flexible according to the interviewee. One addition related to the *long-term stakeholder relationship* is that according to the interviewee, they did

not really build any relationship to the authorities. Once the laws are changed in their favor and they enter the market, the relationship to this stakeholder will be less relevant. The focus will switch to construction companies, so a rather drastic change in stakeholder relationships will happen.

Case-report S6

The sixth case startup, S6, is a company specialized in individualized *chocolates for the B2B sector*. The interviewee is the *founder and CEO* of the startup and has built the company next to his still ongoing *industrial engineering and management* study. He worked in the hotel and gastronomy sector for 5 years. What *motivated* him to come up with the idea is his passion for chocolate. Furthermore, he discovered a need in the B2B sector for personalized, branded chocolate.

The *startup objective* is to offer a large variety of products made from chocolate, so each customer can choose between various styles and make it an individual experience. The main product group is individualized chocolate bonbons. "Everything we do happens in a client-case specific way."

One key aspect of his business is the local production. The startup has multiple main *stakeholders*, starting from the companies which are the customers to suppliers of chocolate pallets, suppliers of machines and gear, the government, employees, the landlord of both office space and production as well as the environment.

The customers are the *most important stakeholder*. Without their demand, he has no reason to supply. They are followed by his suppliers of the chocolate as well as machines, which he visits regularly to be updated and maintain quality. The suppliers are followed by his employees and accountants, as they need to manage the processes and stay in touch with all parties. The government plays an important role in the sense that they put a sugar-tax on the products he sell, making them 12% more expensive right from the start. Then, he mentions the environment as stakeholder, as his production is local and he buys everything from ingredients to machines and packaging from local companies. The landlord is placed last in his list, even though the facilities are important, these could be changed the quickest.

The *communication of stakeholder interests* to the outside is clearly managed in his startup. On the company's website it is clearly communicated that his products are locally produced. Customers and suppliers are being informed about who collaborates with his startups, but

also have the chance to visit the production facility. He wants to make sure that the stakeholder interests are treated respectfully and assures this by being as transparent as possible. One reason for the possibility of being this transparent is the fact that there are no external investors, meaning he has 100% of decision rights.

As main *strategy* to incorporate stakeholder interests, it got pointed out that changing the taste of his products by being highly flexible is crucial, as the customers taste is quite different in different regions. So, setting up a flexible production process right from the start is crucial. The main strategy the startup focuses on is to scale up and be market leader in the region where the startup is located at. The ambition for now is not to scale up on domestic level, but rather focus on becoming a local leader. This is mainly, because he wants the company to stay true to the roots and act as sustainable as possible.

The crucial *trade-offs* between stakeholder interests and business priorities are his production capacities, local suppliers and time. In the beginning, he could only produce roughly 200 pieces a day, which led him to make compromise to outsource the production to fulfill his customers needs. With local suppliers the trade-off has to be made as they sometimes cannot scale in the same way his company does, so he eventually has to decrease his own sales for the sake of staying local. The third trade-off is time, as sometimes it takes too long for ingredients to arrive in the right time span, so they must be ordered from outside the region.

The biggest *challenge* the startup is faced by is therefore the scaling-up. If a business wants to be local and sustainable, but outgrows all suppliers within the region, it creates a challenge to fulfill all stakeholder interests, as shown by his quote: "Conflicts include scalability at times in which I ran up against my own ideals. That was about balancing the local, sustainable production against growing internationally." This challenge therefore created a conflict in stakeholder interest within other business priorities.

The *BMC* was not used during the foundation phase, neither were other theoretical models used.

Regarding *future stakeholder engagement*, the biggest change he expects is that his current or future stakeholders want to buy shares of his company, as he expects it to grow bigger in the future. This is a relatively normal process in the industry, where bigger players buy the smaller producers to increase their market share. He also expects that stakeholders in the context of his company are coming closer together, as he states: "I actually see that more and more stakeholders are becoming active together. I expect it's only going to grow."

In term of *long-term stakeholder relationships*, his goal and expectation is to let local producers have more influence on new products and tastes, so an even better, more sustainable connection is created. Overall, his expectation is that the influence of both suppliers as well as customers becomes bigger over time.

Case-report S7

The seventh case startup, S7, is a company that created a *platform for companies* to offer benefits of all kinds for their employees. The interviewee is one out of a total of three *CEO's* and is mostly responsible for their Sales, Marketing & Acquisition. His educational background is a *bachelor's in international business management*.

The main *motivation* to found the company is the observation that nowadays, employee retention is an important topic for employers. The founders idea was to find a solution to support companies in building a better, more attractive relationship with their employees.

The *startups objective* is described as the following: "We want to solve three problems. On the one hand, we want to help companies to retain their employees, but on the other hand, we also want to help local retailers to get more customers again and thirdly, we want to help employees to save money, especially now that everything feels more expensive."

They already pooled roughly 30.000 employees, which are getting a discount when shopping at either one of the participating companies. The main financiers for this are the employers, which are paying a fee for every employee to participate and receive benefits.

The three main *stakeholders* mentioned are employees, local retailers (service providers, restaurants, shops) and the employer. The *most important stakeholders* are the employers, as they are the ones who finance the business as their interests is to being part of a large network of local retailers that their employees can take advantage of. Therefore, the local retailers are the second most important stakeholder, as without them, there are no benefits to offer to the employees. Lastly, employees are mentioned as important stakeholder. Investors were not relevant in their case, as the founders financed the startup themselves. What he mentioned was that for larger future investments, they could become relevant. Another stakeholder discussed is the environment and the startups impact on it. He said often, especially in the beginning, their young startup had to compromise between two crucial aspects of their business model, as shown by his quote: "You either have to choose between profitability or sustainability."

One positive example mentioned happened in the more mature phase of the startup, when they had printed catalogues and cards with all benefits they offer. This changed towards a fully digital app, so they could even cut costs by becoming more sustainable.

Regarding *stakeholder interest*, the main interest of the employer lies in positioning themselves positively as an employers to retain employees, potentially resulting in a higher chance to find new ones. The local retailers are mostly interested in the support for the local region, which shows in an increased purchasing power that remains in the region. The employees are the ones who receive the benefits, which is their main interest.

For *external communication of stakeholder interests*, the first important thing customers see is the company name which clearly indicates a local approach. This then applies to their online presence, because on both their website as well as social media accounts, they clearly state their stakeholder interests by showing not just the benefits, but also the local, sustainable approach they chose. "This is somehow reflected in the fact that we are also very local ourselves."

The local nature of the business model is also reflected in their startups culture, as according to the CEO, all their employees supporting the local retailers, which is where the original idea to start the business is rooted in.

In terms of *strategies* applied to integrate the stakeholder interest into the business model, they decided to move their whole business towards a fully digital business model. This was an important step to become more sustainable, which the CEO summarized by saying: "The bottom line is that we have not incurred any additional costs as a result of becoming more sustainable."

Furthermore, they had the 'chicken-egg' problem in the beginning as it was hard to strategically convince employers to join the network, when there are only few companies present in the network. They solved this by strategically starting with large employers such as hospitals. Another important strategy to incorporate especially local retailers' interests, was to not charge them, but be financed by the employers. Larger firms would just pay money to be part of a platform that offers benefits. Local retailers do not have this budget, which is why they had to generate a revenue from another party, in this case the employers.

The main *trade-off* their startup has to make when comparing stakeholder interests with other business priorities, is in terms of the price. Their concept does not exist with local retailers, but only with larger corporations who have the budget to finance employee benefits. They are

heavily depending on the employers they contact, which requires smart solutions to generate a profit out of the business.

In terms of main *challenges* faced for the integration of stakeholder interests, the biggest challenge is again of monetary nature. “Financing is a very important topic. At the end of the day, setting up a company is often associated with very high costs. “

Their startup depends on employers to pay a fee for each employee they have. This is a challenge, because even the ones who claim to be local or sustainable, often opt for free online providers instead of local retailers. This was summed up by the following quote: “in general, there are always challenges for employers, because at the end of the day they always have to choose between being local and profit.”

The *BMC* was not used during the foundation phase, neither were other theoretical models used.

Their *future stakeholder engagement* is mostly going to change in a way that because of their recent growth in number of users, the trust towards their business from all stakeholders grows. Therefore, they now get request from local retailers to join instead of doing acquisition themselves. So, the increased trust from clients leads to a larger network, meaning an increased numbers of stakeholders whose interests are being represented.

4.2 Cross-case analysis

Previously, all relevant data for each individual case was presented. Now, it is crucial to look for cross-case patterns. To be able to identify relevant patterns, find within-group similarities and intergroup differences, several categories have to be selected. This is done by following the interview structure. An overview of all individual questions asked during the interview can be found in chapter 3. Below, to increase readability, the broader categorization of interview questions will be used to structure the text. The interview structure suggests selecting 5 main categories. The introduction & overview of the startup (1), understanding their stakeholder logic (2), the main limitations & challenges when integrating stakeholder interests into the business model (3), strategies for incorporating interests and solving conflicts (4) and their envisioned stakeholder engagement in future (5).

Introduction & overview startup

The first category of the cross-case analysis includes all information regarding the role of the interviewee, the motivation to start the company and the startups overall objective.

Within-group similarities:

In terms of the interviewee's roles, it appears that the most of the people interviewed are the respective CEO or founder of the startup. Furthermore, all people interviewed have an academic background. The common ground here is the link to management studies, with international business studies being the most common. Two interviewees' have an educational background in industrial engineering & management, one is a mechanical engineer and another one is a civil engineer. Furthermore, all people expect for one are aged 24-34, showing a trend towards young entrepreneurs.

In terms of the initial motivation to start the company, it appears that most startups interviewed have a sustainable mission. In this context, it is important to note that all startups have been found due to a high level of entrepreneurial mindset of the founders. Furthermore, many startups were founded with a focus on sustainability and social impact. Motivations include making electrical bicycle charging more circular (S2), creating sustainable and cheaper noise reduction solutions (S4, S5) or providing sustainable, local products and services (S6, S7). Lastly, an important motivation was the identification of a market need. This ranges from a need for easier data transformation (S3), to local and personalized chocolate in the B2B-sector

(S6), more sustainable and cheaper noise reduction in the public sector (S4, S5) up to a need for better employee retention solutions (S7).

In terms of the startup's objectives, the common ground is their profit-centricity. None of the startups interviewed are non-profit organizations, which leads to better comparability of the startups interviewed.

In our sample group, three startups offer physical products (S2, S4 & S5, S6), while three offer a digital product or service (S1, S3, S7). This is important to mention, as currently there is a clear trend towards software-based, digital startups these days. According to the German Startup Association, two-third of the Startups founded in 2023 had a digital business model (Bokschi, 2024).

Intergroup differences:

The main differences can be found in the startup's objective. Each startup interviewed works in a different niche or industry. Therefore, they have different objectives. Starting with S1, their main objective is to make infrastructure more secure. The second startup S2 wants to offer a safe solution to charge electric bicycles with sustainable solar panels. Startup S3 wants to offer a convenient, easy to use PDF-converter tool for people in an educational environment. Startup S4 & S5 want to improve the quality of public life by offering a more sustainable noise reduction product. S6 has as main objective to offer individualized, locally produced chocolate to businesses in the region. Startup S7 wants to offer a platform to local employers and retailers that enables employees to receive local benefits, which in return should push the local economy. The differences in the startups objectives are a natural intergroup difference, as this research did not focus on a single industry or type of startup.

In terms of motivations, the main difference lies in the initial drive of the founder. Examples are a personal drive for experience in entrepreneurship (S1), making an existing industry more circular (S2), support from external entities such as universities (S3), , the drive for product innovation (S4, S5), a passion for the product (S6), or addressing modern workplace challenges (S7).

Understanding stakeholder logic

The second category of the cross-case analysis contains information regarding the main stakeholders mentioned, how these are prioritized by the startups, how their stakeholder interests are defined and if these are being reflected by the startups culture.

Within-group similarities:

Generally speaking, it became clear during the interviews that all startups have an idea who their stakeholders are. They have a clear picture who is affected by their business' operations and what interests their stakeholders have. Each startup mentioned at least 4 stakeholders. The overall similar stakeholders mentioned are investors, which are relevant to most startups as they offer financial support. The investors are followed by the customers, which differ per startup, but in their essence, there is always an end-consumer who should buy the product or service offered by the startup. Furthermore, employees are listed as stakeholder. Lastly, every startup mentions suppliers of various kinds.

A crucial aspect to mention which the interviewees have in common is that even though they all have been informed upfront what is meant by 'stakeholder' during this research, none of them initially viewed or mentioned the environment as a stakeholder. This became relevant once a follow-up question was asked, revealing that actually, the startups directly or indirectly consider the environment a stakeholder. This can also be traced back to the focus on offering a sustainable solution, which at least 5 of the startups indicate. It becomes clear, that even though most startups indicate a focus on sustainability, only few initially view the environment a stakeholder.

Following the main stakeholders mentioned, a lot of similarities occurred when the interviewees prioritized their stakeholders. Most importantly, all startups attached high priority to their investors or finances in general. The main reasoning behind this is that without a financial boost, crucial investments are not possible. Therefore, once external parties invest in the startup, they receive power in return. So, interests of investors have priority.

In terms of how stakeholder interests are reflected in the startups culture, all startups show a strong commitment to customer satisfaction and quality. Additionally, several startups clearly state to incorporate sustainability into their culture (S2, S4, S5, S6, S7). Furthermore, a transparent communication of core values via websites, guidelines or personal contact is important for all startups.

Intergroup differences:

In terms of differences in the context of understanding the startups stakeholder logic, the main difference lies in the type of stakeholder mentioned. These are usually industry specific. A unique stakeholder focus is the focus on educational institutes (S3) or public infrastructure institutions (S4, S5). Another example of a difference in stakeholders mentioned is the self-financed approach applied by S7, leading to investors not being mentioned as stakeholder which contrasts with other startups. Furthermore, only S6 & S7 indicate a focus on either local production or local offering of their service. All other startups interviewed do not have this limitation, as their focus is not limited to local region.

In terms of prioritization of stakeholders, there are quite some differences that became obvious. While S1 clearly states that the biggest priority is the maximization of the revenue, their the investors have the most priority, S2 indicates that the importance of a stakeholder strongly depends on the point in time the question is asked. In the beginning, the investors are most important to him, but later on the customers are the first priority. S3 even says that in his unique case, investors are not relevant yet as he financed the startup by himself. S4 and S5 both said that for them, the ministry NIHE is prioritized, as their business strongly depends on legislative. S6 mentions customers as most important stakeholder, as without demand there is no business to be made. S7 mentions the employers as their prioritized stakeholder, as they are in the end the financiers of the whole business model. None of them put the environment as first priority, which is an important thing to consider as they all considered an important stakeholder in the beginning. Overall, it appears that especially when it comes to prioritizing stakeholder, a lot of intergroup differences occur.

In terms of differences in embedding stakeholder interests into the startups culture, especially S4 and S5 show a strong cultural alignment with legislative elements, as their industry requires this. Furthermore, S1 and S6 have a rather customer-centric approach embedded into their culture, while S3 and S7 are more focused on developing a network to increase stakeholder engagement.

Conflicts, Trade-offs & Challenges

The third category of the cross-case analysis contains information regarding trade-offs that startups have to make when considering stakeholder interests, the main challenges in implementing these into the business model. This is being illustrated by industry-specific examples mentioned during the interviews. This is a crucial part in this research, The main research question is concerned with the conflicts and limitations that startups encounter when trying to implement a stakeholder logic from the very start.

Within-group similarities:

Multiple startups face trade-offs related to meeting diverse customer needs and staying competitive in the market. This starts with balancing between quality and costs (S1), managing the affordability of the product or service (S7) or not being able to fulfill a customer need due to trade-offs in the quality of the product (S2). Another example for trade-off that has been mentioned multiple times is related to investor and market entry considerations. They want to secure investor demands, while at the same time having to navigate bureaucratic requirements to enter a specific market (S3, S4, S5). A third trade-off was found between regulatory requirements and product/service adaption. Startups seem to be limited in their flexibility to adapt their product to specific customer needs (S2, S4, S5).

Regarding the main challenges startups face when implementing stakeholder interests into their business model, several startups face significant financial limitations which hinder their ability to scale and meet stakeholder interests (S3, S6, S7). Regulatory and legal challenges are also prominent, especially in industries that require specific laws and regulations (S2, S4, S5). This negatively impacts the ability to implement stakeholder interests effectively. Furthermore, multiple startups mention the customer need for sustainability which creates the challenge in terms of price. Often times, a challenge in balancing local and sustainable practices with business growth is noted (S2, S4, S5, S6, S7).

Intergroup differences:

One aspect that has shown throughout the interviews is that the trade-offs and challenges mentioned by the startups are often industry specific. While S2 uniquely mentions the trade-off of limiting their customer base to those with indoor facilities for charging stations, S6 mentioned trade-offs related to production capacity and local sourcing trade-offs. Case S5 mentioned a trade-off related to noise-reduction, the size of the product and sustainability. In

general, the trade-offs were mostly industry specific, as they are closely linked to the day-to-day business and operations the interviewees are faced with.

In terms of challenges, S4 uniquely mentions the dependency on external agencies for R&D, leading to a delay in the implementation of stakeholder interests. S1 uniquely mentions a potential conflict of interest between partners who have overlapping clients, which reflects a unique challenge in the context of stakeholder relationships. While financial challenges are more of a similarity within cases, S7 uniquely highlights the challenge of getting customers to pay for a local, more sustainable alternative, when free, rather unsustainable alternatives are on the market.

Strategies for integrating stakeholder interests

The fourth category of the cross-case analysis is concerned with strategies startups apply to integrate stakeholder interests and solve conflicts there are with different types of stakeholders.

Within-group similarities:

Regarding strategies applied to integrate stakeholder interests, several startups emphasized the importance of both internal and external collaboration. This includes the establishment of sustainable partnerships (S1, S7) and regular communication between departments (S1, S2, S6, S7). Another crucial similarity is the focus on sustainability in the startup's strategies. This includes offering a Product-as-a-Service (S1), creating closed loop systems (S2), choosing local supply strategy (S6) or moving towards a fully digital business model to reduce both costs as well as environmental impact (S7). The adaptability in product offerings to meet diverse stakeholder needs is another reoccurring similarity. This ranges from changing product features based on regional preferences (S6) to change a product based on the need of the largest stakeholder (S3), to implementing flexibility in production processes (S6).

For external parties and their view on stakeholder interests and how they are integrated into the business model are in all cases communicated via social media, specifically LinkedIn, or the company's own website. This includes sharing information on strategic partnerships, core values and beliefs or the startups mission on the website.

Intergroup differences:

In terms of strategies, S3 exclusively mentioned the focus on building networks and create a network effect which enhances not just the products value but brings together multiple stakeholder interests. Another unique strategy mentioned is shifting to a fully digital business

model aimed at increasing cost efficiency and sustainability of the startup (S7). While other startups focus on broader strategies, S6 focuses on becoming a market leader locally rather than scaling up domestically, which aligns with their goal of staying local, sustainable and therefore true to their roots. Another unique strategy aimed at integrating interests of stakeholders is focused on the integration in the domestic law, supported by specific data models to demonstrate the products effectiveness (S4, S5).

Future / Long-term stakeholder engagement

The fifth and final category of the cross-case analysis is aimed at the startups' future stakeholder engagement and long-term stakeholder relationship management.

Within-group similarities:

Regarding long-term stakeholder engagement and relationships, many startups foresee the growth of their networks and the expansion of stakeholder engagement as critical to future success. This involves increasing the number of users or clients (S3, S7), providing more products or services (S2), and increasing overall network size (S3, S5, S7). Furthermore, there is an expected need for ongoing adaption of products/services based on stakeholder interests (S2, S3, S4, S5, S7). Startups aim to improve their products or services to better meet these needs over time. Some startups also expect significant changes in the roles of their current stakeholders due to specific market dynamics (S2, S4, S5, S6). They expect that some stakeholder will have a much more important role once they enter the market, while other may become totally irrelevant. All seem to agree on the fact that sustainability is becoming more crucial to every business's operations, which increases the importance of the environment as a stakeholder.

Intergroup differences:

The first difference in future stakeholder engagement expected by S1 and S6 is the expectation of potential acquisitions and changes in company ownership. The startups expect conflicts of interests or changes in stakeholder roles due to acquisitions. Another important difference is that different startups highlight various new stakeholder for future engagement. S4 focuses on engineering agencies and their impact on becoming part of the domestic law. S6 emphasizes local producers and their influence on product development. These differences are mainly caused by different business models and industries they work in.

4.2.1 Analysis of company data from websites

Before continuing with the conclusion of both analyses, this sub-chapter refers back to the methodology section, more specifically the data gathering used for this research mentioned in chapter 3.3. The following information is retrieved from the respective company websites. The sub-chapter starts with presenting the relevant information found per startup and is followed by an analysis which links it to the research's context. Important to mention here is that the depth and content of the data presented on the websites varied, depending on the stage of development and industry of each startup.

S1 focuses on providing wireless sensor technology for detecting fatigue cracks in critical infrastructure such as bridges and cranes. Their value proposition revolves around certified, sustainable, and user-friendly solutions aimed at extending asset lifetimes and optimizing maintenance schedules. The startup highlights their contributions to sustainable development goals, including innovation in industry and responsible consumption. They work closely with asset owners and maintenance providers to ensure safe, reliable, and cost-effective operations. The company's technology is already operational in six countries with over 1,000 sensors in use. Founded due to the lack of sustainable charging infrastructure in the electric mobility sector, S2 provides fire-safe and theft-proof e-bike battery charging solutions. Their approach centers around a circular, Product-as-a-Service (PaaS) model, offering maintenance and upcycling of products. Their charging stations apply to facility managers seeking effortless management of e-bike charging systems, with a strong emphasis on sustainability and long product lifecycles. S3 developed a tool aimed at students, combining functionalities from commonly used software into one platform. The startup addresses the inefficiencies that students face when summarizing and processing information across multiple platforms. Their solution simplifies this process, providing an all-in-one environment to make student life easier. Their commitment to sustainability mostly centered around making student-life paper-free. S4 specializes in noise reduction products, using innovative diffraction techniques to minimize noise pollution along roads, highways, and railways. Their solutions are designed to be cost-effective, environmentally friendly, and easy to install, offering benefits such as maintaining visual integrity while reducing noise. The team consists of experts in acoustical and technical engineering, working towards enhancing the quality of life for communities affected by noise pollution. Much like S4, S5 focuses on providing noise reduction products for transportation infrastructures using similar diffraction principles. Their emphasis is on offering sustainable, cost-effective solutions that allow contractors to quickly install noise

barriers while minimizing environmental and visual disruption. Their team shares expertise in acoustical engineering and transportation infrastructure, driving their mission to create quieter, more sustainable urban environments. S6 is dedicated to crafting high-quality, locally sourced chocolates with unique combinations of ingredients. Their focus on sustainability and locally recognizable products distinguishes them in the catering and business gift markets. S6 prioritizes using the best ingredients from both local suppliers and exotic locations like Madagascar. They also offer customized orders, emphasizing a personal connection with their customers and a commitment to sustainability. S7 provides a digital platform for employees to access exclusive discounts from local retailers and service providers. Their app helps companies offer additional value to employees, supporting retention and increasing attractiveness to job applicants. The app aligns with a “buy local” philosophy, benefiting not only employees but also local businesses by enhancing customer acquisition and supporting local economies.

This additional website data reinforces and expands the research findings. It confirms that startups are indeed committed to embedding stakeholder values into their business models, as stated in the interviews. The startups not only try to address economic sustainability (e.g., long product lifecycles, cost-effective solutions) but also environmental sustainability, such as reducing noise pollution, supporting local economies, and offering sustainable products like S6's chocolates. The findings indicate that the interviewed companies are aligning their business models with the stakeholder logic by addressing the needs of diverse stakeholders, including customers, communities, local suppliers, and regulators. However, it also shows that this change towards sustainability requires startups to face industry-specific challenges. Examples here are the integration of new technologies, balancing environmental goals with profitability, and maintaining stakeholder satisfaction across different sectors. This supports the conclusion that startups are not just moving away from a shareholder-centric model but are doing so by integrating sustainability into their value propositions. The websites provide further evidence of how startups are balancing these broader stakeholder interests. It shows that the data retrieved from their company website matches what was shared during the interviews and elaborated in the within-case analysis presented in chapter 4.1.

4.3 Conclusion within- and cross-case analysis

The central research question of this paper investigates the conflicts and limitations startups face when implementing a stakeholder logic from the start. This case-study analysis identified patterns, similarities, and differences across seven startups to understand better how they integrate stakeholder interests into their business models and the challenges they face.

Across the cases, a common trend emerged: many interviewees were young entrepreneurs (aged 24-34) with academic backgrounds, primarily in management studies. Sustainability and social impact were significant motivational drivers, with many startups focusing on environmental sustainability and meeting market needs. Despite different niches, all startups were profit-centric, providing either physical or digital products/services.

All startups demonstrated a clear understanding of their stakeholders, typically identifying investors, customers, employees, and suppliers. However, they often did not initially consider the environment as a stakeholder, despite a focus on sustainability. Prioritization of stakeholders varied, with financiers and investors generally being prioritized most. Furthermore, the startups emphasized customer satisfaction and quality, with some incorporating sustainability into their core values and culture.

Startups faced significant trade-offs and challenges, primarily financial limitations and regulatory hurdles. Common trade-offs involved balancing quality and costs, managing affordability, and navigating investor demands and market entry barriers. Industry-specific challenges included dependency on external R&D agencies and potential conflicts of interest among stakeholders. Balancing local, sustainable practices with business growth was a recurring topic, making the complexity of integrating diverse stakeholder interests clear.

Strategies varied but often included internal and external collaboration, sustainability initiatives, and adaptability in product offerings. Communication through social media and company websites was crucial for external stakeholder engagement and perception of their interests. Unique strategies included building network effects, shifting to fully digital models, and focusing on local market leadership. These approaches highlight the diverse ways startups navigate stakeholder integration.

Regarding the BMC, the pattern that showed is that the startups interviewed did not use it to visualize their businesses key components. As the interview questions were developed alongside the BMC categories, it showed that the number and content of the answers given suggest that the canvas is a good representation of the company structure.

In terms of future stakeholder relationships, startups expect to expand their networks and adapting products/services based on stakeholder feedback. There was a consensus on the growing importance of sustainability, with the environment becoming a more critical stakeholder. Differences emerged in expected stakeholder roles, potential acquisitions, and new stakeholder engagements. This, again, reflects the dynamic nature of startups.

The within - and cross-case analyses showed that while startups share common motivations and challenges in implementing stakeholder logic, their approaches and priorities are influenced by industry-specific factors and individual business models. Financial and regulatory challenges are significant hurdles, but innovative strategies and a focus on sustainability provide chances for effectively integrating stakeholder interests into their business model. The results underscore the importance of adaptability, collaboration, and communication for the integration of multiple stakeholders from the early stages of a startup. Furthermore, the information shared on the company’s websites support the interview findings as it shows that the startups interviewed have commitment themselves to a shareholder-centric approach, even if they face various challenges.

Below is an abstract visual representation of the most important outcomes. The model is structured alongside the main codes generated during the coding process, with the sub-codes being integrated into each section. While all information gathered in the interviews is relevant to understand the context of the research, for the following chapter the third block ‘Conflicts, Trade-offs & Challenges’ is selected to finally answer the research question.

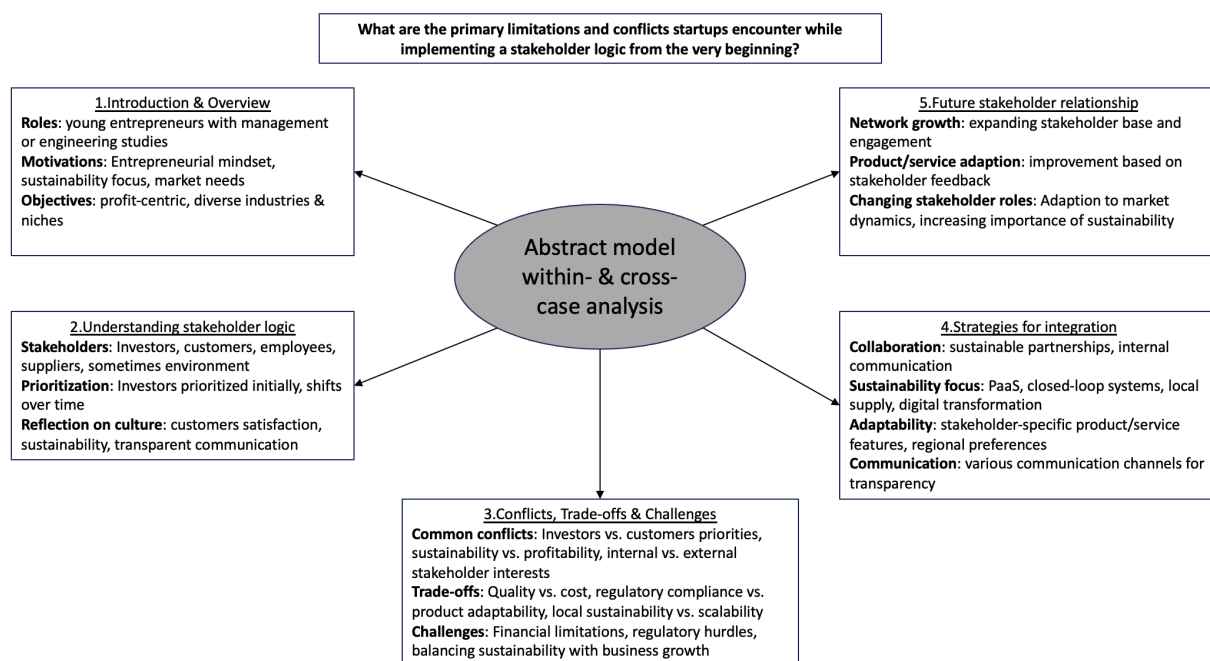


Figure 2 - Abstract model of results within- and cross-case analysis

4.4 Key findings

For the summary of the research’s key findings, the two final steps of the multi-case study approach as described by Eisenhardt were applied. This starts with visualizing the key outcomes of this research, as it enables a clear but abstract overview of the study’s outcome. This is followed by creating a link of the results from this research to the literature and research gap done in the next chapter. Starting with the visualization of key outcomes, a description of the model including the visual representation of the study’s key findings is described below.

The base for this model is the central research question of this paper ‘What are the primary limitations and conflicts startups encounter while implementing a stakeholder logic from the very beginning?’. Here, the challenges that startups are facing are at the center of attention. Therefore, the third main code mentioned in figure 3, which contains information on challenges, conflicts and trade-offs startup have to make during the implementation of stakeholder interests, is chosen as starting point for the model.

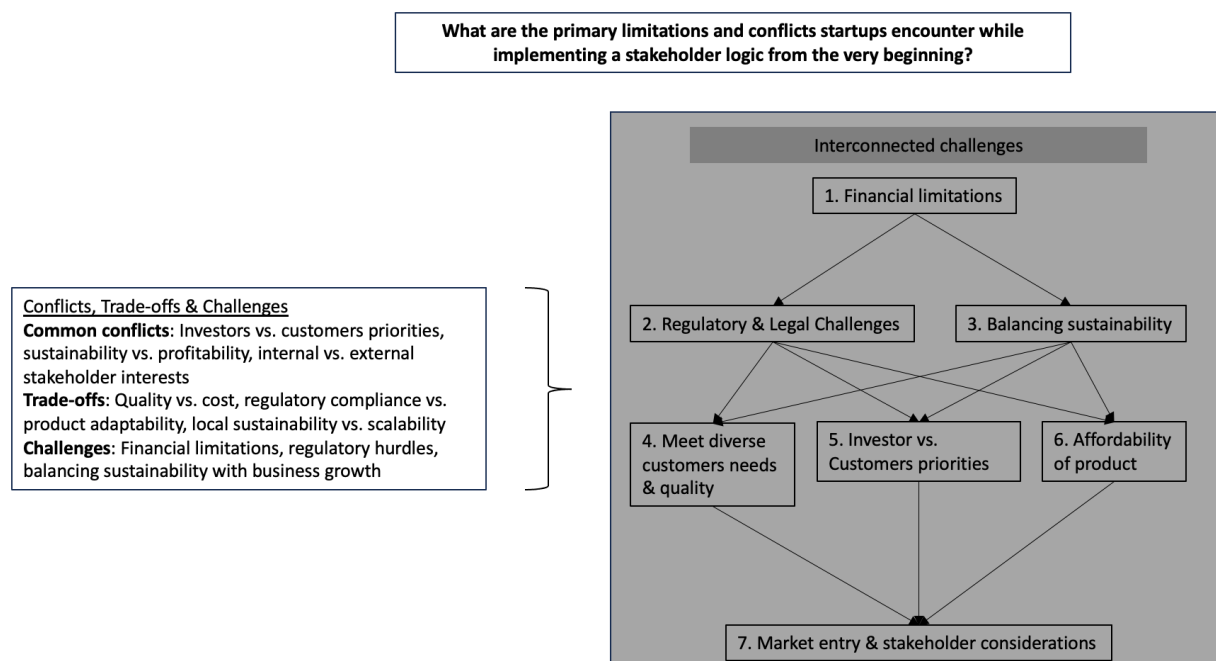


Figure 3 - Model of primary limitations and challenges in hybrid startups

Starting from this crucial category, it was possible to identify the most common challenges that startup face when implementing a stakeholder logic into their business model. In the diagram, this section is titled ‘Interconnected challenges’. The various challenges which were retrieved from the interviews are interconnected. This shown by the arrows which are shown in figure 3. Each arrow symbolizes that the challenge from which the arrow starts has an

impact on the next challenge. The graphical representation in top-down format was chosen because it shows that all preceding challenges have an influence on all subsequent ones.

The *financial limitations* therefore are the most common and relevant challenge mentioned. They are interconnected to all challenges mentioned afterwards. This is mainly due to the fact that financial limitations determine the startups ability to invest into new solutions and scale their operations. They ultimately limit the startups ability to address stakeholder interests and thereby other challenges effectively.

The financial limitations are followed by two other main challenges startups face during the integration of a stakeholder logic. *Regulatory and legal challenges* as well as *balancing sustainability*. Starting with the *regulatory and legal challenges*, it is essential for startups to follow regulatory compliance. This is essential to the startups operations and directly impacts their financial stability and growth. The third challenge, *balancing sustainability*, is critical to the long-term viability of modern startups as they must align with modern stakeholder expectations for sustainability. To achieve this, they must find a balance between sustainability and company growth. Finding this balance affects financial resources, the overall customer satisfaction and requires regulatory compliance.

On the next level, three main challenges are displayed in the diagram: *meet diverse customer needs & quality*, *investors vs. customer priorities* and the managing of *affordability of products*. All three of these are directly influenced by the previously mentioned sustainability efforts and regulatory compliance.

To meet the *diverse customer needs & quality* is essential to the overall customer satisfaction and retention. However, this can be resource-intensive and requires careful prioritization between sustainability goals and serving a diverse customer base with high-quality products or services.

Another common challenge is referring to finding a balance between *investor and customer priorities*. The priorities of investors are usually focused on sustainability and growth, while customers usually focus on the products value and sustainable nature. Managing these expectations effectively is crucial for startups to maintain their stakeholder trust, but also to secure necessary funding.

In terms of moderate relevance, the affordability of products is an important challenge to startups. It includes the efforts of a startup to ensure affordability of their product or service for customers while maintaining high quality and sustainable practices. As it is usually seen as

secondary to secure initial funding, which refers back to the financial limitations, it is assigned to moderate importance.

Lastly, navigating *market entry and stakeholder considerations* are a challenge respective startups are faced with while trying to integrate a stakeholder logic into their business model. Navigating the challenges a market entry implies, while still satisfying stakeholder considerations such as investor requirements, regulatory requirements, or customer needs for sustainability, is considered a challenge by most startups. As this typically becomes a focus at a later stage of startups, after initial financial and regulatory challenges are overcome, it is assigned to lower relevance in the context of challenges identified.

Although the findings indicate that startups are increasingly trying to consider multiple stakeholders into their business models, there remains a strong prioritization of investors, whose focus tends to remain on profit maximization. This creates a significant challenge for startups as they try to move away from the traditional shareholder-centric approach. Despite this, the findings also suggest that startups are more and more embedding stakeholder considerations into their core business model, or dominant logic. This means that while the financial interests of investors still dominate decision-making, startups are beginning to balance these with other stakeholder interests, such as sustainability and social responsibility. However, fully aligning these different priorities remains a significant challenge, as often times it requires trust and support from especially investors to let startups consider other stakeholder interests. In the following chapter, the discussion section is displayed where the findings of this research are linked to the literature and research gap.

Chapter 5 – Discussion & Conclusion

The fifth and final chapter aims to discuss the key findings retrieved from the analysis done in the previous chapter. This is done by specifically looking at the central research question of this paper and interpret the findings in a discussion, supported by providing theoretical and practical implications. Finally, this chapter aims to give out future considerations before a final conclusion of the chapter is given.

5.1 Discussion

Following the key findings of this research, a crucial aspect to finalize the multi-case study is to link the findings to the literature and research gap. This section aims at interpreting the findings in the context of the literature reviewed and research gap identified earlier in this study.

The study explored the primary limitations and conflicts that startups encounter while implementing a stakeholder logic from the very beginning. The identified research gap highlighted the lack of understanding of the challenges that arise when early-stage startups attempt to move away from the traditional shareholder-centric enterprise model toward a stakeholder approach. Although stakeholder theory and related studies have shown the benefits of involving multiple stakeholder groups (Freeman, et al, 2004), there is limited empirical research on which challenges early stage startups face while trying to implement a stakeholder logic while embedded in structures that do not fit this logic (Bridoux, 2014), (Hörisch, 2014). It has shown that startups that are still embedded in structures that do not fit their ambition to implement a stakeholder logic face several challenges. These include the need to balance the interests of investors, employees, customers, and environmental concerns, while still aiming for financial viability. Previous literature has focused predominantly on large, established firms moving towards a stakeholder logic (Schaltegger, et al, 2016), leaving a gap in the understanding of how young startups that are embedded in ecosystems dominated by shareholder logic can achieve this balance from the very beginning. The findings of this study directly address this gap by offering new insights into the challenges that startups face as they attempt to integrate a stakeholder enterprise model. Institutionalized tools such as BMC, while effective for operational efficiency and profit maximization (Osterwalder & Pigneur, 2011), insufficiently address other stakeholder concerns such as social and environmental impact. Startups trying to implement stakeholder

logic may either adapt these existing tools or use alternative models, such as the Ecocanvas or TLBMC which better integrate sustainability into business planning (Joyce & Paquin, 2016). The Ecocanvas, for example, provides a framework that focuses on sustainable value creation and integrates environmental and social factors (Daou, et al., 2020). While this model may help larger firms with more resources, it appears that it does not fit nor address the financial pressures and challenges startups face when following a more sustainable approach.

As this study shows, the existing literature and institutionalized tools alone are insufficient to fully address the challenges early-stage startups face while aiming the implementation of a stakeholder logic. While this study bridges the gap in existing literature by adding information to the theory around challenges young startups are faced with, it creates the opportunity to develop both theoretical as well as practical implications.

5.1.1 Theoretical implications

This study contributes to the existing body of research by offering insights into the challenges of implementing a stakeholder logic from the early stages, specifically within an ecosystem still dominated by shareholder-centric logic. In particular the research adds to stakeholder theory which has traditionally focused on larger, more established firms (Schaltegger, et al, 2016), by highlighting how early-stage startups face unique pressures due to their limited financial and human resources. While stakeholder theory emphasizes the importance of considering diverse stakeholders (Freeman E. R., 1984), this study reveals that startups often struggle to balance these concerns with immediate financial values (Hörisch, 2014). Traditional shareholder-centric enterprise models form the prevailing dominant logic that shapes decision-making processes and business structures. However, as startups attempt to adopt stakeholder logic from the beginning, they encounter significant challenges discussed in this research. The challenges, particularly the financial constraints, underscore how deeply integrated the shareholder logic remains, even in the early stages of startups trying to innovate with stakeholder-oriented approaches. This also applies to the dominant logic concept, which as this study has shown is closely linked to the enterprise model theory. The study reveals that startups are developing a new dominant logic that prioritizes stakeholder value over short-term shareholder profits. This transformation requires a change in cultural norms and values, moving away from the profit-centric mindset that has historically dominated business practices (Friedman, 1970). The findings of this research show how startups have to deal with a shareholder dominant logic that continues to prioritize

shareholder value and financial performance. This study illustrates that while startups may try to implement a stakeholder-focused approach, the dominant logic within their ecosystems hinders them and forces startups to prioritize profitability over long-term stakeholder value. These findings extend previous work that emphasized the complexity of managing “heterogeneous stakeholder motives” (Bridoux, 2014), by showing what challenges startups face startups while trying to balance investor expectations and the interests of other stakeholders.

The findings also challenge the suitability of existing tools like the BMC for early-stage stakeholder integration. Although the BMC is widely adopted in startup ecosystems for its focus on efficiency and profit maximization, this research reveals its limitations in addressing broader stakeholder concerns such as sustainability and social impact. This study’s theoretical contribution lies in revealing that, while alternative frameworks such as the Ecocanvas or TLBMC offer more sustainable approaches (Joyce & Paquin, 2016); (Daou, et al., 2020), they do not fully address the challenges created between short-term profitability and long-term stakeholder value creation. Consequently, while these more sustainable alternatives offer a step towards business models that include the interests of multiple stakeholders, they often fail to help startups overcome the conflicts between traditional and stakeholder-oriented enterprise models. Overall, the theoretical foundation of this research provides a robust framework for understanding the study's findings. The study extends the existing literature by demonstrating findings that show the crucial challenges that startups these days face while trying to implement a stakeholder logic into their business model.

5.1.2 Practical implications

After linking the findings to the research gap and showing what theoretical implications this research offers, it is important to also discuss the practical implications. The research identifies several key conflicts, trade-offs, and challenges that startups face in moving towards a sustainable stakeholder model which serve as starting point for practical implications. Referring back to chapter 2.2.3, conflicts often arise between stakeholder groups with opposing interests, such as investors prioritizing financial returns versus customers and environmentally focused stakeholders pushing for sustainable practices. Trade-offs involve difficult decisions where improving one area, like investing in sustainability, may require compromising another, such as profitability or cost-efficiency. Challenges describe broader obstacles like limited financial resources, regulatory hurdles, and the complexities of

improving sustainable practices. These conflicts, trade-offs, and challenges collectively create significant barriers, making it difficult for startups to fully integrate a stakeholder-centric approach that aligns with sustainable development goals. In the following, practical implications for dissolving the barriers for startups as well as their incubators are presented. There are multiple practical implications for startups that could be derived from the findings of this research. To address the conflicts that arise between differing stakeholder interests, startups may develop comprehensive stakeholder engagement strategies (Leonidou, 2020). These strategies should aim to align the various interests and create a cooperative environment. Transparent communication is crucial in this process, as it helps in understanding the perspectives and priorities of each stakeholder group and “may help avoiding misunderstandings that might otherwise get in the way of the smooth implementation of the organizations strategy” (Cornelissen, 2004). Regular interactive stakeholder meetings and open discussions can provide platforms for a transparent communication, allowing startups to address concerns and negotiate solutions that consider the needs of all parties involved (Cornelissen, 2004). By establishing clear, shared goals and values, startups can create a unified vision that aligns stakeholders towards common objectives and sustainability goals. Additionally, implementing mechanisms for conflict resolution, such as feedback loops or workshops can help resolve tensions. The feedback is “most effectively when given in a timely fashion and delivered in a safe environment” (Kritek, 2015). By applying these strategies, startups can mitigate conflicts and build stronger, trust-based relationships with their stakeholders, ultimately enabling a better smoother integration of a stakeholder logic.

For potential incubators, the findings of this research suggest several important practical implications related to supporting startups when they try to incorporate a stakeholder-focused approach. Incubators play a critical role in guiding startups through the complexities of stakeholder engagement as they have “the potential to act as focusing devices, allowing the coordination of resources from multiple stakeholders” (Cohen, 2019). One key implication is that incubators could provide specific mentorship and training programs that emphasize stakeholder management strategies alongside traditional business development (Cohen, 2019). This would ensure that startups are equipped with tools to navigate the challenges of aligning diverse stakeholder interests early on, especially when financial resources are constrained. Incubators could facilitate workshops that focus on conflict resolution and

transparent communication techniques, helping startups improving their relationships with stakeholders (Grimaldi, 2005). Additionally, incubators should act as mediators between startups and investors, helping startups communicate the long-term value of stakeholder-focused strategies to potential investors. This could mitigate the tension between immediate financial returns and long-term stakeholder value creation, which is an issue that startups often face when interacting with traditional investors (Pauwels, 2016). By focusing on these practical implications, incubators can better prepare startups for sustainable growth, ensuring they are well-positioned to balance both financial and stakeholder interests.

Both startups and incubators must recognize that a strong stakeholder focus is not only crucial for balancing economic objectives but also for achieving long-term sustainability, particularly in the context of environmental concerns (Hörisch, 2014). Both, the interviews as well as data from websites, showed that the respective startups show a clear focus on sustainability. By adopting a stakeholder-centric approach, startups are better positioned to integrate sustainability into their core business strategies. This ensures that shared values among stakeholders such as environmental concerns and social aspects are considered alongside financial goals, as this otherwise leads to tensions (Freeman R. E., 2020). Modern incubators can play an important role by creating early awareness and providing startups with additional services to support them (Pauwels, 2016). Moreover, stakeholder engagement, especially with a sustainable focus, allows startups to build a competitive advantage. By developing solutions that address sustainability challenges, startups can gain support from green incubators, investors and environmentally focused customers, improving their market position (Cohen & Winn, 2007). Incubators should encourage startups to actively collaborate with stakeholders who focus on sustainability, including government agencies and environmental experts. This would ensure that their business models are future proof in the context of regulatory environments, which often influence market entry (York, 2014).

5.2 Limitations

Following the presentation of important outcomes of this research, it is important to identify the research's limitations and demarcations. Furthermore, defining the scope by clearly delineating what is and what is not of relevance for this study is crucial.

Considering *limitations*, the study is limited by the size of the sample. The research's outcome depends on response rates of startups and their founders or employees that are being approached for interviews. In total, seven people participated in the interview process. If response rates would have been higher, more people would have increased the reliability of the studies outcomes. This may influence the generalizability of the study's results.

The sample size as well as the research as such were also impacted by the limited amount of time available for the execution of the research. In total, the data collection process took 12 weeks. This was highly influenced by the lower response rates of the respective startups in the beginning. A total of 50 startups has been selected and contacted after thorough examination of their profile, and an additional 10 networks and incubators were contacted which could exponentially increase the number of respondents due to their network. As the response rates were relatively low in the beginning, pressure in terms of the time left had impact on the depth of the study. At some point a decision had to be made when the number of startups interviewed is sufficient to draw conclusions for a multi-case study.

The financial and human resources used for this study also impacted its outcome. It would potentially increase response rates from startups if there were any (financial) benefits for them. As of now, the main benefit for startups in participating in interviews was their increased knowledge on the conflicts occurring during the implementation of a stakeholder dominant logic. Furthermore, only one individual carried out the interview process from start to finish. If there would have been more people carrying out the research, there would have been a higher number of potential responses, which would increase reliability and validity of our results.

As this study is of qualitative nature, the reliance on self-reported data from startups may also result in bias. Participants might have not presented all relevant information due to fear of consequences or lack of knowledge of their respective startups. This has shown e.g. when comparing the differences in answers given by founders/CEO's to regular employees. They usually had less fear of consequences compared to regular employees.

Referring to *demarcation* of this research, it is important to note that the research did not focus on a single industry or type of startup. Startups from various industries were interviewed for this research, so there was no focus on a specific industry. The research was rather interested in the general sustainable, stakeholder-oriented nature of startups nowadays and what challenges they face during the implementation of stakeholder logic into their business model.

Another important demarcation to consider is that the study did not focus on startups from a specific region or country. Startups from various European Countries were contacted and interviewed. Ultimately, the geographical scope has shown that the startups interviewed are located in the northern hemisphere, more specifically the Netherlands and Germany.

Furthermore, the study focused on startups at a particular stage of development. In particular, early-stage startups that have not gone to the market yet were interviewed. Focusing on rather early-stage startups helped to capture not just a wide range of experiences and challenges. It also enables a more logical examination of the dominant logic, as this is often set during the early phase of a startup.

In summary, understanding the limitations and the set demarcations is crucial for this study. These factors, such as sample size, time, resources, and potential bias in data collection, should be kept in mind while interpreting the results. On the other hand, not focusing on specific industries helped to create a bigger picture and keep the focus on general challenge that startups face during the implementation of a stakeholder logic into their business model. Acknowledging these limitations and demarcations is essential for a realistic interpretation of the study's findings.

5.3 Future work

As the topics of startups, their business models and their stakeholder engagement continue to evolve, it is essential to consider the future implications and areas for further research. This section aims to outline potential future studies and topics that can build upon the findings of this research. As there is an order of prioritization for the challenges startups face during their implementation of a stakeholder logic, the three most crucial challenges are being investigated for potential future research. Starting with the financial limitations, future research could focus on addressing the operational and scaling challenges of startups with limited financial resources. A study like this could investigate how startups can optimize their operations and scale effectively, even with a limited budget. Some key areas to focus on could include strategies for cost-efficient development of a product/service, methods of balancing quality and costs without compromising on customer satisfaction or new marketing approaches to maximize the startups external communication. This research could provide startups with practical solutions on how to overcome financial limitations. This potentially would not just decrease their financial limitations, but also increase the focus on other challenges and stakeholders. A second future study could focus on the regulatory hurdles that impact the startups' ability to effectively integrate stakeholder interests into their business model. It could specify regulatory challenges faced by startups in a specific or various industries and how these regulations impact their growth. The study could the focus on strategies startups can use to handle regulations while maintaining their core values, innovation and finally stakeholder satisfaction. The outcome of this study could provide practical insights for startups how to better navigate around regulatory hurdles so they can use them as opportunities and create a competitive advantage. Focusing more on the sustainable and social impact with their increasing importance across industries could also be a relevant consideration for future research. In this case, research could delve into how startups can balance their sustainability with economic goals. This could include developing methods for a more effective integration of sustainable business models and measuring their impact on various stakeholders. Furthermore, studies in this field could provide insights into how startups can actually use sustainability as competitive advantage in an economic world that is still mainly driven by financial constraints. By addressing either one of the above-mentioned topics, future research could extend the knowledge on the field of dominant logic transformation and stakeholder integration in startups.

5.4 Managerial implications

The managerial implications derived from this research are important for startup founders, managers, and incubators, particularly when addressing the challenges of adopting stakeholder logic in ecosystems dominated by shareholder-centric practices. These implications provide actionable strategies for balancing financial constraints with the need to integrate broader stakeholder concerns.

Startup founder and managers should develop stakeholder engagement strategies that enable transparent communication and alignment of stakeholder interests. Regular interactive sessions with stakeholders, such as customers, investors, and environmental institutions, can help startups better understand and integrate diverse perspectives into their decision-making processes. Such engagement increases trust, mitigates conflicts, and enables better implementation of a sustainable enterprise model (Leonidou, 2020). Furthermore, startups need to balance short-term financial pressures with long-term sustainability. Financial limitations are a major obstacle for startups aiming to adopt a stakeholder model. Managers need to establish mechanisms that allow them to track both financial performance and sustainability efforts. Startup founders should adapt their key performance indicators (KPIs) to reflect both short-term profitability and long-term social and environmental objectives (Epstein, 2018). Another important aspect is conflict resolution. This study reveals that conflicts often arise when different stakeholder groups have opposing interests. To address these, managers should establish conflict resolution mechanisms, such as feedback loops and structured dialogues (Cornelissen, 2004). By resolving tensions early, startups can mitigate the impact of conflicting stakeholder interests on their long-term strategy.

The role of incubators is crucial in supporting startups that face challenges while implementing a stakeholder approach. Incubators should expand their mentorship to focus on stakeholder management alongside traditional business development. Mentorships that emphasize the importance of stakeholder engagement, sustainability, and long-term value creation will prepare startups to better prepare for the complexities of aligning diverse stakeholder interests (Cohen S. F., 2019). Workshops on topics such as ethical leadership and transparent communication can help startups to manage these challenges effectively. Incubators should act as mediators between startups and investors, helping to bridge the gap between financial returns and stakeholder value. This study shows that investors often prioritize short-term profits, which can hinder startups' efforts to pursue sustainable goals. By initiating a dialogue between investors and startups, incubators can help create a more supportive environment

for stakeholder-centric business models (Pauwels, 2016). As startups often struggle to scale sustainable practices due to limited financial resources and operational challenges, incubators can provide valuable support by connecting startups with sustainability-focused investors, networks, and partners. This enables startups to access resources that can help them balance profitability with environmental and social goals (York, 2014). This in the end would lead to a mitigation of risks and the challenges respective startups face currently.

Finally, startups as well as incubators should be open to either adapt and modify established tools such as the BMC or Ecocanvas or create new models that help early-stage startups to integrate a stakeholder-oriented approach right from the start. These models should be adapted to reflect the financial constraints and operational realities faced by startups. Therefore, incubators should focus on improving existing models and apply them to their sustainable context, making use of their financial and network capacities.

5.5 Conclusion

The central research question answered during this research was: *“What are the primary limitations and conflicts startups encounter while implementing a stakeholder logic from the very beginning?”*. The findings indicate that startups face several key challenges when adopting a stakeholder approach while embedded in an ecosystem following a shareholder logic. Financial limitations emerged as the most significant challenge, influencing other aspects such as stakeholder prioritization and operational decisions. Regulatory and legal challenges also appeared as significant challenge, as startups need to comply with existing frameworks while incorporating stakeholder interests. Additionally, balancing sustainability with economic goals was a reoccurring difficulty, as startups have to manage trade-offs between profitability and environmental or social objectives. Moreover, the study found that institutionalized tools such as the BMC continue to prioritize shareholder logic, making it difficult for startups to fully incorporate stakeholder engagement. Even more sustainable tools such as the Ecocanvas or TLBMC fall short in helping startups balance competing stakeholder interests. In terms of theoretical implications, this study expands the stakeholder theory by providing evidence of the unique difficulties startups face in implementing a stakeholder logic. It further contributes to the literature by underscoring the ongoing tension between traditional shareholder-centric business models and trending stakeholder-focused approaches in early-stage firms rather than larger corporations. The research also adds to the understanding of dominant logic, showing how deeply embedded shareholder values can hinder the implementation of stakeholder logics, despite startups’ efforts to integrate sustainability and social goals into their core business models. On a practical *level*, startups can benefit from developing clear strategies for managing competing stakeholder interests. Transparent communication, conflict resolution mechanisms, and regular stakeholder engagement can help align objectives with long-term sustainability goals. For incubators, this study highlights the need for mentorship that focuses on stakeholder management alongside traditional business development. Incubators should also act as mediators between startups and investors, ensuring that both financial and stakeholder objectives are balanced from the start. Various limitations, including a relatively small sample size, time constraints, and reliance on self-reported data, may affect the generalizability and reliability of the findings. The study's scope, which includes startups from various industries and regions, aims to provide a broad perspective but may lack the depth offered by focusing on a specific sector. Future research could address beforementioned limitations by expanding the sample size.

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Appendix

Appendix 1 – Interview guide

Table 2 - Interview guide

Nr.	Type	Core-questions	Follow-up questions
1	Introduction & Overview	To start off the interview, please tell me about yourself. What is your role in the company, educational background and previous work experience?	
2	Introduction & Overview	What motivated the founding team to start this company?	
3	Introduction & Overview	Can you provide an overview of your startup and its main objectives?	
4	Understanding stakeholder logic	Who are your main stakeholders, and which are the most important ones?	
5	Understanding stakeholder logic	How does your startup define and prioritize its stakeholders?	
6	Strategies incorporating interests	How does your start-up's culture reflect these stakeholder interests?	
7	Strategies incorporating interests		Where/how could someone from outside your company notice that these stakeholders are important? Please provide examples
8	Strategies incorporating interests		Can you explain any specific strategies or initiatives aimed at incorporating stakeholder interests into your business model?
9	Conflicts, Trade-offs & Challenges	Are there any trade-offs that you've had to make between stakeholder concerns and other business priorities? Please provide examples	
10	Conflicts, Trade-offs & Challenges	In your experience, what are the primary challenges or limitations your startup has faced when	

		implementing stakeholder interests into your business model?	
11	Conflicts, Trade-offs & Challenges		Can you share any specific examples where conflicts arose due to stakeholder considerations conflicting with other aspects of your business model?
14	BMC	Has your company used the BMC during the founding phase of the startup?	
15	BMC		If not: Has your company considered other models for a better stakeholder integration?
16	BMC		If yes: When thinking of the BMC, which of the aspects considered stakeholder interests? (show BMC here)
17	BMC		Did you experience conflicts in any of the areas between stakeholder interests and other business priorities?
21	Future / Long-term vision	How do you envision stakeholder engagement evolving in your startup in future?	
22	Future / Long-term vision	What steps are you taking to ensure the long-term sustainability of your stakeholder relationships and business model?	

Appendix 2 – Comparison of two enterprise model archetypes

	<i>Shareholder-primacy</i>	<i>Multi-stakeholder</i>
Cognition		
Objective function	Stakeholder satisfaction as means to achieve financial performance	Financial performance as means to achieve stakeholder satisfaction
Understanding of relationships	Contractual obligations	Contractual and relational obligations
Understanding of stakeholder network and definition of the firm	Loosely connected, narrow definition of the firm	Tight-knit, all stakeholders part of the firm
Behavior		
Governance	No stakeholder participation	Stakeholders on board, key committees
Decision making	No stakeholder participation	Stakeholders involved in strategic planning, investment committee
Performance goals and targets	Financial	Triple bottom line
Management control	Financial	Integrated financial and nonfinancial
Incentive systems	Financial	Financial and relevant stakeholder satisfaction
Relationships		
Relationship governance	Contractual	Relational
Relevance to strategy formation and execution	Separate	Core
Dedicated processes for assessment learning and adaptation of relationships	No	Yes

Figure 4 - Comparison enterprise models

Comparison two enterprise model archetypes, (Zollo, Bettinazzi, Neumann, & Snoeren, 2016)

Appendix 3 – Dimensions of the dominant logic

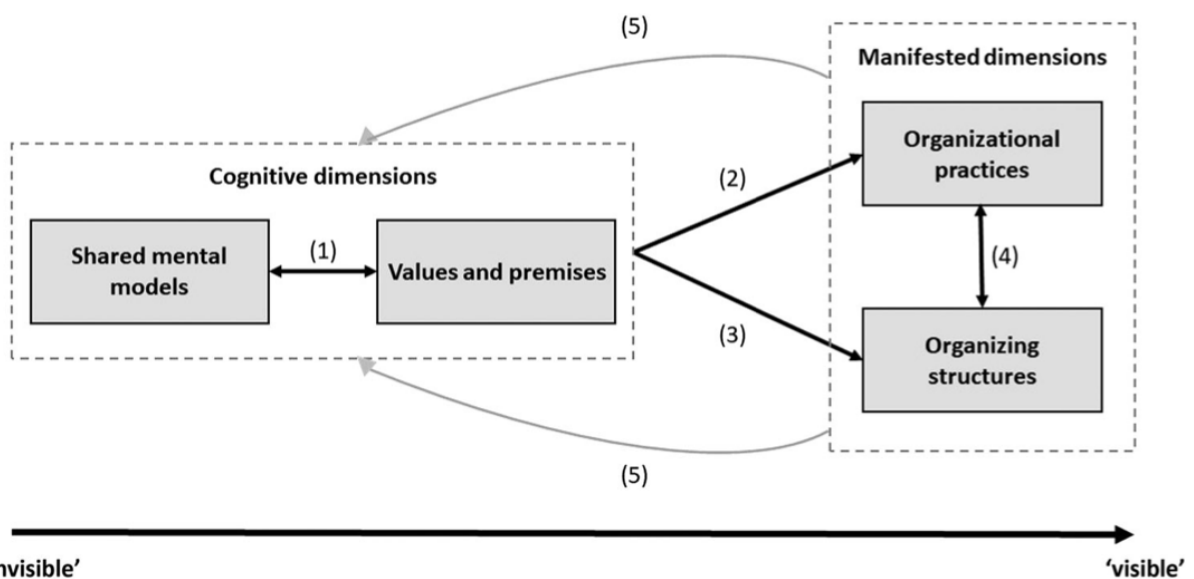


Figure 5 - Dominant logic dimensions

Dimensions dominant logic, (Engelmann, Kump, & Schweiger, 2020)

Appendix 4 – Ecocanvas visualization

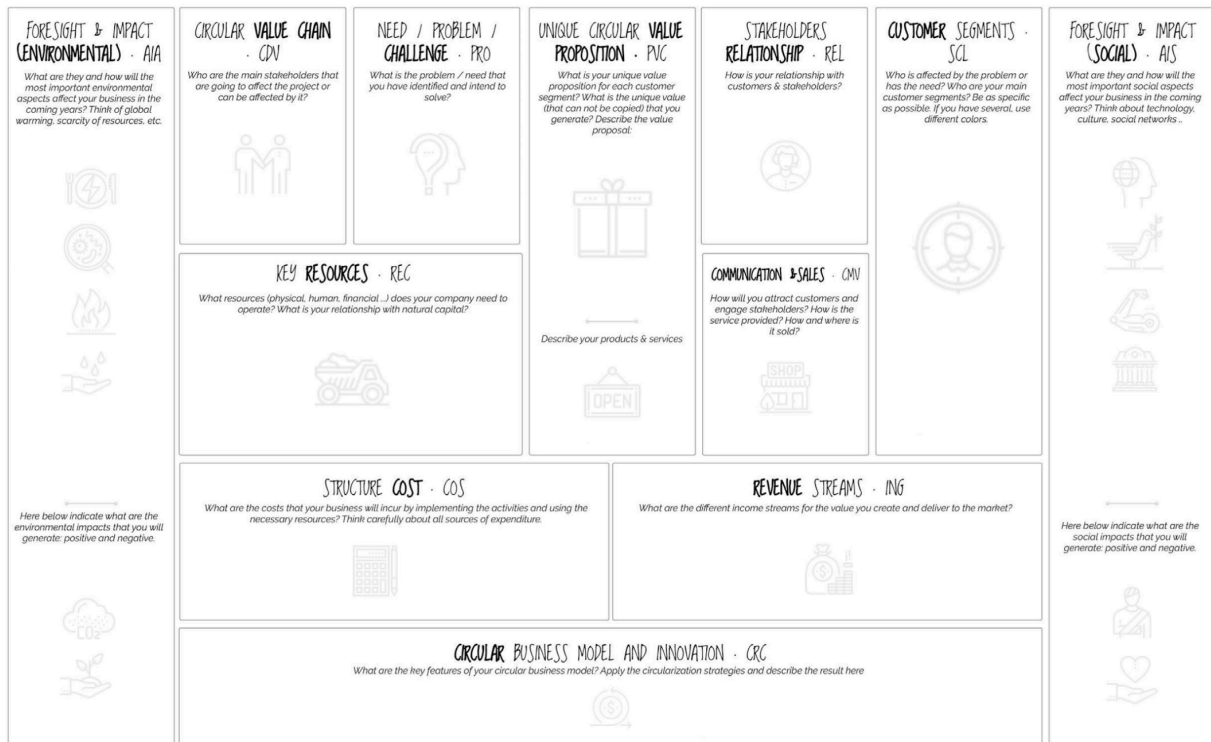


Figure 6 – Ecocanvas, (Daou, et al., 2020)

On a *legal* level, two key elements of the BMC are being affected by legal challenges. The *cost structure* could be affected by regulatory requirements such as emission taxes or trading schemes (Daou, et al., 2020). The *revenue streams* could be influenced by changes in market rules and operating systems, which are mostly influenced by technological risks to reduce carbon emissions (Daou, et al., 2020).

On an *environmental* level, three blocks of the traditional BMC are being affected by environmental changes. Starting with the availability and accessibility of *key resources*, which could be influenced by water scarcity and effects of climate change in general (Daou, et al., 2020). The *key partners* are potentially influenced by new partnerships and collaborations which are required in response to environmental challenges (Daou, et al., 2020). Businesses seek for expertise in sustainability and environmental management. The third block affected by environmental challenges is the *value proposition* of the business. Environmental challenges often lead to a need for innovative solutions, which leads to the need for a business to develop new products and services to address the respective challenges (Daou, et al., 2020). This changes the value proposition of the business.

On a *social level*, the *customer relationships* could be influenced by changes in societal values, beliefs and behaviors (Daou, et al., 2020). This would impact the interaction of a business with its stakeholders such as customers, suppliers and partners. The *channels* could be influenced by technological developments requiring the business to adapt their distribution channels to reach customers more effectively (Daou, et al., 2020).

It shows that legal, social and environmental challenges influence each aspect of the traditional BMC.

Appendix 5 - TLBMC

The environmental layer of the TLBMC integrates insights from Life Cycle Assessments (LCA), which offer a systematic method to measure the environmental impacts of products or services throughout their entire life cycle (Svoboda, 1995), (Joyce & Paquin, 2016). By evaluating indicators like CO2 emissions, ecosystem quality, and resource depletion, coupled with business innovation, the TLBMC supports sustainable product and business model innovations (Hendrickson, Lave, & Matthews, 2010), (Svoboda, 1995), (Joyce & Paquin, 2016). While not directly incorporating formal LCAs, the TLBMC ensures a life cycle perspective when assessing a business model's environmental impacts (Joyce & Paquin, 2016).

The social layer of the TLBMC adopts a stakeholder management approach to examine an organization's social impact (Freeman E. R., 1984), (Joyce & Paquin, 2016). Stakeholders, including employees, shareholders, communities, and others, are viewed as crucial entities influencing and influenced by the organization's actions. Unlike other approaches like social life cycle assessments or ISO standards, the stakeholder layer of the TLBMC offers flexibility by considering a broad range of stakeholders and their varying significance in different contexts (Joyce & Paquin, 2016).

The ultimate goal of the TLBMC is to “integrate a triple-bottom line perspective of organizational impact” (Joyce & Paquin, 2016). The triple bottom line (TBL) is a widely used perspective to consider the economic, environmental and social impact of an organization. For the TBL perspective in the context of the TLBMC, “each canvas layer is dedicated to a single dimension and together they provide a means to integrate the relationships and impacts across layers” (Joyce & Paquin, 2016). These new relationships created by the TBL are important as they highlight a relevant extension of the BMC, which makes it possible to include

economic, environmental and social impact. These three are core elements of the stakeholder logic discussed in this study.

This section introduced the triple-layered Business Model Canvas (TLBMC) and explores its environmental and social layers. It discusses how the environmental layer uses Life Cycle Assessments (LCA) to evaluate environmental impacts and how the social layer adopts a stakeholder management approach. Overall, the TLBMC is a relevant extension to the traditional BMC, providing relevant perspectives for preparing interview questions.