AN EMPIRICAL STUDY ON RETENTION OF EMPLOYEES IN START-UPS

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1.0. ABSTRACT

Young people work for young organizations. India has one of the largest and youngest population entering the industry. An estimated 1 million young Indians are entering the job market every month. This generation is technology freak and is open to learning. This generation is breaking the old norms rapidly in terms of choosing the jobs or the career paths. The generation no longer bends for the corporate jobs but they pay attention to their interest and are ready to take the risk to shape their talent.

If we see at the trend that was there with the previous generation people, we will find that the people at that time were more inclined towards job security, remuneration, and the position attached with the job. Those people see the satisfaction of life with the parameters that symbolizes one's prosperity and the position in the society.

When we talk about millennials, they get attracted towards the innovative ideas of the business that are prevalent in today's start-ups. They join these start-ups but the question is how to retain these young and fresh talent in the company. There may be few things that could be taken care of, specifically, encourage innovation. A start-up that is based in a non-metro location is doing it very well by keeping in mind the concept of intrapreneurship, where you allow the employees to come up with innovative ideas and work accordingly. By doing so they get a feeling of entrepreneurs while working for the company which helps in improving the job satisfaction in the employee and helps the companies in the retention of the employees.

KEYWORDS: *Start-ups, Job Satisfaction, Employee retention, Innovation.*

2.0. INTRODUCTION

In this era of industrialization and rapid economic growth, entrepreneurs can be understood as the catalytic agents. Joseph Schumpeter stated that the economic growth rate of a nation is dependent upon the rate of innovations which further resembles the entrepreneurial talent present in the country.Entrepreneur can be understood as an individual who manages and optimally uses the labour, capital and technology to set up his/her enterprise.

In the complex business environment of today's era, it has become important to retain the talent which can lead to the success of the organization. To emerge from recession refers to increasing opportunities for many businesses and an increase in the recruitment drive. This offers the talented candidates with great opportunities to prove themselves for the better. Since there is scarcity of talent in the market, it has become important for the organization to attract as well as retain talent,

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specifically in start-ups.If the talented employees are provided with good packages and fringe benefits, it can become easy for the organization to retain these employees for a relatively longer period of time. But at the same time, despite giving so much to the social and economic growth of the region they face the problem of talent retention in the firms. The employees in these firms joins the young firms, learns from there and move to another established brand. This concept of ladder climbing makes the growth of entrepreneur firm slow. As it takes time to train the employee and when the employee gets the required training he moves to the other brand, leaving the founder with no option but to hire and train again.

While working with a start-up, it is felt that there is a huge gap in the mindset of the owner and the employee of the firm. As this gap increases so does the increase in the working pattern. It is observed that the owner in these firms is the one with who have the vision and the zeal to take the organization to a different level. The decision-making authority of the start-ups is also the owner only. On the other hand, today's young generation readily works for these organizations.

The working style of these generation people is more inclined over their interest and the passion to do new and challenging things. This generation have a love for internet and is more expressive in their thoughts. The young talent has a different way of seeing the things; they give more importance to their own wish and will to work. With a niche of doing something on their own and be in field of entrepreneurship. As a result, there has been a rise in spinoffs from the organizations and the success stories of them.

The biggest challenge that the start-ups is facing today is the scarcity of talent in the market, with respect to India. This challenge may emerge from two basic facts. First fact is that employees consider working in start-ups as an alternate career path while the second fact is that there is a lack of employees who are willing to put up their right skills in a specific domain.There are basically two kinds of start-ups, one which grounds up from the scratch. This is difficult to set up but once set up, it can achieve immense growth. The second type of start-up is the one which basically add value to the products and services that already exist in the market.

3.0. LITERATURE REVIEW

Kumar and Mathimaran (2017) in their study stated that the employers need to put in great efforts to keep their employees motivated and retain for a relatively longer period of time. Various strategic policies and practices need to be framed which can cater to the needs of the employees. The organization face the biggest challenge of managing the human capital along with retaining them. This is based on various factors which have been revealed in the study of Irshad & Afridi (2007); Mttoi (2013); Patgar& Kumar (2015). These factors may include salary increase, flexible working hours, performance appraisal, recognition, job security, and growth opportunities.A survey was conducted by Fox (2012) which compared various articles which were available, regarding issues affecting employee retention, specifically in hospitality industry. It was revealed that three basic ways for retaining employees are good compensation, quality management, and recognition for work. This study was supported by Das and Baruah (2013); Devibala, Anbuoli, andJothimurugan (2014). Further, different literatures were analyzed to collect information about the reasons which motivate the employees and help the organization to easily retain them. KM and Christopher (2015) studied that motivation and employee engagement can help the organization for retaining talent within the organization for a relatively longer period of time. The study by Alias, Noor and Hassan (2014) stated that employee engagement along with talent management practices help in employee retention. If employees feel that their efforts are appreciated, they get more involved in work, which further leads to employees to remain in the organization (Mttoi, 2013). Thus, the strategies have to be framed for retaining employees and should be compared with the traditional policies as well (Twum, 2015; KM & Christopher, 2015).

Employees are social human beings need to have social interaction. In their study, Amjad, Sabri, Ilyas & Hameed (2015) stated the role that language plays in social interaction within the organization. They further revealed that bonding at workplace affects the performance of employees, leading to job satisfaction and lesser rates of turnover. Bode, Singh, and Rogan, (2015) found that employee retention

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rates are positively associated with the employee engagement in CSR practiced by the organization.Twum, (2015) found that diversity management practices play an important role, specifically in hotel industry. The biggest challenge that the hotel industry faces is that of language. Thus, the organizations need to frame such strong strategies which can remove the language barrier as well as generation gap.

Mitala (2003) studied that there are basically five elements which contribute to employee retention strategies. These include compensation, working environment, growth and advancement, relationship, and support from management. Gopinath and Becker (2000) in their study stated that effective communication at workplace can enhance the employee recognition with agencies, build openness, and develop trust culture. The organizations are rapidly providing information to employees on vision, mission, strategic plans, competitive performance, and changes within the organization. Many organizations are working on making communication effective by using credible sources on regular basis.

4.0.   RESEARCH GAP
Various studies that have been undertaken in the past were able to cover different problems which the industries face while framing strategies for employee retention.Through the literature review conducted, it can be observed that the studies have not been able to cover various issues that are linked with the start-ups. Today, start-ups are playing a vital role in contributing to the overall economic growth of the country. These start-ups face a number of challenges, specifically on capital front which is essential for starting and running the business smoothly.Further, it is important to notice that only a few studies have offered some suggestions which can be help in overcoming the problems of employee retention. The previous studies have also revealed the problems that the employers face under the particular domain and also that employers face to distinguish the threats they face into external and internal.Along with this, empirical studies regarding the challenges while retaining the employees in start-ups, are less but powerful.

5.0.   OBJECTIVES
Based on the experiences of the millennials in the start-ups, it has been observed that there could be a little change in the working atmosphere of these organization, which may lead to the retention of the new age employees in the firm. This will be helpful from the point of view of industry as well as from the point of view of employees. This study put some light on the perspective of this era's young generation and the organizational goals in totality.
- Understand the reasons behind the employee dissatisfaction in start-up and finding ways to reduce it, which in turn leads to employee retention.
- Find out ways to overpass the difference in the mindset of the founder and the employees. It will help in bridging the gap between the ways of working to improve the results.

6.0. RESEARCH METHODOLOGY
The study will rely on the secondary data. It will analyze past studies done on employee retention with respect to start-ups in India. Apart from the past studies, different articles, and public opinions about them will be studied. This data can be taken from different journals, magazines, newspapers, and government websites.

7.0.   NEED OF EMPLOYEE RETENTION IN START-UPS
Since start-ups have confined resources, talent employee retention is important for its success. If employee retention strategies are framed effectively, they can not only boost up the performance of the employees but also improve the office morale. These retention strategies may vary but involve the employee experience as the investment. Anorganizationwhich values its employees and take necessary steps from retaining them, has an effective hiring process.The employees are provided with detailed

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process of the functioning of the organization. Along with this, these employees are provided proper feedback and support on a regular basis from the management.

The employees who possess good experience can be categorized as established employees. These employees resemble the real worth of the company in intangible form. When an employee has been in the organization for a longer period, he/he possess good knowledge and has built good relationships among the colleagues as well as with the employers. Thus, he/she can play a crucial role in the success of the organization.The retention strategies for such employees may include greater opportunities for overall advancement, training and development along with regular increase in salary. Most start-ups can get a lot of benefit from retaining their employees for long-term. This particularly suits in situations where the rate of employee turnover is high. Unfortunately, some start-up owners as well as managers take their employees for granted. These managershold the assumption that the employee has been attached to the place. For this assumption, they don't make time for interaction with the employees. Because of lack of interaction, both the parties remain at loss.

In the cut-throat market of today's, talent and experience of the employees matter lot to the organization, particularly to a start-up. If the talent and experience of the employee is not given enough respect and the employee is not given compensation accordingly, he/she would switch to any other organization.If such a talented employee leaves the organization, it can be a great setback for the organization and also has a negative impact on other employees.

The owners as well as managers of the start-ups who want to retain talented employees need to interact with them on a regular basis. This will help to build good rapport among them and strengthen the bond which further can help them to achieve their personal as well as organizational objectives. This interaction is not confined to communication but also providing educational opportunities to them in form of workshops, seminars, and conferences. It may also contribute the employees to explore themselves and accept new roles and responsibilities for good increase in compensation.

8.0. WAYS OF EMPLOYEE RETENTION IN START-UPS
Entrepreneurship faces a lot of challenges at professional as well as personal level. At professional level, the biggest challenge that start-ups face is the retention of talented employees. Startups which usually have small team, can face the problem of employee turnover at an early stage. This turnover can be due to various reasons.The major reason that is recognized by the entrepreneurs is the lack of patience and inferior attitude towards the functioning of MNCs.

1. Absence of work-life balance
A startup, to run smoothly,needs a lot of consistent efforts, dedication as well as ownership from the owners, managers as well as employees. Today, start-up is trending as more and more people are leaving their comfortable jobs so that they can join startups, basically for own recognition and self-worth. These entrepreneurs are keen to contribute for building the organization. Because of start-up culture, employees are facing challenges in work-life balance. Recently it has been witnessed that because of learning new skills, the attrition rate in low-level jobs is high.

2. More options
The ever-growing culture of startup has been providing lot of opportunities leading to more options. Once an entrepreneur is able to make space for his/her start-up in the market, the employees of the start-ups are able to come into limelight and gain recognition by other organizations as well.

According to different reports, India stands at the third position in the world's largest start-up entrepreneurial ecosystem. Thus, the options for employees have widened all across the globe. Though some employees leave the organization due to different practical reasons like higher compensation, but in some cases, employees leave to explore their talent in other organizations.

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3. Difference in opinions

Retaining employees in the organization, specifically in start-ups, is difficult until and unless the employees also hold the same passion and enthusiasm for their tasks as others who wish to stay in long-term. This issue is bit sensitive among millennials. Today, millennials are becoming restless and are not consistent with their life goals. Some want to join large brands while some want to go abroad. Some just switch from one organization to another for a hike in compensation without much understanding the advantage of being a long-term employee.

Millennials are a productive generation. They concentrate on their purpose being aligned with the organizational goals. They want to be satisfied and respected when they give their best. This is possible when they get monetary benefits along with fringe benefits and performance appraisal from time to time.

9.0.　CONCLUSION

Today, the concept of start-ups has gained great prominence at global level. The start-ups are basically the outcome of innovation and uniqueness. But for implementing, it needs various resources and to utilize these resources, the start-ups need human capital which can take out the best potential out of the resources available. Thus, human capital, that is, employees of the organization are taken into consideration as they can contribute to long-term sustainability of the organization.The previous studies stated that the start-up owners need to create an unbiased, free and healthy working environment for the employees. When the employees feel that their voices don't go unheard and are instead respected, they too feel motivated. Further, they feel convenient to work in the friendly working environment. If the management of start-ups appreciate and recognize the efforts of employees, the employees will get motivated and get the sense of ownership in their work.

The young employees with the zeal of working or doing things on their own without fear of making a mark can prove themselves an asset to the young organization even. The working culture that is required to nurture these employees will be majorly of freedom and exploration. If the organizations give these employees the atmosphere of freedom to work and do have a say in the decision-making process of the organization, they will get the touch of intrapreneurship in their minds and thus helping them attain the job satisfaction. The job satisfaction will ultimately lead to the employee retention in these young firms which as a result helps the owner of the young firm to overcome the challenge of employee turnover in these firms.

10.0. SUGGESTIONS

- To connect as well as empower the workforce so as to avoid the issues of awareness, setting a common language for communication among employees
- To maintain the transparency of all the information so as to ensure employee engagement
- To appreciate the efforts made by the employees and provide them with the feedback on timely basis
- To hire the best talent which can be associated with the right job
- To be transparent with the performance appraisal policies
- To polish the talent of the employees by providing proper training and development
- To offer chances to learn new skills which can further help to address the attitudes of employees
- To provide accessibility of the employees to management
- To enhance the creative ideas of employees so as to enhance the productivity of the organization

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