



A multiple case study on employee engagement and retention at startup companies

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Abstract: <p>A company's ability to retain employees often relies on how well the founder can facilitate and motivate engagement. Retaining employees, however, is challenging at startups due to the often-uncertain organizational climate wherein they manifest and develop. The HRM practices that ought to be adapted in such environment are often unclear, and leave employees feeling stressed, burnt out, and increasingly disengaged.</p> <p>This study looks into the HRM practices of startup founders in 11 companies, and how they affect employee engagement and retention. The cases were selected based on criteria that kept the size and resources of companies comparably similar. Data, both qualitative and quantitative, was then collected from founders by way of interviews, and employees by way of surveys, in order to confirm the key HRM practices that affect engagement, and assess whether the conducted practices were perceived similarly by both respondent groups. Findings indicate that the perspectives of founders and employees were not aligned on what the company claimed to facilitate in terms of engagement and retention. Many of the identified HRM practices were either sparingly implemented, or not at all.</p> <p>This study contributes to the pool of applicable HRM knowledge in an entrepreneurial context; it provides insights on the impact of HRM practices on employee retention and engagement, maps out engagement components that founders should be aware of, and proposes counter measures for disengagement.</p>	
Keywords: human resource management, leadership practices, employee retention, employee engagement, startups, managerial practices	

CONTENTS

1	INTRODUCTION.....	1
1.1	Research Problem	3
1.2	Aims of the Study	5
1.3	Delimitations.....	5
1.4	Key Concepts	6
2	EMPLOYEE ENGAGEMENT, MANAGEMENT, AND RETENTION	8
2.1	Employee Engagement.....	9
2.1.1	Components of Engagement.....	11
2.1.2	Burnout Blues	13
2.2	Managerial Practices	15
2.2.1	Leadership Styles	16
2.2.2	Managerial Competencies.....	19
2.3	Employee Retention	21
2.3.1	Difficulties in Departure	22
2.4	Employee Engagement & Retention: Challenges.....	23
3	METHODOLOGY	27
3.1	Research Philosophy	27
3.2	Research Design	28
3.2.1	Case Studies	29
3.2.2	Research Approach	30
3.3	Data Collection	31
3.3.1	Risk Mitigation.....	32
3.3.2	Interviews.....	33
3.3.3	Survey	35
3.4	Quality Assessment	37
4	RESULTS	40
4.1	Employee Experience: General Overview	40
4.2	Perception Alignment: Raw Results.....	43
4.2.1	Company A.....	43
4.2.2	Company B.....	46
4.2.3	Company C.....	47
4.2.4	Company D.....	48
4.2.5	Company E.....	51

4.2.6	Company F	52
4.2.7	Company G.....	53
4.2.8	Company H	55
4.2.9	Company I.....	56
4.2.10	Company J	57
4.2.11	Company K.....	58
5	DISCUSSION	60
5.1	HRM Practices and Retention.....	60
5.2	Baseline Behaviour.....	63
5.3	Constructing Practices	64
5.3.1	Supervisory Support	66
5.3.2	Organizational Support.....	67
5.3.3	Career Opportunities	68
5.3.4	Development Opportunities	68
5.3.5	Training and Mentoring.....	69
5.3.6	Job Characteristics.....	69
5.4	Implications.....	70
5.4.1	Managerial Implications	70
5.4.2	Theoretical Implications	71
6	CONCLUSION	72
6.1	Limitations & Future Research	73
6.1.1	Limitations	74
6.1.2	Future Research	74
	REFERENCES	75
	APPENDICES.....	80
	Appendix 1: Interview Guide.....	80
	Appendix 2: Survey Guide.....	81
	Appendix 3: Compositions of Responding Companies	84
	TABLES	
	Table 1: The building blocks of this thesis' research philosophy	28
	Table 2: Investigative questions and their assigned approaches	30
	Table 3: Interview dates, and number of survey respondents from each company	31

Table 4: The backgrounds of the responding startup founders	32
Table 5: Risk Mitigation Table	33
Table 6: Justifications of interview questions.....	34
Table 7: Justifications of survey questions.....	35
Table 8: Factors assessing the trustworthiness of the study	38
Table 9: The average score of accuracy of each statement in the survey, question #7....	41
Table 10: The average score of accuracy of each statement in the survey, question #15.	42

FIGURES

Figure 1: The research question, and three investigative questions	4
Figure 2: An integrative theory of employee engagement	12
Figure 3: Level of power and type of problem addressed by each position of authority	16
Figure 4: A model of 8 key managerial practices	20
Figure 5: Döckel's Eight Factors of what influences employee retention	23
Figure 6: A wheel mapping the HRM practices matching engagement and retention demands as a possible ERP model.	25
Figure 7: The research onion applicable for this thesis.....	29
Figure 8: Eisenhardt's 8-step research design for building theory from case studies....	30

1 INTRODUCTION

Previous studies have indicated that what matters in business is not just who you hire, but who you manage to keep (Kennedy & Daim, 2010). For startups, hiring and retaining good employees is one of the biggest challenges they face (Banerjee, 2017; Lee, Hom, Eberly & Li, 2017). This is partly due to the uncertain organizational climate of startups, as they are still subject to big changes during their initial years (Shah, Irani & Sharif, 2017). The inherent uncertainty of the organizational growth environment, when the company is teetering on the line of whether it will survive or not, has resulted in a level of systemic flexibility regarding their internal operations, requiring high adaptability, and allowing for contingent leadership to take place (Van de Ven, Ganco & Hinings., 2013).

While this flexibility does allow for a better vantage point for optimal resource utilization, it can also result in employees feeling lost, stressed, burnt out, and demotivated (Banerjee, 2017). If these feelings remain unaddressed, they may result in employees becoming increasingly disengaged, and then leaving for other companies, seeking a job environment that suits them better; a phenomenon that would eventually manifest as a low employee retention rate. Employee retention, an organization's ability to keep its employees, is often measured by the efforts a company puts into making the work environment support and enhance general job engagement, and is quantified by looking into the number of incoming and outgoing employees.

A company's ability to retain employees often relies on the manager's – or in this study: the founder's – ability to engage and manage the workforce (Kennedy & Daim, 2010). In 2016 the Society for Human Resource Management (SHRM) stated that 46% of HR managers consider employee retention a matter of priority, which marks a rise from the 25% detected in 2013 (Lee et al., 2017). Employee retention as a priority has been gaining momentum, and e.g. Fortum, in 2016, had an 87% employee retention rate (Fortum, 2016).

While some managers aim for an ambitious 90% retention rate, some attempt reaching a 100% (Valzania, 2017). However, there are two significant issues with this aspiration. The first issue lies simply in the necessity of some degree of employee turnover: retaining 100% of employees means that unless the organization is steadily growing, with no need for cuts in workforce, no new employees with new ideas and perspectives are coming in, hindering the innovation process. Secondly, average numeric employee

retention rates overall are of little use when strategizing how to combat high turnover, as retention rates fluctuate greatly between positions, even when in the same company (Valzania, 2017). This issue gains an additional dimension of complexity when observed in a startup context due to possible role conflicts and overloads.

The ease of founding a startup company has resulted in increased numbers of entrepreneurs testing their wings by setting up their own businesses. However, setting up a company is easier than managing it, especially when a startup founder with no previous experience from managerial work becomes responsible for his or her own group of employees. Retaining these employees is critical to a company's success, not only for cutting recruitment expenses, but also to increase the company's value in the market, as measured by high retention rate reflective of employee engagement (Gering & Conner, 2002). In addition, though the return of investment in human capital is rarely quantifiable, it can and should be considered similar to any other economic investment with long-term rewards, and valued as such (Kennedy & Daim, 2010).

Though understanding the role of human resources in entrepreneurial companies was already seen as important in the 1980s, studies concerning the management of human resources in startups have surfaced only recently (Dabic, Ortiz-De-Urbina-Criado & Romero-Martinez, 2011). Previous studies on how human resources are managed in larger organizations may serve as a starting point, but the unpredictable and varying organizational environments of startup companies render such studies largely inaccurate for startups to benefit from (Banerjee, 2017). HRM, however, is vital for understanding how startups can excel (Dabic et al., 2011), especially as they tend to demand more dedication, proactivity, and commitment from their employees than larger and more established companies (Banerjee, 2017). Due to these demands, it is difficult to retain employees, unless there is something about the company that inspires commitment, and facilitates engagement.

Studies have revealed that part of why employee turnover and retention have become more recognized issues recently is due to the changes in workforce mentality; before, monetary compensation for work was sufficient, nowadays money alone is becoming less and less effective in inspiring loyalty (Lee et al., 2017). The more prominent this mentality becomes, the further away does the concept of labour move from the traditional Taylorist view, in which employees were seen as unskilled workers, and therefore any efforts to improve their welfare would be considered wasteful (Chen et al., 2016a). It is important to note, however, that though this thesis will not focus on the

issue of employee rights, this phenomenon that values employee welfare is far from being the standard norm everywhere in the world, and that Taylorism flourishes in companies worldwide.

The role of the startup founder is significant for this research, as prior studies have indicated that there is a strong correlation between leadership practices and employee retention (Tepret & Tuna, 2015). The flexibility of the contingent leadership style has made it popular, as the contingency theory proposes that there is not one right way to organizing, and that the focus ought to be on finding “good fit”-managers, who can then use their own leadership styles to manage and maintain their teams (Hutukka, 2016). This flexibility is of particular importance to startup companies, where high adaptability and the willingness to make changes are among the key components of moving to the stage of sustained growth (Zingheim, Schuster & Dertien, 2009).

Though instilling the feelings of passion and enthusiasm for their jobs is a key element in ensuring retention, the efforts of the startup founders to communicate and inspire these feelings in employees often remain insufficient (Banerjee, 2017), resulting in employees leaving to seek more emotionally fulfilling jobs. The difficulty in meeting employee expectations can be attributed to recent changes in general workforce demands: as mentioned before, the pay is only part of what contributes to whether or not an employee will remain, and is often eclipsed by the desire for purpose and development at work (Lee et al., 2017).

This is especially detrimental to startups, as they often cannot afford refilling the occurring absence of a key talent easily (Zingheim et al., 2009), which makes it relevant for startup founders to begin understanding people and their demands. Studies reveal, e.g., that not only are employees nowadays less interested in fixing their weaknesses and more focused on developing their strengths, they also view their employment less as mere jobs, and more as lifestyles, and are therefore more proactive in changing the status quo – the place of employment – if necessary (Lee et al., 2017).

1.1 Research Problem

Generally, the research concerning employee retention has become increasingly important due to skill scarcity, career mobility demands, and highly competitive job markets (Coetzee & Stoltz, 2015). To understand the forces that shape retention, it is necessary to understand that HRM is a crucial engagement and retention driver at entrepreneurial organizations (Dabic et al., 2011). And though studies on the role of

HRM in startups were already cropping up in 2011, research on the subject remains limited (Dabic et al., 2011), particularly research on the role of startup founders as managers. Usually such research is found in the context of large organizations (Knies et al., 2014), where leading figures such as founders and CEOs are kept, on a conceptual level, separate from managers. In other words, while entrepreneurship and HRM are well-researched subjects, the point at which they cross, wherein the concepts of leadership and managership overlap, locates a gap in existing studies.

There is also another challenge that Gosling and Mintzberg (2003) bring up: when those in positions of authority become so enamoured with the idea of being a great leader, that their interest in being a good manager is no longer there. This implies that some, on a practical and an ideological level, completely separate leadership from management, which is a dangerous thing to do at startups as it promotes hubris and decreases genuine engagement (Gosling & Mintzberg, 2003).

The Hawthorne Effect established that job satisfaction and performance efficiency increase when employers pay attention to their employees (Sempene, Rieger & Roodt, 2002), but how does it manifest in startup companies in circumstances where the startup founder is in the role of a HR manager, directly in contact with all of their employees? And how can this be utilized in the development of strategies that enhance employee engagement and improve retention at startups? To study this, I have generated a research question, and three investigative questions, that may help me in addressing the issue (Figure 1).

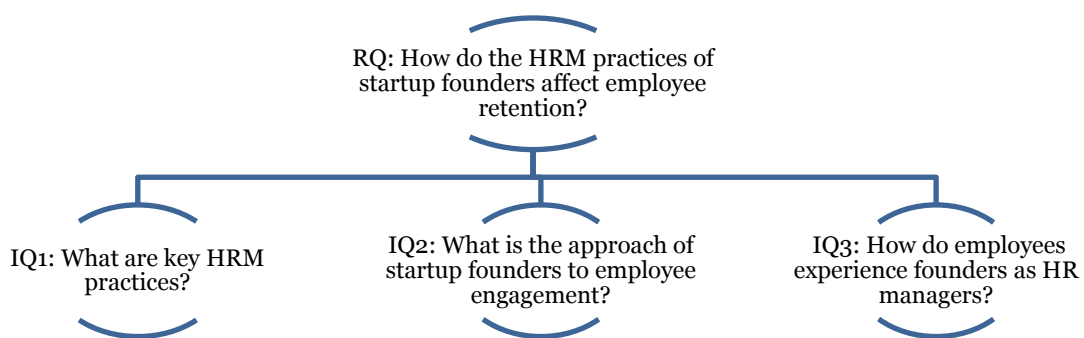


Figure 1 The research question, and three investigative questions.

The gap in existing knowledge discussed above brings up the question: how do the HRM practices of startup founders affect employee retention?

To attempt answering this question, I will approach it through three investigative questions, the first of which aims to establish a common standard by identifying what

are the key HRM practices that managers are expected to engage in. This is followed by looking into the approach of startup founders to employee engagement: what is their understanding of managerial practices, and how are these practices carried out? Thirdly, to gain insight of how the current employee management strategy adopted by startup founders is received by employees, I will also approach the research question from the employees' perspective with the question: how do employees experience startup founders as managers?

1.2 Aims of the Study

The core aim of this study is to provide insight into the impact of HRM practices of startup founders on employee engagement and retention. It attempts to map the areas in which most challenges manifest in HRM practices of startup founders, and create a formula based on the mapping that can be applied to study startups that have not been included as cases in this study.

This study contributes to the research of human resource management in a climate of entrepreneurial growth, in particularly focusing on the managerial relationship between startup founders and their employees. It also aims to prove two hypotheses: 1. if leadership and management practices merge, they have the potential to enhance employee engagement at startup companies overall, and 2. should these practices be developed correctly, they have the potential to replicate the effect of, or even replace, employee retention programs that directly affect employee retention.

1.3 Delimitations

The focus of the study will be kept on the impact of the HRM practices of startup founders on employee engagement and retention. Therefore, there are certain concepts that fall outside the parameters of this study, which have been listed below.

- **Single founders** were chosen for this study. Startups with multiple founders may yield different results.
- **Middle managers** were excluded from the study, as they did not participate in founding the company, and their authority and power as decision-makers differs from that of a founder.
- **Duration of operation** that has lasted for longer than 5 years excludes a company from this study. This is due to the accumulated experience that

founders gain within the span of 5 years, and the company's likelihood of having already developed its own culture.

- **Industry** impacts employee retention to some degree, as there are some industries wherein employee retention rates fluctuate greatly (Bilevičienė et al., 2015). Studying employee retention from an industrial perspective is not the aim of this study, and the focus will be kept on the impact of HRM practices.
- **Ages** of the respondents in this study were not taken into consideration as a contributing factor. It is, however, a component that could be highlighted in a future study, to determine whether age plays a role in founders' abilities to engage and retain employees.
- **Gender** may have an impact on how leadership and management practices are experienced, but that aspect will not be considered in this study.
- **Geographic scope** of the study is mainly limited to startups in Helsinki, though for comparison's sake the study will include one startup from Germany, and another from USA. This excludes startup companies from other countries, which also limits the variety cultures represented.

1.4 Key Concepts

There are some key concepts that have a central role in this study. To ensure that the reader understands the definitions of these key concepts as they are used in this thesis – and to prevent possible confusion should any of the concepts have a different definition in elsewhere – a short introduction to each concept can be found below.

Company culture is, according to Deery and Shaw (1999), a pattern of assumptions on how employees are expected to behave in an organization. Belias and Koustelios (2014) further add that it also determines interactions among employees, as well as the parameters of ideal work ethics. Company culture is considered an intangible asset that can be commoditized, as it increases the value of the organization as a place of employment (Moberly, 2014, p.60). It recreates organizations as social groups rather than mere colleagues (Belias & Koustelios, 2014), turning working at certain companies (e.g. Google, Facebook) into a lifestyle rather than a mere job.

Human Resource Management (HRM) refers to the part of organizational operations that focuses on employee management, consisting of five activity categories: staffing,

adjustment, development, retention, and change management (Cascio, 2012, p.348). An effective HRM strategy considers, and aims to minimize, the expenses that go into replacing leaving employees (Sheridan, 1992) and enhances the performance and productivity of the remaining ones (Cascio, 2012, p.348). This study will focus on the retention aspect of HRM.

Leadership Practices are a part of HRM, and influence how each of the five activity categories listed above are conducted within the organization. In this thesis, we will observe the practices of startup founders who, due to the small sizes of their companies, perform managerial and leadership practices without separating the two. Therefore, in this thesis, managerial and leadership practices will refer to the same set of behavioral measures, all of which fall under the title of HRM practices.

Founder, leader, manager – though these three terms often refer to different people, in this thesis they overlap. The startup founders interviewed for this study occupy also the roles of a leader and a manager in their respective companies. While Gosling and Mintzberg (2003) advice strongly against separating leadership and management, there are some nuanced differences that should be considered. Leadership practices influence people in certain ways, aiming to achieve certain goals (Northouse, 2012, p.5; Prentice, 2004). Effective management, however, focuses more on concrete action and reflection, often guiding people more directly (Gosling & Mintzberg, 2003). More on the differences between leadership and managership will be presented in chapter 2.2. *Managerial Practices.*

Employee engagement has many definitions, and where Markos and Sridevi (2010) define it as a positive attitude and general awareness of organizational context, Belias and Koustelios (2014) emphasize the inclusion of social, physical and mental well-being. The components of employee engagement will be further explored in chapter 2.1. *Employee Engagement.*

Employee retention refers to an organization's ability to keep its employees. Studies have found that organizations with engaged employees have higher retention rates, while those with lower retention rates "waste effort and bleed talent" (Markos & Sridevi, 2010). Retention will be further explored in chapter 2.3. *Employee Retention.*

2 EMPLOYEE ENGAGEMENT, MANAGEMENT, AND RETENTION

Between 1924 and 1932, a collection of experiments was conducted right outside of Chicago, at the Hawthorne Works factory (Mahoney & Baker, 2002). These experiments went on to become the foundation for a variety of studies within social sciences (Hansson & Wigblad, 2006). The Hawthorne study was aimed to identify the factors that could increase productivity at work, and while in later years the quality and credibility of the study have been brought to question, the key finding remains generally accepted: employees perform better when the employer pays attention to them (Mahoney & Baker, 2002). These insights serve as a basis for many current studies on HRM, organizational development, leadership, and motivation (Hansson & Wigblad, 2006).

However, the Hawthorne experiments alone are not enough to explain the nuances of employee engagement. While studying the impact of management and leadership practices and styles on employee engagement and retention is indeed not a new concept (Chen et al., 2016a), prior research offers little insight to employee retention in startup companies (Guerci, Radaelli & Siletti, 2015), and specifically the impact of the human resource management practices of startup founders on the employee retention. Some of the difficulties hindering these studies stem from possible misalignment of perceptions and expectations: employers and employees may have differing views on reality as they experience it differently (Prentice, 2004).

To reiterate: in companies the organizational set of practices that entails employee recruitment, training, retention, compensation, and support, is referred to as human resource management, often abbreviated to HRM (Bilevičienė et al., 2015). Human resource management systems (HRMS) in companies refer to the organizational influences that communicate the company's procedures, values, and goals to employees, and can create a baseline for how well employees are strategically aligned, and how well they work together to achieve the company's objectives (Li, Sanders & Frenkel, 2012).

Helsinki, Finland, in 2017, was ranked the second-best city for startup employees in the world, using the innovativeness of the startup ecosystem, salaries, health benefits, affordability, and quality of life as measuring criteria (Nestpick, 2017). The study did not look into the aspects of startup employment that influence employee engagement and retention, which will be what this thesis will focus on. As mentioned before, the

focus will be on the impact of HRM practices (inclusive of leadership and managerial practices) on engagement and retention. Studies have shown that immediate managers, such as team leaders or supervisors, can directly influence employee engagement and, subsequently, retention (Li et al., 2012). The way this issue will be studied in this thesis, will be by investigating how leadership practices influence employee engagement, and then how employee engagement influences retention. As this study will be focusing on small startup companies wherein the founders are responsible for the human resource management practices as well, they will be hereafter be referred to solely as “founders”, regardless of whether the practices they conduct are managerial or leading.

This chapter is divided into three thematic parts: employee engagement, managerial practices, and employee retention. This progression aims to introduce the reader to the key elements of this study in a logical sequence. *2.1. Employee Engagement* will elaborate on the components of engagement, and the concepts of burnout and disengagement. *2.2. Managerial Practices* will introduce and discuss leadership styles and managerial competencies that influence employee engagement and retention. *2.3. Employee Retention* will then discuss the difficulties involved in the departure of employees. The chapter will then conclude with the challenges involved in employee engagement and retention, and set a starting point for the data collection of the study.

2.1 Employee Engagement

Employee engagement is one of the key contributors to an organization's competitiveness, and thus also significant to its potential to succeed (Saks & Gruman, 2014). The first definition of employee engagement was presented by Kahn in 1990, where he described engagement as a state of harmonization with one's role at an organization: a state in which an employee can express themselves physically, emotionally, and cognitively while working (Saks & Gruman, 2014). Kahn approaches engagement from a psychological angle, which is supported by other studies that argue that psychological capital improves the efficiency of employees in job performance (Chen, Leung & Evans, 2016b).

In other words, engaged employees commit wholeheartedly to performing their work role, displaying their full capabilities at work; engagement is a multidimensional construct built on the full investment of an individual in their performance (Saks & Gruman, 2014). This results in employees who are more proactive, and more responsible (Li et al., 2012). In contrast, disengagement results in psychological – and

sometimes even physical – withdrawal from the organization and its goals, leading to a drop in performance as well (Saks & Gruman, 2014).

A company's ability to engage its employees has been considered a key to success, contributing particularly to profitability, productivity, higher shareholder returns, higher customer satisfaction, and higher employee retention rate (Markos & Sridevi, 2010). In addition, according to Kennedy and Daim (2010), the competitive advantage that employee engagement results in is sustainable, and within the capacity of startup companies to provide. In contrast, companies where employee disengagement is high, the low levels of commitment result in increased absences, less productivity, and lower profitability (Markos & Sridevi, 2010). Despite this, it has been reported that employee disengagement has become increasingly common worldwide in organization (Saks & Gruman, 2014).

It has been argued that engagement is a matter of self-representation during performance, rather than a matter of job satisfaction or involvement (Saks & Gruman, 2014). Kahn (1990) has linked it to the experience of meaningfulness at work: when employees are made to feel that they are worthwhile, useful, and valuable, a sense of psychological meaningfulness emerges. In other words, psychological meaningfulness comes with the feeling of return on investment of self at work (Saks & Gruman, 2014). Along with it, employees' need for psychological safety at work also surfaces, with Saks and Gruman (2014) claiming that predictable and consistent systems generate this sense of safety. At startups creating a sense of safety using predictable and consistent operational strategies is a challenge, due to the entrepreneurial growth environment often being very volatile for the first few years of operation (Dabic et al., 2011). It has been found that organizations with a higher level of employee engagement display a higher tolerance for failure, and are more resilient to the uncertainties that are typical to startup companies (Chen et al., 2016a).

Therefore, it is reasonable to assume that startups should aspire to encourage a sense of meaningfulness in their employees, as that has been found to be a predicting factor of employee engagement (Saks & Gruman, 2014). As said before, engaged employees tend to put more effort into achieving the organizational goals (Lara & Salas-Vallina, 2017) which is much needed at startups. Alongside meaningfulness, Saks and Gruman (2014) identified psychological availability as a driving factor for employee engagement. This availability refers to the physical, emotional, and psychological resources that employees invest into their performance at work (Saks & Gruman, 2014).

There is, however, an existing challenge regarding how employee engagement ought to be measured. Using the Utrecht Work Engagement Scale (UWES) to measure work engagement has been done before, though its utility in measuring engagement leaves much to be desired. It has been found to be a matter of concern, as UWES appears to represent burnout and its dimensions more accurately, resulting in conceptual overlap and redundancy among the subjects of employee engagement, job satisfaction and involvement, and organizational commitment (Saks & Gruman, 2014). Furthermore, studying employee engagement – and subsequent retention – at startups (in an entrepreneurial context) includes additional challenges, since defining entrepreneurship as a field of research is extremely difficult due to the wide variety of concepts and practices it can encompass (Dabic et al., 2011).

In addition to the above, employee engagement in itself is not a simple concept, and there can be many types of it. Employee engagement can be solely organizational, or task and work oriented, or even team oriented (Saks & Gruman, 2014). Engagement can be driven by all of these types, or by some of them, or by only one. In other words, it is possible for a startup employee to be fully engaged in performing their tasks, and yet be disengaged as a member of the organization. To better understand the multidimensional nature of employee engagement and its impact on retention, the components enabling its development, and by which it can be measured, must be studied first.

2.1.1 Components of Engagement

As discussed before, the units by which engagement can be measured may vary. In this part, these units will be referred to as "components".

What differentiates employee engagement from constructs such as employee satisfaction or motivation, is the personal investment involved in it: it is based on employees' willingness to dedicate their focus to the task, and be physically, cognitively, and emotionally present while performing their role as an employee (Saks & Gruman, 2014). Therefore, though recent studies have revealed that components relevant to employee engagement, such as employee involvement, support from managers, and employee autonomy, have been linked to job satisfaction (Belias & Koustelios, 2014), studying satisfaction alone as the sole driver of retention is not enough.

It is generally accepted that there are three common characteristics that identify employee engagement: 1. a level of self-investment at work, 2. a psychological

connection to the task at hand, and 3. engagement is a "state of being", rather than a "trait" an employee has (Saks & Gruman, 2014). These key characteristics, however, merely help in defining what employee engagement *is*, and not what its *components* are. Knowing the components allows organizations the opportunity to invest in improving them. Improving components affecting employee engagement has become increasingly important due to globalization putting organizations under greater pressure to develop and innovate – a situation in which fully engaged employees are a key to answering that rising demand (Chen, et al., 2016b).

In the face of the daunting task of engaging and retaining their best employees, there are several things organizations can do to enable it. An Employee Retention Program (ERP) is a practice generally considered to be an effective form of systemic effort to retain employees, since such programs are employee-focused, and have an optimal vantage point to address concerns the employees may have (Sandhya & Kumar, 2011).

However, while there are no clear-cut and exhaustive lists of the components that need to be measured to fully know the level of engagement at organizations, several theories highlight different aspects. The *Job Demands-Resources* theory (JD-R) states that the availability of physical, social, and psychological job resources enable engagement (Lara & Salas-Vallina, 2017). Being able to identify which are the demands that need to be responded to, helps managers prevent disengagement and alienation, both of which can lead to employees' lack of efficiency and, at worst, resignation (Saks & Gruman, 2011). Saks and Gruman (2014) present an employee engagement theory that combines Kahn's Theory of Engagement with the JD-R model (Figure 2).

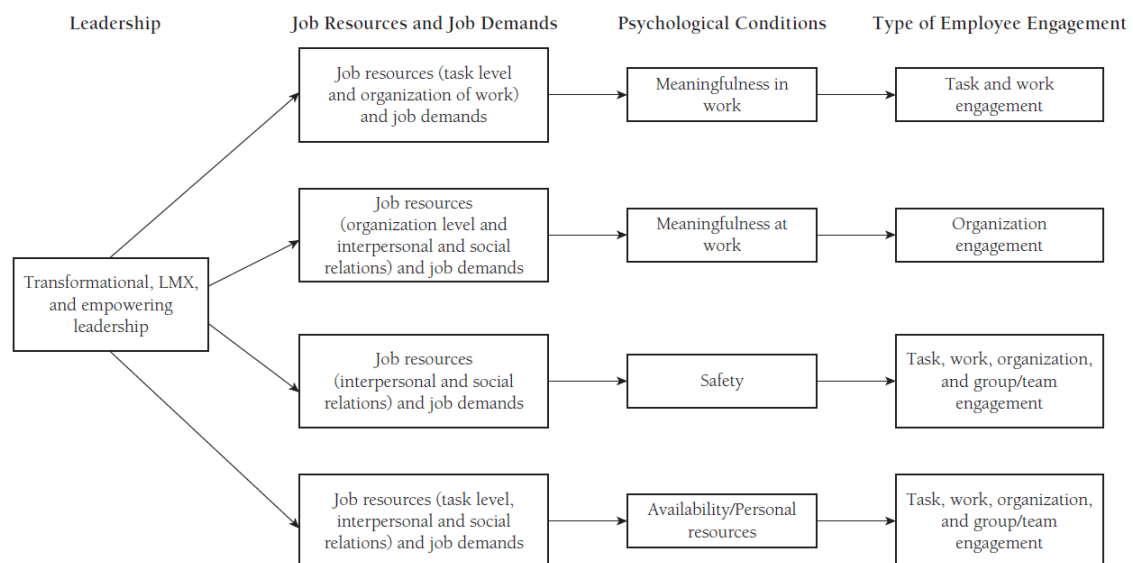


Figure 2 An integrative theory of employee engagement (Saks & Gruman, 2014).

This model, in addition to JD-R and *Kahn's Theory of Engagement*, also includes the *Leader-Member Exchange Theory* (LMX), which I will be revisiting later on in this chapter. The inclusion of the JD-R model is due to job resources and demands being predictors of the psychological conditions that ultimately affect engagement (Saks & Gruman, 2014).

According to Kahn (1990) the level of a person's engagement is dependent on three psychological conditions: meaningfulness (at and in work), safety, and availability. In the integrative model, each of the psychological conditions is shown to require its own variety of resources, which would then facilitate a different type of engagement. This reflects greatly the argument that employees experience each type of engagement differently, and reiterates the earlier observation that employees can find psychological meaningfulness, but lack a sense of safety, at work (Saks & Gruman, 2014).

Kahn (1990) identifies task characteristics, role characteristics, and work interactions as components that influence psychological meaningfulness, and group and intergroup dynamics, interpersonal relationships, norms, and management styles as components that influence psychological safety. Furthermore, depletion of physical and emotional energy, insecurity, and lack of activities outside of work, have been identified as negative components: factors that negatively influence employees' psychological availability, and lead to possible burnout and disengagement (Saks & Gruman, 2014).

An enhanced level of engagement, cultivated in an employee-friendly environment that invests in psychological well-being, helps in developing employees that are hopeful, capable of managing and recovering from failures, more innovative, and less likely to burn out (Chen et al., 2016b).

2.1.2 Burnout Blues

Though engagement and burnout - concepts seen often as two sides of a coin - have been under plenty of study for the past 15 years, the empirical and conceptual differences remain unclear (Taris, Ybema & Van Beek, 2017).

It has been argued that they are independent states, though opposites of each other (Saks & Gruman, 2014), as they focus on the same underlying phenomena: efficacy, energy, and involvement (Taris et al., 2017). In other words, engagement has been defined as a positive state of mind, marked by vigor, dedication, and absorption to one's performance at work (Saks & Gruman, 2014), whereas burnout is often considered the

exact opposite of that. This is supported further by Taris et al. (2017), who not only suggest that burnout and engagement are the opposite ends of a continuum, but that it can be measured using one instrument: the Maslach Burnout Inventory (MBI).

Following the JD-R model of resource availability's impact on engagement (Lara & Salas-Vallina, 2017), we know that when provided with physical, emotional, and psychological resources required for optimal role performance at work, engagement increases (Saks & Gruman, 2014), and therefore it stands to reason that withholding these resources results in a higher likelihood of burning out. While logical, this reasoning is not entirely accurate, as the absence of engagement does not confirm the presence of burnout, and vice versa. This is what led to the development of UWES (Taris et al., 2017), with the intent of using it to measure work engagement. However, as mentioned previously in this study, UWES has been found to represent burnout more than engagement.

In 1993 Maslach defined burnout as a psychological syndrome that stems from emotional exhaustion, depersonalization, and a reduced sense of personal accomplishment (Taris et al., 2017), which then manifest as a reduced sense of psychological safety and meaningfulness. According to Kahn (1990) psychological safety depends on predictable, non-threatening systems, wherein employees can express themselves freely, enabling a higher psychological availability. Saks and Gruman (2014) define this as the availability of emotional, physical, and psychological resources that employees can invest into their own performance.

The three key components of burnout development that Maslach identified illustrate a level of psychological unavailability. Emotional exhaustion refers to feelings of overextension and depletion of emotional resources, depersonalization refers to a degree of detachment within oneself that enables indifferent and negative attitudes to take root, and the reduced sense of personal accomplishments is directly linked to one's security in their own competence and suitability for their tasks at work (Taris et al., 2017). Psychological availability is the availability of these resources (Kahn, 1990).

Burnout as a phenomenon can be seen as a decrease in engagement, wherein energy becomes exhaustion, involvement becomes cynicism, and efficacy turns into ineffectiveness (Taris et al., 2017), in addition to a disappearing feeling of meaningfulness, leaving behind negativity and the sense of being taken for granted

(Kahn, 1990). Companies that offer incentives, such as ERPs, actively combat burnout (Saks & Gruman, 2014).

This thesis will be focusing more on employee engagement, and less on burnout. Kahn's conceptualization of engagement has been found to be more substantial and distinctive than any other (Saks & Gruman, 2014), and is therefore what I will be using as a base for conducting this study.

2.2 Managerial Practices

Human capital is arguably the most important factor of success for a company of any size, so long as it is efficiently and effectively managed (Chen et al., 2016b). But if managers are responsible for facilitating effective management, what do leaders do? Both management and leadership are forms of authority, though what truly separates them is the differentiation between certainty and uncertainty:

"Managers solve known problems, leaders head on to solve unknown problems." (Grint, 2005)

It is the accumulation of knowledge and skills of the employees, combined with their level of commitment to their work, that makes human resource an asset, and managing it includes all the practices related to employee relationships in the company (Dabic et al., 2011). This means that in order to draw upon the potential of the workforce, and inspire higher levels of engagement, and motivate retention, founders at startups must provide employees with job resources, and assess the suitability of the demands presented to the employee (Saks & Gruman, 2014).

This requires a strategic process-based approach to management (Grint, 2005), and a comprehension of two basic lessons: people are complex, and people are different, which means that people respond differently to certain practices and drivers (Prentice, 2004). In addition to those two, I would also argue that context affects the capacity of influence as well. Therefore, the level to which a set of HRM practices generates desired results depends largely on how well the employees are drawn into the founder's narrative.

According to Grint (2005), different positions of authority of the decision-maker can be linked to problem types: commanders address critical problems with hard power, managers address tame problems with organized and calculative directions, and leaders address wicked problems from an inquisitive perspective (Figure 3). In other

words, the authoritarian positioning of oneself that is in use in the organization, is shaped by the demands of what is needed to solve the problem.

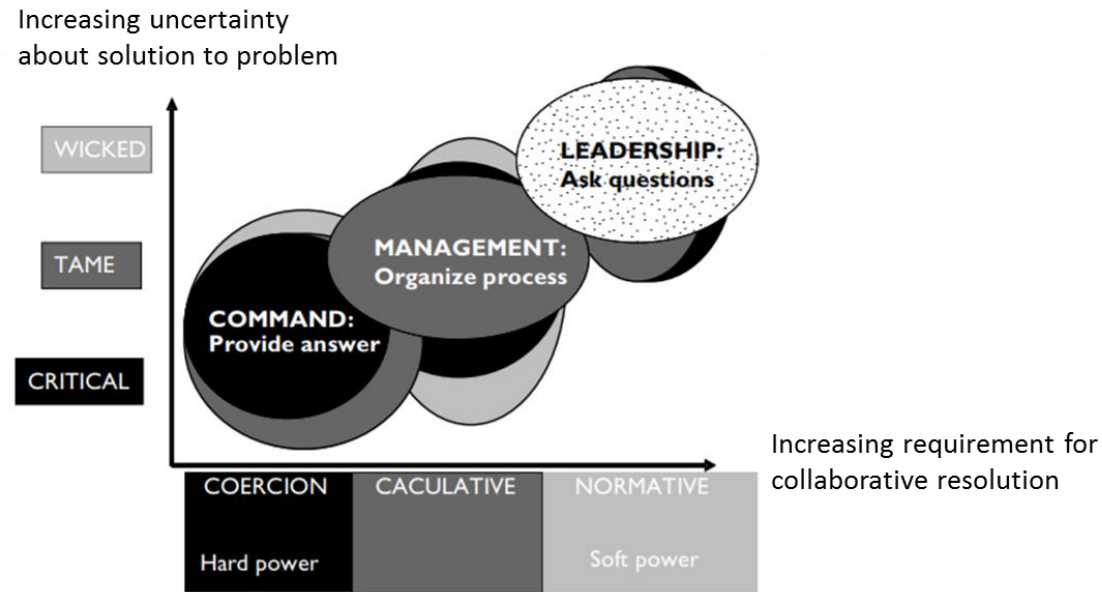


Figure 3 Level of power and type of problem addressed by each position of authority (Grint, 2005).

In addition to JD-R, other HRM practices are also known to play a key role in facilitating employee engagement, and subsequently, retention (Saks & Gruman, 2014). Employee retention is particularly important to startups, as they have plenty to prove, and challenges ahead in abundance (Zingheim et al., 2009). Risk-taking, innovation, and proactiveness define entrepreneurship and the startup culture of the 2000s (Dabic et al., 2011), and in response to these attributes, new styles of management arose, and HRM practices developed further. However, in the eyes of traditional theorists, employees are not to be viewed as individuals with special traits with which they contribute to the organization, but rather as the equivalent of raw materials that produce labor (Chen et al., 2016b). This perspective portrays any investment in employee engagement as a waste of resources.

In this part, I will discuss the leadership styles that shape the managerial practices adopted by startup founders, before focusing on managerial competencies that startup founders should develop to better manage their human resources.

2.2.1 Leadership Styles

Leadership in general has been researched and studied by scholars in abundance in recent years (Olaniyan & Hystad, 2010), and much of what has been written about it is based on typology that draws a line between leadership and management: they are

different forms of authority, where leadership asks the right questions to tackle a wicked problem, and managership provides the right answers to enable better employee performance (Grint, 2015). As discussed previously in this thesis, the Hawthorne experiments revealed that attentive leadership has a direct impact on employee engagement (Hansson & Wugblad, 2006). This, however, is not enough to provide an understanding of what the components of leadership styles that affect employees are.

In human relations, the relationship between the employer and employees has been an issue of debate for a while; philosophical, political, and managerial arguments have brought up claims of psychological employee support – e.g. counselling – being manipulative rather than supportive (Mahoney & Baker, 2002). Leadership, by its nature, requires the use of power to influence other people (Zalzenik, 2004; Sims et al., 2009), which may indeed appear manipulative at times. The purpose of employee support and counselling, however, is not to nurture or manipulate, but to facilitate psychological well-being (Saks & Gruman, 2014) and direct the employees to a level of self-awareness that would enhance their engagement (Mahoney & Baker, 2002). This aspect of leadership comes with its own set of risks: mistakenly equating power with getting immediate results, ignoring the accumulation of power through different means, and the risk of losing self-control due to an inflated sense of power (Zalzenik, 2004).

Leadership practices can be clustered and categorized as different leadership “styles”, sometimes referred to as leadership typologies (Sims et al., 2009). Studies confirm that leadership styles influence not only organization's strategic priorities - including HRM procedures - but also, on a much more intimate level, impact individual employee performance (Nguyen et al., 2017). Over the years more and more leadership typologies surfaced, and there is now a variety of theories and typologies that those in leadership positions may use to influence their employees with (Sims et al., 2009). The employee-employer relationship is one of the most important factors that influence employee engagement (Alegre et al., 2016). Due to this, the kind of a person a leader is plays a significant role in whether or not employees are psychologically present when performing their organizational roles (Men, 2012).

Startups tend to face constant change in the environment of entrepreneurial growth, and while Grimm (2010) suggests that different leadership styles must be developed to manage different situations, Sims et al. (2009) question the entire notion of having

particular leadership styles. Growth environments requires situational leadership (referred to also as contingency theory of leadership, or simply contingent leadership) with a high level of adaptability and flexibility (Lynch, McCormack & McCance, 2011). Goleman (2000) proposed that leadership practices are most effective when not hindered by frigid categorizations of styles, and simply utilized as needed, and Grint (2005) suggested that contingent leadership capabilities may be enhanced should situations be categorized into one of three types: Critical, Tame, and Wicked, with each form corresponding to a differently executed authority (Figure 3). This suggests that the level of contingency in leadership, and the way it is approached, may differ among practitioners.

The way Van de Ven et al. (2013) put it, contingency theory proposes that an organization's performance, which is heavily influenced by employee retention, stems from organization's internal arrangements: the organizational context. Therefore, Kennedy and Daim (2010) reason, a good leader or a manager observes cause and effect, understanding not only what is happening, but why it is happening, and then proceeds to take action to address the issue. According to a study conducted by Olaniyan and Hystad (2010), the manager's behaviour and actions directly affect the psychological work environment, including employee satisfaction and attendance. Mihalcea (2013) also supports this, adding that in addition to the satisfaction level, the manager's *personality* impacts employee performance, and engagement overall.

People-oriented leadership recognizes that effective HRM provides companies with the ability to adapt and adjust in competitive environments (Dabic et al., 2011), and turned to social sciences for cues on how to adjust its management accordingly to enhance employee engagement (Mahoney & Baker, 2002). Leadership styles, however, are varied and hard to collect into an exhaustive list. Despite this, there have been some attempts at doing so. Saks and Gruman (2014) suggest three types of leadership styles: transformational, empowering, and LMX, that influence employee engagement.

Currently the leadership discourse in academia is focused on the transactional-transformational paradigm, which defines two major leadership styles: transactional and transformational, with a brief nod to empowering leadership (Sims et al., 2009).

Studies suggest that **empowering leadership** enhances general work motivation and performance by giving employees the authority to make their own decisions at work (Hassan et al., 2013). Meanwhile, **transactional leadership** offers rewards in return

for compliance (Sims et al., 2009). This style has a potentially positive effect on performance, should the meritocratic system based on which rewards are distributed be entirely unbiased (Burke et al., 2006). Autocratic leadership is often transactional, and the leaders that practice this style of leadership have been described as controlling, power-oriented, and closed-minded (Bass, 2008).

Transformational leadership recognizes the potential of the employees, and takes measures to engage them, and motivate them to develop further (Vinkenburgh, et al., 2011). This style aims to inspire employees to go above the line of duty, and achieve more at work. Transformational leadership style has not only been linked to positive managerial performance, innovation facilitation, and increased subordinate motivation, but has also shown to depend on individualized consideration when interacting with employees (Nguyen et al., 2017).

Leader-member exchange, **LMX**, refers to the quality of the relationship between an employer and an employee, assuming that employers bond differently with each of their employees (Li et al., 2012). Realistically, the development of high quality LMX may be challenging in larger companies, as it is not always possible for managers to create such relationships with employees (Harris, Li & Kirkman, 2014). The problem with LMX, also, is that differing leader-member relationships can be a sign of non-neutrality, which can disrupt or even disengage other employees (Harris et al., 2014).

For startup founders to be good leaders and good managers, there needs to be an understanding of what each position of authority stands for.

2.2.2 Managerial Competencies

Startup founders shape the image of their organizations to internal and external stakeholders. Founders, despite their position in the company, are not actually exempt from assessment and judgment – no matter how privately done. Most importantly, their trustworthiness as a manager relies on how well they can communicate their competencies to the stakeholders (Men, 2012), and how well they can conduct different managerial practices (Figure 4). Considering the nature of contingency – interruptive, context-reliant, and often hard to predict (Chaney, 2016) – employees' ability to trust a leader's decision-making abilities may decrease, if they are seen as incompetent. This will, then, influence not only the employee perception, attitudes, and performance, but also overall engagement and commitment to the organization (Men, 2012).

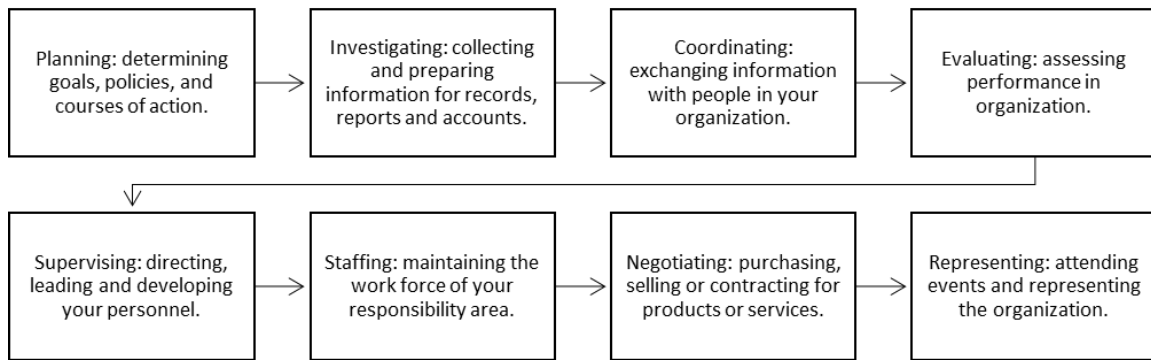


Figure 4 A model of 8 key managerial practices, adapted from an article by Nguyen et al. (2017).

Listing managerial practices is not enough, as performance of an action requires competence. Lara and Salas-Vallila (2017) suggest a method to measure managerial competencies that was developed by Cardona and Lombardia in 2005, where the concepts of competency are divided into three parts: *external competencies* (the ability to implement strategies that improve organization's results), *interpersonal competencies* (the ability to communicate and engage with colleagues), and *personal competencies* (the ability to generate trust). Since employees who perceive their managers as more competent tend to evaluate their organization more positively, and thus reciprocate with higher level of engagement (Men, 2012), it is important to know how these competencies are measured.

Of the three categories of competency, this study will specifically focus on interpersonal and personal competencies, as they are more focused on the relations within the organization, than external factors. Interpersonal competencies, such as task delegation, focus on relations among employees, teamwork, and employee cooperation within the organization (Lara & Salas-Vallina, 2017). Here again the importance of LMX surfaces, as employee performance is expected to be supported and improved by consistency in both HRM *and* interpersonal practices (Li et al., 2012). Absence of consistency between organizational goals and managerial demands will result in diminished engagement and performance (Li et al., 2012).

Insufficient or dissatisfying leadership can often be traced to misperceptions of managerial practices, or an absence of managerial competencies (Prentice, 2004). Personal competencies and individual capacities, such as creativity, time management, emotional intelligence, and open-mindedness, are related to self-development (Lara & Salas-Vallina, 2017). These are best showcased when engaging in interactions with employees, e.g. in way of mentoring or coaching, allowing employees the opportunity to

reciprocate communication and enhance their work motivation and performance (Li et al., 2012). In fact, managerial competencies in general can be considered personal competencies, and be included in the JD-R model (Lara & Salas-Vallina, 2017).

2.3 Employee Retention

Zingheim et al. (2009) argue that being able to not only attract, but to hold on to good employees, enables growth of the company both in terms of tangible product of performance (e.g. higher profits, increased visibility) and intangible contribution to company culture (e.g. vision, motivation). Highly successful companies such as Google, Supercell, Lego, or Red Bull have realized the importance of employee satisfaction, and have invested in employee care, generating in response a company culture that fosters innovation and loyalty, and has resulted in a high employee retention rate (Azanza, Moriano & Molero, 2013).

Moberly (2014, p.59) stated that a company culture will develop regardless of whether or not it has been artificially designed or intentionally facilitated. What startup founders can do, in their positions as leaders and managers, is simply shape and encourage the kind of company culture that will enable engagement. For example, integration, a key component of employee engagement, is greatly influenced by the existing company culture, and it has been argued that dynamics in small groups such as startups, the socialization practices directly influence engagement and retention (Deery & Shaw, 1999).

The implementation of employee-friendly policies strengthens the organization's relationship with their employees, and enhances general trust in the founder. This has been found to make the companies more resilient to abrupt changes, heighten their tolerance for failure, and lower employee turnover, which are necessary features for startups in uncertain development climates to have. (Chen et al., 2016a.)

Managing human resources is challenging in the environment of entrepreneurial growth and individualism-driven leadership (Bilevičienė et al., 2015), and in a study conducted by Ziegheim et al. (2009), the interviewed corporate leaders readily acknowledged the importance of preventing the people with accumulated skill sets from leaving for larger companies. The ensuing loss of an employee with an accumulated skill set goes beyond the recruitment expenses of their successor, as now these skills that the employee has, that used to be at the disposal of the company, are now contributing to another, possibly competing, organization. The departure of

employees can backfire also in regard to external communications: customer services may suffer from interruptions if an account manager leaves, causing a possible loss of a client (Sandhya & Kumar, 2011). In other words, not only do companies lose information with every employee that leaves, but the valuable data on e.g. customers, projects, and strategies, is passed forward to the new employer who may need time to adjust (Sandhya & Kumar, 2011).

As retention is heavily influenced by engagement, Alegre et al. (2016) identified three relationships at organizations that affect employees' engagement at work: 1. the relationship between the employees and the organization (level of commitment), 2. the relationship between the supervisor and the employee (support, acknowledgment, guidance), and 3. the relationships among coworkers (feeling of belonging to a social group, emotional connections). Of these three relationships, it is the one between employees and their supervisors that this study has focused on.

The challenge remains addressing possible disengagement drivers that result in employee departure. As stated before, there are plenty of studies concerning retention and entrepreneurship, and yet they are rarely examined together (Dabic et al., 2011), leaving a gap in the managerial competencies of startup founders.

2.3.1 Difficulties in Departure

The developmental activities provided by the organization to increase engagement, such as internal career opportunities, have been linked to prolonged employee commitment (Sandhya & Kumar, 2011). Work-life balance and job characteristics have also been found to heavily influence employee retention. (Coetzee & Stoltz, 2015.) In fact, as stated before, it has been found that monetary compensation is not the sole motivator for employees to remain, but that other aspects, such as having a leader perceived as competent, are equally important (Sandhya & Kumar, 2011).

The style of leadership, and in particularly positive reinforcement, has a potentially positive impact on an employee's level of commitment to the organization (Alegre et al., 2016). In 2006 Andreas Döckel identified eight factors that affect employee retention (Figure 5), which Coetzee and Stoltz (2015) further elaborated on. Compensation, be it monetary or non-monetary, is among the first motivating factors listed. Adequate training, alongside supervisor support, include recognition and feedback provided to employees by their supervisors. Organizational support further backs the supervisory

support, wherein the employee develops a sense of attachment to the company, and feels it reciprocated to an extent.

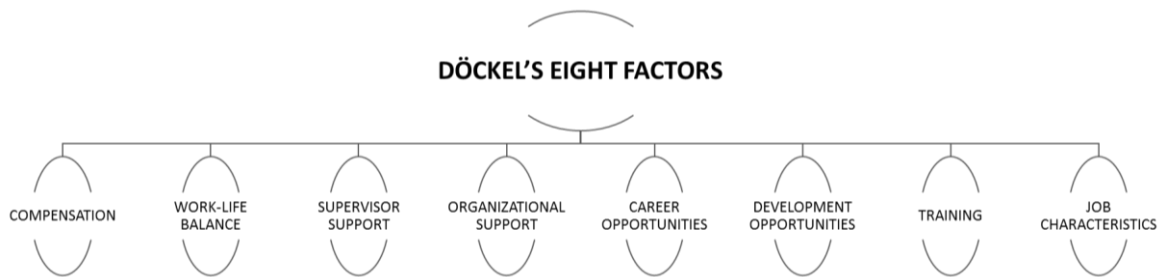


Figure 5 Döckel's Eight Factors of what influences employee retention, adapted from an article by Döckel, Basson and Coetzee (2006).

These findings were somewhat supported by Kennedy and Daim (2010), who identified seven components that improve employee retention: 1. orientation and integration of employees, 2. training and development, 3. career planning and development, 4. transfer and promotions, 5. employee relations and motivation, 6. performance management, and 7. compensation and benefit programs. While there are several components that were brought up by both studies, some were not: Kennedy and Daim included employee orientation and integration, motivation, and performance management as factors influencing employee retention, whereas Döckel opted for support, work-life balance, and job characteristics.

However, the most common reason for employees to resign from their current jobs has been found to be a perceived lack of appreciation, trust, and support, in addition to absence of growth opportunities (Sandhya & Kumar, 2011). Here again LMX is seen by some researchers as a potential deterrent for disengagement and employee departure, as studies have shown that appreciation and support are better expressed when the level of leader-member exchange is high (Harris et al., 2014).

2.4 Employee Engagement & Retention: Challenges

The general physical and mental health of the employees, including their levels of satisfaction and social well-being, have become subjects of interest on a global level (Belias & Koustelios, 2014). Similarly, leadership methods and styles have received plenty of attention in academia as well (Olaniyan & Hystad, 2010). These have been linked to engagement studies, and the identification of practices that contribute to employee engagement, and subsequent retention (Coetzee & Stoltz, 2015). And yet – these well-studied aspects in organizational behaviour have not been observed in a startup context.

It has become evident that employee retention is a multidimensional phenomenon, and that understanding the factors that influence it requires studying internal and external factors in the organization, such as individual values, personalities, expectations, and opportunities (Belias & Koustelios, 2014). Furthermore, it is also affected by the quality of the relationship between the employees and the company (Shah et al., 2017). It is reasonable to believe that employees leave organizations for various reasons – some personal, some professional.

There are, however, valid and present challenges when it comes to measuring and studying employee engagement, and the drivers behind high employee turnovers: there is no solid agreement on what employee engagement actually is, and though many tools for measuring employee engagement have been developed, none of them is exhaustive or free of digressions or redundancies (Saks & Gruman, 2014). As stated before, engagement is very hard to measure, and is therefore also difficult to predict (Taris et al., 2017). However, the roots of the problem lie much deeper than just in the difficulty of predicting disengagement: human resource education must be constantly developed (Bilevičienė et al., 2015), as it is common for those in leadership positions to not understand the true value of the intangible assets at their disposal, such as employees and their loyalty (Moberly, 2014, p.4).

What should be understood regarding employee retention – and the efforts to increase employee engagement – is that it is a matter of exchange: the employees give to the company as much as they feel it deserves in response to what the company gives them (Shah et al., 2017). This can be influenced by investing in the four retention practices that Kennedy and Daim (2010) suggested: motivational processes, interaction processes, visioning processes, and learning processes.

The kind of uncertainty that is natural to startups calls for adaptive and contingent leadership (Van de Ven et al., 2013). Therefore, there are certain practices and protocols that startup founders, in their roles as managers, must be able to maintain in order to inspire their employees. Herzberg, a contemporary of Maslow, believed that there are certain practices that companies should adopt in order to motivate their employees, and introduced the five key aspects of motivation that should be considered in employee retention strategies: compensation, growth, support, relationships, and environment (Sandhya & Kumar, 2011).

Döckel (Döckel et al., 2006). Tier 2 then identifies the engagement components to be addressed in order to resolve the issue. It assigns each factor an engagement component and type (org e. = organizational engagement, task e. = task engagement, team e. = team engagement) based on the findings of Kahn (1990) and the JD-R model. Tier 3 identifies the leadership practices that influence the engagement components, and therefore proposes the practices that must be developed further to resolve surfacing problems.

I will be applying this model later during this study to see how well do the practices align with engagement and retention efforts.

3 METHODOLOGY

This chapter will discuss the research design chosen for this study, the research methods used for data collection, as well as the data analysis and quality evaluation methods that have been used in this thesis. The collected data will then be presented case by case in chapter 4. *Results*, and analyzed further in chapter 5. *Discussion*. The thematic sequence presented in chapter 2. *Employee Engagement, Management, and Retention* will be maintained throughout the upcoming chapters.

This chapter begins with the research philosophy and design, introducing the nature of the study, its purpose, and the methodology used for data collection. The influence of previous literature will also be briefly touched upon, before discussing case studies, and the concept of building theory from them. Following that, the approach to the research will be explained in greater detail.

The second part of the chapter focuses on data collection, diving into the practicalities of risk mitigation, and the finer details of interviews and surveys. The quality evaluation that concludes this chapter, will present the measures taken to ensure that the results are valid and credible.

3.1 Research Philosophy

While qualitative research comes with its own flaws, such as issues relating to validity of context (what people claim in interviews might not hold true in a naturally occurring setting) (Silverman, 2006, p.39), and inclusion (the only data included is what supports the researcher's argument) (Silverman, 2006, p.51-52), its benefits are considerable. Patton (2002, p.76) argues that there are a multitude of ways to approach the collection of qualitative data, and is supported by Silverman (2006, p.43) who brings up the possibility of qualitative approach providing an opportunity to study phenomena that is not available elsewhere.

Interpretivism denies the existence on a single reality (Hudson & Ozanne, 1988, p.509) and presents the belief of multiple realities created through social constructs built on perceptions (Hudson & Ozanne, 1988, p.512). The elements that are under study in this thesis are based on subjective interpretations, presented as the reality experienced by the respondents.

In other words, as the objective is to understand how HRM practices are perceived, the study is solidly interpretivist, as the ontology of the study is assumed to be a socially constructed reality where knowledge of how well a practice has been performed is entirely subjective, making this study exploratory, and mainly qualitative in nature (Table 1). The inclusion of quantitative data collection will be further addressed and elaborated on in chapter 3.3.3. *Survey*.

Table 1 The building blocks of this thesis' research philosophy.

RESEARCH PHILOSOPHY	
Ontology	Socially constructed reality.
Epistemology	Exploratory
Methodology	Qualitative (interviews)
	Quantitative (survey)
Goal of research	To understand.

3.2 Research Design

This thesis is a multiple case study on employee engagement and retention practices at startup companies. The starting observation of this thesis that inspired the development of the research problem was a gap detected in the study area: the observation that HRM practices may influence employee engagement and retention in startups. In other words, the objective of the study is to gain an understanding of the HRM practices of startup founders that affect employee engagement and, subsequently, retention.

The data collection relies on mixed methodology, as it is important to collect data not only from the party conducting the practices (startup founders), but also the party experiencing the practices (startup employees), resulting in data triangulation that could shed light into the practices that cause lower retention. To clarify, the interviews were entirely qualitative, whereas the surveys were mainly quantitative, with an opportunity for respondents to provide qualitative input.

This thesis is heavily influenced by the Employee Engagement Theory developed by Saks and Gruman (2014), with the inclusion of the Contingency Theory (Van de Ven, et al., 2013) due to its involvement in shaping HRM practices. These theories emphasize the impact of HRM practices on the employees' level of engagement (Saks & Gruman, 2014), as well as the absence of a canonical set of HRM practices (Tepret & Tuna, 2015).

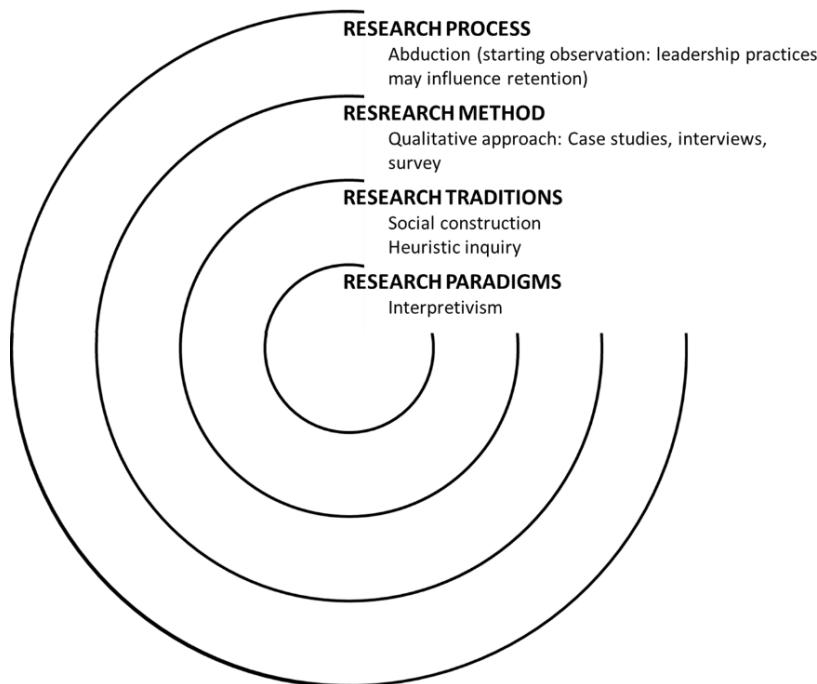


Figure 7 : The research onion applicable for this thesis.

While social construction is a relatively expected part of the interpretivist design, heuristic inquiry will allow the potential inclusion of my own experiences and insights as a researcher on this subject. I used a research onion to depict, and further elaborate on, the research design used for this study (Figure 7).

3.2.1 Case Studies

Aastrup and Halldorsson (2008, p.747) mentioned that the need to conduct case-based studies stems from the desire to better understand complex phenomena. This rings true, as understanding the impact of HRM practices on employee engagement, and thus retention, requires not only an understanding of the intent behind the practices, but also how these practices have been received. In other words, this is a matter of how practices conducted with certain intentions elicit a psychological response that directly affects employees' willingness to remain in the organization.

Halinen and Tornroos (2005, p.1286) refer to case studies as empirical inquiries that investigate contemporary phenomena in real-life contexts. When the complexity of the subject under study is taken into account, using multiple cases will provide us with a better base for finding patterns, and thus, generalize.

This study will be conducted using an 8-step research design of building theory from case study research (Figure 8), developed by Eisenhardt in 1989. Once I defined my

research question, and the supporting investigative questions, I identified the target groups that I would be studying: **founders** and **employees** of **small startup companies**. The relevance of the size of the company is due to the increased level of interaction among employees and the founders in smaller companies. These conceptual categories are what I used to select eleven (11) startup companies that I will be using for this multiple case study.

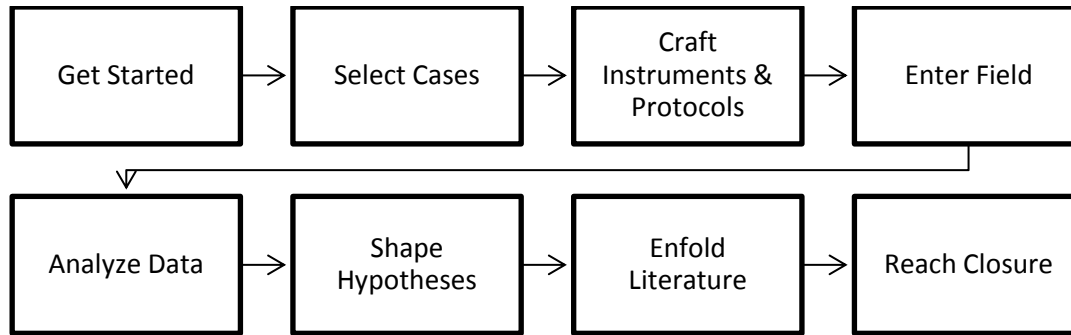


Figure 8 : Eisenhardt's 8-step research design for building theory from case studies .

In 2000, Gummesson (p.186-187), identified a list of generally accepted criteria for research based on case studies, complementing Eisenhardt's design. The criteria consist of seven points: 1. logical and clear sequencing of the study, 2. a level of preunderstanding, 3. credibility, 4. access to relevant data, 5. validity and generality, 6. the potential to contribute to existing knowledge, and 7. personal qualities in the study. Each of these points will be considered while working on this thesis.

3.2.2 Research Approach

There are many ways to approach the collection and analysis of qualitative data (Patton, 2002, p.76), which allows for the inclusion of contextual sensitivity influenced by the paradigms that the researcher decides to approach the study with (Silverman, 2006, p.44). For this study, the aim is to collect data that contributes to the formulation of a response to the research question “how do the HRM practices of startup founders affect employee retention?”. This study will be favoring a pragmatic approach to research, using mixed methods of data collection due to each of the three investigative questions requiring its own approach (Table 2).

Table 2 Investigative questions and their assigned approaches.

QUESTION	DATA COLLECTION APPROACH
IQ1: What are key HRM practices?	Secondary data: review of previous literature to establish a benchmark
IQ2: What is the approach of startup founders	Primary data: interviews with founders to

to employee engagement?	gauge their perspective on practices.
IQ3: How do employees experience the HRM practices of managers?	Primary data: survey employees to gauge their perspective on practices.

Paradigms consist of the perceptions that researchers have on what to study, how to go about studying it, and which methodological approach to take for the sake of the study (Gummesson, 2000, p.18). Explaining, exploring, predicting, and understanding phenomena are parts of research (Hunt, 1976, p.27), but different paradigms approach these aspects from different vantage points.

3.3 Data Collection

Though the concept of collecting data from as many respondents as possible is theoretically appealing, limiting the body of data is important for effective analysis (Silverman, 2006, p.8). The logic of purposeful sampling that was used in this thesis stems from the selection of information-rich cases to be studied in depth (Patton, 2002, p.230). I started out by using snowball sampling: selecting potential cases of interest, then discussing the subject with entrepreneurs in my network, who would recommend other potential respondents for me to interview. Simultaneously, however, I had to use criterion sampling, as being an entrepreneur with a personal network is not on its own enough. In the end, I selected cases that fulfilled my predetermined criteria (small startups, with several employees), making them suitable for this study.

Data was collected from 11 startup founders in total – 9 from Finland, 1 from Germany, and 1 from USA. Each founder was then requested to forward a survey to their employees, and the data collection proceeded in accordance to the schedule presented in Table 3. The survey was closed on the 18th of August, officially marking the completion of the data collection phase.

Table 3 Interview dates, and number of survey respondents from each company.

		INTERVIEW	SURVEY RESPONDENTS	
			# (NUMBER)	% (PERCENTAGE)
1	Company A	4.7.2017	9 (out of 13 employees)	69%
2	Company B	6.7.2017	6 (out of 11 employees)	54%
3	Company C	17.7.2017	4 (out of 12 employees)	33%
4	Company D	24.7.2017	10 (out of 11 employees)	91%
5	Company E	26.7.2017	4 (out of 14 employees)	29%
6	Company F	2.8.2017	5 (out of 15 employees)	33%
7	Company G	3.8.2017	7 (out of 11 employees)	64%
8	Company H	11.8.2017	6 (out of 12 employees)	50%
9	Company I	14.8.2017	4 (out of 10 employees)	40%
10	Company J	25.8.2017	3 (out of 12 employees)	25%

11	Company K	25.8.2017	2 (out of 15 employees)	13%
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The interview respondents (startup founders) were first contacted by email, then a phone call was made to discuss any issues they may have regarding the study and the use of data. Then we met in person to sign the non-disclosure agreements and conduct the interviews.

In Table 4 I have my respondents (9 Finnish, 1 German, 1 American) labelled as to maintain their anonymity, presented alongside the three dimensions of experience estimation: duration of how long the startup has been operating, prior experience the founder may have at either entrepreneurial or managerial tasks, and their academic background.

Table 4 The backgrounds of the responding startup founders.

Company/Founder		Duration of operation	Prior experience	Academic background
1	A (Finnish)	4	No	BBA
2	B (Finnish)	5	Yes (managerial)	BBA, MBA (Finance)
3	C (Finnish)	5	Yes (managerial)	B.A. Fashion
4	D (Finnish)	2	Yes (entrepreneurial)	BBA. M.Sc. (IT)
5	E (Finnish)	5	Yes (managerial)	B.A. M.Sc. (Finnish)
6	F (Finnish)	5	Yes (managerial)	B.A. (History)
7	G (Finnish)	3	No	BBA, MBA
8	H (Finnish)	4	Yes (entrepreneurial)	Cosmetologist
9	I (Finnish)	5	Yes (entrepreneurial)	B.A. (IT)
10	J (American)	4	Yes (managerial)	No college/uni degree.
11	K (German)	5	Yes (managerial)	BBA

Of the responding founders 5 (45%) have degrees in business, 6 (55%) have managerial experience, and 3 (27%) have prior entrepreneurial experience. Therefore, it is reasonable to assume that the statement proposed in the beginning of this thesis, arguing that entrepreneurship has become more accessible to people without degrees in business, holds true in the case of the sample group as well.

3.3.1 Risk Mitigation

When dealing with data collection from primary sources, there are a few risks that one must consider. I narrowed the challenges that I was likely to face down to three points: lack of respondents, demand for compensation from respondents, and demands for anonymity of respondents (Table 5). Of these, the fears of consequences and the subsequent demand for anonymity were most prevalent. These were then addressed by way of a non-disclosure agreement.

Table 5 Risk Mitigation Table

Risk	Mitigation Technique
Not enough respondents.	Prepare a shortlist of possible secondary candidates, and reach out to them as early as possible to fill in the respondent quota of 8-10 participating start-ups.
Demand for compensation (monetary or otherwise).	Communicate from the very beginning that the only compensation the startups will receive from participation is access to the finished study in late 2017.
Fears of consequences, and subsequent demands for anonymity/confidentiality.	All responses will be made anonymous for the study, and the respondents will not be identified directly or indirectly at any point.

Respondents were reached fairly easily by utilizing personal entrepreneurial networks, who recommended startups they knew to be suitable for this study. From the recommended startups, I selected my cases to be studied. My initial informants were not told whether the startups they recommended were the ones I chose to include.

From the very first point of contact with the potential respondents, I made it very clear that there will be no compensation for collaboration, and the only reward to be received is a pdf copy of the thesis in late 2017.

3.3.2 Interviews

Answering the second investigative question, “what is the approach of startup founders to employee engagement”, relies on the responses of startup founders. Qualitative interviewing assumes that the perspectives of others are meaningful, allows us to view things from other people's perspectives (Patton, 2002, p.341). This is particularly important for the kind of interpretive study that this is. Therefore, in order to understand the motives behind the HRM practices of startup founders, interviewing as a data collection method is necessary.

The interview guide is open-ended and standardized (appendix 1), to allow for not only the interviewees the possibility of sharing their nuanced perspectives, but to also keep the responses between interviews categorizable enough for comparison later on. Each question included in the interview serves its own specific purpose (Table 6).

Table 6 Justifications of interview questions.

	QUESTIONS	JUSTIFICATION
1	How long have you had this company?	1 st dimension of experience estimation: duration of current experience
2	Do you have any prior experience in entrepreneurship or management??	2 nd dimension of experience estimation: depth of prior knowledge
3	What kind of academic degree do you have?	3 rd dimension of experience estimation: academic preparation for position.
4	Which institution did you graduate from?	Supports the follow-up question to find out whether or not...
5	Do you recall a course that ever focused on how to manage people?	... there is a gap in HRM education
6	Are there any employee-focused internal programs for enhancing employee engagement?	Illustrates employer's investment in employee engagement.
7	What is done to integrate new employees into the company?	Illustrates employer's investment in employee integration.
8	Are career planning and development ever discussed?	Do they have aims for long-term employee engagement? Do they provide employees with the opportunity to talk about possible careers? (This impacts the sense of job security that employees get.)
9	Do you provide training for employees?	Willingness to invest in employees. Affects employees' integration into the organization.
10	Do you provide regular feedback for employees?	Is the need for feedback met? Is there a steady flow of communication?
11	Do you provide adequate support for your employees, in terms of e.g. resource availability and mentoring?	To see employer's perspective on whether or not they perceive existing support to be sufficient.
12	How would you describe your company culture?	Employer's understanding of company culture.
13	If you were an employee who had just left the company, how would you describe it?	Employer's understanding of the perspective of departing employees. Also provides an impression of the employer's attitude towards former employees.
14	Are you concerned about possible company information loss?	Focus of concern regarding departing employees.
15	Why would employees wish to leave your company?	Understanding motives of departing employees.
16	What would motivate them to stay?	Understanding motives of remaining employees.

In order to have a possible understanding of what motivates the practices that startup founders conduct, I began by asking about their educational and professional backgrounds. Issues such as whether they have a degree in business, or whether they have prior experience from managerial jobs, may have an impact on their current abilities in HRM. Furthermore, asking the respondents with degrees in business, whether or not they have ever attended a course that specifically addresses managing

people, helps in pinpointing any possible gaps in their understanding of HRM practices and responsibilities.

Markos and Sridevi (2010) call for employee training and engagement to be started from the first day onwards, and inspired by that, I have asked about not only if the company provides training to its employees, but any other employee-focused internal programs. What is done to integrate new employees into the company? Are career planning and development ever discussed? Aside from monetary compensation, are there any benefit programs in place? Questions such as these could help me gauge the extent at which the start-up is willing to go to keep their employees. Naturally, the resources at the disposal of the start-up will also influence the conclusions drawn from these responses.

In addition to the above, Ziegheim et al. (2009) bring up the possible concern an employer could have regarding the information that the departing employees take with them as well. This concern addresses the founder's ability to see the bigger picture, and whether or not employees are seen as "people", or "data banks".

3.3.3 Survey

I used a survey to collect data from the employees, to understand their perspective of the ongoing HRM practices, and to answer the third investigative question: "how do employees experience founders as HR managers?". As the number of responding employees is larger than that of the responding founders, interviewing them all would be extremely time consuming. Therefore, I have chosen to use an online survey for data collection (appendix 2). As with the interview guide, each question in the survey serves a purpose (Table 7), and the process of building up a perspective-based profile of the company from each respondent relies on a few somewhat similar questions scattered across the survey (questions 3, 7 and 15). The data will be both qualitative in parts where respondents are asked to provide their own input, and quantitative in parts where the choices are limited and numerically comparable.

Table 7 Justifications of survey questions.

	QUESTIONS	JUSTIFICATION
1	Please enter the name of the start-up you work at.	For the researcher to better categorize data. This will not be disclosed to anyone else, and the respondents are informed that this information is only for the researcher to know.
2	For how long have you worked at the company?	To assess experience, potential personal investment in the company, loyalty, getting

		used to how company runs.
3	Please select three options that you affiliate with your experiences at the company	Positive vs. Negative tone association. First wave of perspective decoding. "Time sensitivity" vs. "Time urgency". Sensitivity is a more round-about way of expressing urgency, indicating more positive feelings towards the company.
4	What is the highest academic degree that you have acquired, or are currently in the process of acquiring?	To learn about the background of the respondent: are they familiar with business practices.
5	Do you have any prior experience of working at start-ups?	To learn about the background of the respondent: are they familiar with the start-up culture.
6	If you chose option "yes" for question 5., please elaborate below on the number of start-ups that you have worked at before.	Assess the depth of experience.
7	How accurately do the following statements reflect your current situation at work?	The options listed in this part measure employees' sense of security, satisfaction, and the support they feel they receive at the company.
8	Aside from monetary compensation, do the benefit programs in place satisfy you?	Employees' satisfaction with their rewards.
9	Do you see a link between your work and the company's goals and objectives?	Do the employees feel that they are working towards a common goal, and contributing to the start-up as a whole?
10	Do you feel committed and involved in your job?	Measuring level of engagement.
11	Do you feel excited about going to work?	Measuring level of engagement.
12	Do you feel inspired and motivated by your employer?	Impact of the employer on performance.
13	Do you feel inspired and motivated by your team?	Impact of the colleagues on performance.
14	What is done to integrate new employees into the company?	Employee's perspective on company's efforts to have them settle into the system.
15	How strongly do you affiliate each of the following traits with your role in the company?	Measuring level on engagement.
16	Does the employer communicate well with the employees?	Ease of communication with the employer (connecting with them).
17	How frequently do you and your employer discuss your career development?	Sense of job security in the organization. Motivating a positive outlook regarding future in the company and facilitating long-term commitment.
18	Is your employer accepting of differing opinions?	Ease of communication with the employer (connecting with them).
19	Should there be anything else you would like to share regarding your work experience at your start-up, please share below.	Anything else the employee might be inspired to share.

The survey begins by establishing a few baseline identificatory attributes, in order to find out if the respondent has prior experience of being involved in the start-up culture. The relevance of this lies in recognizing that employees may feel less engaged in company cultures that vastly differ from what they are used to.

Döckel's Eight Factors of what influences employee retention bring up concerns regarding e.g. compensation, support, opportunities, and work-life balance. Therefore, I felt it necessary to include inquiries about the employees' work-life balances, their feelings regarding the opportunities they get, as well as the support and compensation options.

3.4 Quality Assessment

I have conducted all of my 11 interviews – 9 with Finnish startups, 1 with a German startup, and 1 with an American startup. Of the interviewed 11 founders, only 4 have either a bachelor's or a master's degree in business. This could be a contributing factor to the detected discrepancies. Moreover, in companies where the distortion between the perspectives of the founders and the employees was found to be large, the employees gravitated towards each other for support and motivation instead of towards the founder.

When discussing HRM practices with founders, it became evident that not only did the selected case companies rarely provide any training for incoming employees, but that measures taken to improve employee integration were nearly nonexistent. In regards to departing employees, the potential loss of data was not generally seen as a threat or a risk. As for employees' motives for leaving, so far not a single founder has considered that management practices can be a reason, opting instead to blame either the industry, or the size of the company.

There are several reasons due to which quality of research is to be assessed: 1. to find out whether or not the findings can be trusted, 2. to find out its transferability, 3. to find out to which extent do the results depend on the empirical data, respondents and circumstances instead of researchers, 4. to find out if a replica of the study will bring similar results, and 5. to find out if the findings are based on faulty information (Polsa, 2017, p.5).

The criteria of what needs to be assessed in order to evaluate the quality of a study may vary depending on the researcher. I have chosen to use an eight-point check-list

developed by Storbacka, Polsa, and Sääksjärvi in 2011 to briefly assess the trustworthiness of the study so far (Table 8).

Table 8 Factors assessing the trustworthiness of the study. (Storbacka, Polsa & Sääksjärvi, 2011.)

Criteria	Assessment
Pre-understanding	I, the researcher, have worked in start-up development as a consultant for several years. I have worked in close contact with start-ups of numerous industries, and have noticed not only a high employee turnover, but also a peculiar kind of job dissatisfaction that seems to occur in most start-ups during their first two years.
Credibility	The data collection was conducted by means of personal interviews and surveys. The current validity of this study applies on the cases it was implemented on, but may lend itself to some generalization in the future after further analysis.
Transferability	Transferability is about how working hypotheses fare in a changed context. I believe that this study can be transferred and replicated when not only using different start-up companies, but also when studying more established organizations.
Dependability	The data collection methodology is consistent in collecting information about the participants' experiences in their respective roles. Of the 60 survey respondents, 55% have worked at their current position for 1-2 years, 32% for 3-5 years, and 8% for less than a year. Therefore, it is reasonable to assume that 92% of the respondents have had a sufficient amount of time to experience the company, its culture, and the leadership practices within, increasing the dependability of their responses.
Conformability	Due to the dependence of the findings on the perspectives and interpretations of the respondents, conformability was established.
Integrity	Integrity of the research is assessed through introspection, a basis for human empathy (Wallendorf & Belk, 1989, p.83). One of the driving forces behind this study is empathy, that motivates the attempt to improve the psychological aspect of work at start-ups.

Understanding	The findings will be presented to respondents only after the thesis is complete, and therefore they will not develop an understanding of the problem based on this report until then.
Utilization	It is expected of the researcher to produce a study that is useful in one way or another, and that it could be applied in real life situations (Gummesson, 2000, p.164). The findings contribute to a very limited amount of existing knowledge regarding HRM practices in the startup ecosystem, pointing out a gap that will hopefully entice people into inquiring further on this issue. The findings also identify possible challenges that startups face in management, and trace them to their roots, allowing stakeholders to determine their own possible solutions based on the findings.

I have facilitated data/source triangulation by using multiple sources from each company. I will continue using the refutability principle and question each assumption that surfaces. The credibility can be further tested by comparing the data collected from the same company, which I have done in chapter 4. *Results*. In order to assess the transferability, I will heed Eisenhardt's suggestion to follow shaping the hypotheses with a return to the literature, and I will compare the findings to seek external validity not only domestically, but internationally as well. Dependability can be tested at the same time, to see if a replicated study can bring similar results.

Conformability - ensuring that the findings are not influenced by my own biases or interests - can be conducted by sharing the detailed transcripts of the study, or the audio recordings. However, for me, that is something I cannot do, due to the confidentiality agreement that I have in place to protect the respondents. Regardless, I can comb over the transcripts during the editing phase, and look for any possible sources of bias that could have leaked into my study.

There is a possible risk involving the integrity of the respondents, as many have expressed concerns regarding the consequences of having their responses publicized. As I said before, this will be combatted by providing full anonymity to all respondents. Ultimately, I am personally invested in developing a study that can be utilized further by others who are interested in this particular phenomenon.

4 RESULTS

As stated before, the core aim of this study is to provide insight into the impact of HRM practices of startup founders on employee retention. Specifically, I studied the impact of HRM practices on employee engagement, and the impact of employee engagement on retention. A table depicting the composition of responding companies can be found in appendix 3. In this chapter, I will begin by briefly discussing the general results on employee engagement, before analyzing the results of each case company individually. In chapter 5. *Discussion*, I will further analyze and discuss the results in relation to the investigative questions, maintaining the thematic sequence established before in this thesis.

As mentioned in chapter 3. *Methodology*, the usage of mixed methodology and data triangulation means that the analysis will have to be heavily based on comparison. To study the results in a way that would not result in false correlations, I analyzed the findings from each company separately, comparing not only what employees said to what the employer said, but also comparing the responses of employees among themselves. I looked for themes (disengagement and dissatisfaction) and key words (any words that indicate a particularly positive or a particularly negative emotional response) in the data, triangulating responses to increase credibility and gain a well-rounded understanding of the situation. The quality and credibility were assessed through the eight-point check-list (Tale 8.) presented in chapter 3.4. *Quality Assessment*. It was only after the full analysis was done that conclusions were drawn.

4.1 Employee Experience: General Overview

To understand the reality of leadership practices taking place in the case companies, and their influence on employee engagement and management, I reached out to startup employees to collect data with which to answer the question: "How do employees experience founders as HR managers?".

Of the 60 survey respondents, 55% have worked at their current position for 1-2 years, 32% for 3-5 years, and 8% for less than a year. Therefore, it is reasonable to assume that 92% of the respondents have had a sufficient amount of time to experience the company, its culture, and the leadership practices within.

The survey then asks the respondents to select three words of a pre-determined collection that they affiliate with their experiences at the company. In this part, I have

taken into consideration positive and negative tone associations, e.g. whether a lack of time is seen as "time sensitivity" or "time urgency". 43% of the respondents selected the option "role overload", while "responsibility" and, surprisingly, "bureaucracy", both were selected by 35% of the respondents each. The word "obstacles", was selected the least, only by 8%. Notably "conflict" was preferred over "challenges", and "time urgency" was also more frequently selected than "time sensitivity".

The following two questions – the highest academic degree and prior experience from startups – establish a baseline of experience among employees, and see how it compares to the experiences of founders. Of the respondents, 65% have degrees in business, and 40% have prior experience in working at startups. Of the 40% who have such prior experience, only one respondent has worked at more than two startups in the past.

I then proceeded to look into measuring employees' sense of security, satisfaction, and the support they feel they receive at the organization. For this, I designed a scale in which I posed a few statements, and asked the respondents to rate the accuracy of each statement, the average score of each question depicted in Table 9. What this part of the survey revealed, is that 50% feel that they absolutely have not received an adequate amount of training, 3% believing that they have, with the remaining respondents scattered between the two polar opposites. 27% know who to approach in times of uncertainty, 13% enjoy a satisfying level of job security, and only 7% feel that their employer has made them feel like a valuable part of the company. Only 2% consider themselves adequately compensated for the work they do, and only 5% feel that their achievements are acknowledged satisfactorily in the organization. Interestingly, also, despite what the founders appeared to believe, only 8% of the employees feel that they receive a satisfactory amount of support from their employers.

Table 9 The average score of accuracy of each statement in the survey, question #7.

1	I have received adequate training from the company for the tasks that I am entrusted with.	1,9 / 5
2	I know who to approach if I am unsure of what I am supposed to do.	3,47 / 5
3	I enjoy a satisfying level of job security.	2,92 / 5
4	My boss makes me feel like a valuable member of the company.	2,57 / 5
5	I am adequately compensated for my work.	2,62 / 5
6	My achievements are acknowledged satisfactorily.	2,75 / 5
7	I receive a satisfactory amount of support from my employer.	2,45 / 5
8	I only have time for work, with no time for me to enjoy my life.	2,47 / 5

Benefit programs have their part in generating engagement, as they tend to contribute to the general level of satisfaction. 45% of the respondents said that there are no benefit programs in place, but that they would like there to be. Meanwhile 37% agreed that there are no benefit programs in place, but said that they also do not need any. 8% said that while there is a benefit program in place, they are not satisfied with it, 7% were satisfied with the benefit programs in place, and only 3% said that they have no need for the benefit program that was in place. Overall, the majority of the respondents are not satisfied with the current benefit programs.

Lack of connection to the company's goals and objectives may be a sign of disengagement (Saks & Gruman, 2014), since it has been found that engaged employees tend to put more effort into achieving organizational goals (Lara & Salas-Vallina, 2017). Other components contributing to engagement are the ability to commit to a task, absorption in role performance, and attitude towards the organization and the people in it. 85% of the respondents can see a link between their work, and the company's goals and objectives, and 80% feel committed and involved in their job performance. When questioned further about motives and inspiration, 53% feel excited to go to work, 57% feel motivated and inspired by their peers, but only 30% feel motivated and inspired by their employer, the founder.

The following part also aims to measure the level of engagement, using a set of key attributes listed by various engagement researchers before (Belias & Koustelios, 2014; Döckel et al., 2006; Coetzee & Stoltz), and asking respondents to select a level of accuracy for each attribute. The average scores of the responses is depicted in Table 10. 48% respondents felt that they enjoy a high level of autonomy at work, 40% associated stress with their work, and just 2% felt that feedback was readily given when needed. 60% felt that their tasks were significant, but only 12% had task variety, and only 7% thought there as a notable level of job complexity. 35% said that they had great problem-solving opportunities, and 7% said that career development opportunities were also available. And finally, 35% strongly associate social support with their place of employment.

Table 10 The average score of accuracy of each statement in the survey, question #15.

1	Autonomy	4,08 / 5
2	Stress	3,61 / 5
3	Task variety	3,02 / 5
4	Task significance	4,39 / 5

5	Feedback	2,1 / 5
6	Problem-solving opportunities	3,15 / 5
7	Career development opportunities	2,39 / 5
8	Social support	3,32 / 5
9	Job complexity	2,48 / 5

As mentioned before, communication in general, and discussing career development in particular, are both direct contributors to employee engagement and retention in way of enhancing job security and facilitating a sense of long-term commitment. 52% Of the respondents feel that communication with the founder in the company is done well, 33% say that there is barely any interaction, 12% say that the communication flow is one-sidedly going from the employer to the employees, and 3% say that the one-sided communication flow goes from employees to employers, with no reciprocation. When asked specifically about communication regarding career development, 47% say that such conversation has never taken place, 37% say that they have discussed it with the employee once, at the beginning of their employment, with the remaining 16% having discussed it at least once a year.

Also asked specifically about responding to employers, and if they welcome differing opinions. While 38% said that the founder accepts differing opinions, 19% said that apparent acceptance is followed by rejection. Only 13% said that their employer clearly dislikes differing opinions, and 30% say they have not expressed differing opinions to the founders yet.

4.2 Perception Alignment: Raw Results

In this part I will present the results collected from each case independently, to see how the perceptions of the startup founder aligns with those of the employees.

4.2.1 Company A

Company A was launched 4 years ago by a Finnish founder with a bachelor's degree in business administration. When surveyed, 9 of the company's 13 employees responded, revealing that 3 have MBAs, 4 have BBAs, and 2 have bachelor's degrees in subjects other than business. Below, I will explain in detail the data collected from each party, and compare how well do the perceptions align.

Out of the 9 employees, 2 have worked for less than a year, 2 have worked for 1-2 years, and 5 have worked for over 3 years at the company, indicating that since the company

was launched 4 years ago, they have been involved in it from an early stage. 6 have previous experience of working at startups, while the founder has no such experience. The founder does, however, mention that they have worked in teams before, and know how to manage teams, despite not having professional experience at it. The founder also recalls participating in a course focused on HRM during their studies, though when asked specifically about anything relating to treating people, they responded with "we did learn about contracts and such".

According to the founder, measures taken to facilitate integration are simply through introductions to other employees. Of the responding employees 6 say that no integration measures are taken, and 3 confirm that integration measures are indeed limited to introductions and "warm welcomes". When asked about employee-focused internal programs to enhance engagement, the founder admits that there are none, and says that there is no reason for such programs. They follow this up by stating that the company also lacks the resources to implement such things. Every respondent confirms that there are no benefit programs, but 6 out of the 9 would like there to be.

There is further misalignment to be detected when discussing training and career development. The founder says that career planning and development are discussed with employees, but 3 out of the 9 respondents claim that no such discussion ever took place. 5 say that it happened only once, in the very beginning of their employment, and only 1 respondent said that it is discussed from two to three times a year. As for training, the founder says that they simply "hire people who know what to do". 7 out of 9 respondents say they have received no training at all, 1 says that the training they received was not enough, and 1 says that the training they received has been sufficient.

When further asked about the support and feedback that the founder provides to the employees, signs of misalignment surface yet again. 6 out of the 9 respondents not only express that they do not receive enough feedback, but also strongly believe that the amount of support they have received has been insufficient. Interestingly, the founder made no mention of providing positive feedback, and stated that they provide constructive feedback whenever needed.

I then looked into how the founder and the employees see the company and its culture. While the founder chose to describe the startup as diverse and unique, the employees described it differently. When asked to affiliate certain words to the company culture, 6

out of 9 survey respondents chose bureaucracy, 5 out of 9 chose role overload, and 4 out of 9 chose role conflict. To further express their views, one respondent added:

“We’re such a small company, but the founder likes feeling important, so she makes us jump through unnecessary hoops just to get something small done. It’s like manufactured bureaucracy, and makes everything we do feel like an ego trip rather than necessity.”

7 out of 9 strongly affiliate autonomy to their role in the company, 6 out of 9 refer to social support as being prevalent, and 5 out of 9 consider themselves to enjoy great task significance and plenty of opportunities for problem solving. When asked about whether or not they see a link between their work and the company's mission and vision, 8 out of 9 employees said yes. The only respondent who responded with a no works in manufacturing, and attributed their response to knowing that the company does not uphold its promises of sustainable sourcing.

When asked about possible reasons for employee disengagement and departure, the founder suggests that perhaps their passion for the industry has decreased. Meanwhile, despite the fact that 4 out of 9 respondents are excited about going to work, 6 employees say that the founder does not make them feel like valuable members of the company. Other results indicate that while 7 out of 9 feel committed to and involved in the job, only 2 out of 9 are inspired or motivated by the founder, and 6 feel more inspired by their colleagues. A few respondents commented further:

“If it tells you anything, there are people in this company who have been in it even before launching. And yet the CEO treats them like interns.”

“I think I’m not the only person who has stuck around just in case the company some day gets better.”

Finally, 4 respondents consider the flow of communication inside the company to be excellent, while 3 claim to barely interact with the founder. 2 say that the interactions are very one-sided, from the founder to the employees. As for differing opinions, 4 respondents said that the founder does listen when given feedback, but tends to discard it afterwards.

4.2.2 Company B

Company B was launched 5 years ago, and operates solely in Helsinki, Finland. 6 out of their 11 employees participated in the survey (Appendix 2). 3 of the responding employees have worked at the company for 3-5 years, 2 have worked for 1-2 years, and 1 has worked for less than a year.

The founder has an MBA, and experience from managerial work positions. Meanwhile 4 of the responding employees have BBAs, one has a bachelor's degree in environmental studies, and one has an unspecified degree in culinary arts. Only two of the responding employees have previously worked at startups.

According to the founder, the company does not have a specific set of activities that could be considered an internal program to enhance employee engagement, but says that the company has a very tight-knit, “young and relaxed”, company culture that actively encourages friendliness. When the employees were asked to affiliate three traits each with the company culture they experience, 5 out of the 6 chose “responsibility”, with other options receiving considerably lower scores: challenges, bureaucracy, limited access to resources, and time sensitivity, all received 2 points each. “Conflict” received no votes. 3 of the respondents wished, however, for there to be a benefits program of some sort in place.

When discussing employee integration measures, the founder refers to the occasional company dinners that facilitate socialization. When asked about the issue of integration measures, 3 of the responding employees said “nothing”, 1 said “we’re just friendly”, 1 said “introductions”, and 1 said that they did not know of any integration measures in place.

Training and development issues were also discussed and studied. The company claims to offer adequate training to its employees, though 3 respondents strongly disagree with that statement. 2 others moderately disagree, and 1 is neutral on the matter. Interestingly, while the founder believes that they offer their employees plenty of support and mentoring, they admit that career opportunities are discussed only during the very first job interview. The responses of the employees echo this, with 5 saying that they have never discussed career options with the founder, and one stating that it has come up only once or twice.

Despite this, 5 of the respondents agree that the flow of communication in the company is good. Only one claims for the communication to be one-sided from the employee to the employer. To the employees, the founder appears to be fairly accepting of differing opinions, but 2 have noted that the founder is prone to discarding the opinions of others afterwards, despite initially hearing them out. One respondent even said:

“She’s nice, but clearly thinks everyone else is incompetent.”

Finally, when asked to affiliate certain traits with their roles at the company, the respondents associated social support and task significance with their jobs. Meanwhile traits such as feedback, problem-solving opportunities, and career development, were not considered to affiliate strongly at all.

4.2.3 Company C

Company C has been in operation for 5 years now, and 4 of its 12 employees participated in this study alongside the founder. Of the responding employees, two have a BBA, one has an MBA, and one has a bachelor’s degree in media studies. The founder on the other hand has a bachelor’s degree in fashion, textile and clothing design, and has never participated in any courses on HRM or leadership.

One of the respondents has worked at the company for 3-5 years, while the other three for 1-2 years. Only one of the employees has experience of working at a startup before. The founder also has no previous entrepreneurial experience, but has worked as a manager in the retail industry before. When looking into integration measures and other employee-focused programs, the founder of the company admits that no measures have been taken, saying:

“We trust our employees to get along without us having to hold their hands.”

Meanwhile, all of the responding employees confirm that indeed there are no benefit programs, and three of them express that they would like it if there were benefits to be had. All of them agree that there are also no integration measures in place, though 3 of the respondents consider their colleagues a source of inspiration and motivation at work.

As for training and career-planning, the founder says that they do provide training to the employees, and that they discuss career possibilities with employees that show

promise. However, when asked about the sufficiency of the training they received, 3 respondents were solidly neutral (nothing good or bad to say about it), and 1 agreed that the training was fairly sufficient. As for career planning, 1 has never discussed it with the founder, and 3 recall discussing it once or twice.

Thoughts on communication differ greatly among the respondents, with 2 responding that there is barely any interaction with the founder, and 2 others responding that the flow of communication in the company is good. 2 respondents strongly affiliate lack of feedback to the company, while the other two respondents disagree with that. The founder themselves said that they provide employees with feedback whenever they have done something to deserve it. The responses on the amount of support the employees receive is also slightly misaligned: the employees only moderately believe that they have received enough support, whereas the founder says that support has been provided in abundance.

While the founder described the company culture as glamorous and ambitious – not defining it further – the employees' responses were slightly more descriptive:

“High-strung, competitive company environment.”

"Time urgency" and "role overload" were affiliated to the company culture by all four respondents. "Conflict" and "role conflict" were also affiliated the company once each. While 3 of the respondents strongly agree that they enjoy plenty of autonomy in the company, all four express that it is also extremely stressful. In addition, all 4 respondents strongly agree with the statement that they only have time to work, with very limited time left for personal life.

It is interesting that when investigating possible reasons for disengagement, the founder believes that the only thing that could motivate departure is how demanding the job is. Meanwhile the survey reveals that while 3 of the respondents feel committed and involved in their jobs, only one feels excited about going to work.

4.2.4 Company D

10 out of Company D's 11 employees participated in this study. The company was launched 2 years ago, and 6 of the respondents have worked there for over a year, while 4 for less than that. The founder, who has a BBA and a master's degree in IT, recalls only one course in which they studied anything HR-related. 5 of the employees have MBAs, 3 have BBAs, and the other two have bachelor's degrees in other fields.

This is the second startup that the founder has set up, and 7 of the responding employees also have experience of working at startups. 5 respondents have work experience from more than one startup prior to their current place of employment.

When discussing integration measures and employee focused programs, the founder says that within the company they often work on mock-cases, honing their ability to work together, and that this process serves to both enhance integration as well as do what any other employee-focused program could, stating then that in a way, these mock cases are a privilege that the employees should consider as benefits, due to how fun they are. The employees, on the other hand, all claim that there are no benefit programs at all, and 8 out of the 10 respondents express that they would like there to be something. When asked specifically about integration measures, 8 say that there are no such measures in place, 2 refer to the mock cases. Two of the respondents elaborated:

“I remember practice cases where you feel like you’re being judged all the time.”

“We pretend to solve cases together”.

When it comes to training, 7 out of 10 strongly believe that they have not received training adequately at the company. 2 respondents agree that the training has not been sufficient, but not as strongly as the other 7. 1 respondent is neutral on the issue. The founder, when asked about their take on employee training, simply said:

“I expect them to know how to do the jobs they’re hired for.”

Career development at the company does not appear to be discussed often. 4 respondents never recall discussing career development with the founder, 5 recall discussing it only in the very beginning, and only 1 respondent said that they had discussed it more than twice. The founder admitted that it was not a subject they took the initiative to bring up, and that if anyone wanted to discuss the issue, they were welcome to contact her and start that conversation.

The lack of initiative seems to be absent also in providing support: the founder said that support is provided only when employees ask for it. 7 respondents strongly believe that they do not receive enough support from the employer, with 2 other respondents agreeing to a lesser degree. Only 1 respondent is satisfied with the support they have received.

As for communication, the opinions vary: 4 respondents said that they barely interact with the founder, with 3 stating that the flow of communication in the company is good. 2 respondents say that the flow is one-sidedly going from the employer to the employees, with one elaborating: "The only time we interact is when she descends upon us to give a one-sided lecture on something she thinks is inspiring." The remaining respondent, while also said that the communication is one sided, said that the flow goes from the employees to the employer, with no results on anything.

5 of the respondents strongly believe that they do not receive enough feedback, with 3 other respondents agreeing somewhat with the statement. 1 respondent was neutral, and 1 opted out of responding. The founder, when asked about feedback, simply said "I tell them when they need to improve".

When discussing the company culture, the founder summed up their perspective on it by describing the culture at their startup as "professional" and "game-changing". When faced with the same question, 5 of the employees affiliate "role overload" and "bureaucracy" with the company culture, with one respondent elaborating:

"Just FYI [for your information]: not just bureaucracy, but manufactured bureaucracy. The company isn't that big or established yet, but [FOUNDER] treats it as if it is, and treats us as if she's someone important."

4 respondents affiliate "politics" and "role conflict" with the company, and as much as 8 do not feel that the founder values their presence in the company. Despite the challenges, however, 9 respondents see a link between their own work and the company's goals and objectives, increasing the sense of meaningfulness at work. 9 feel committed and involved at work, with 8 expressing excitement at the concept of going to work. However, only 1 felt inspired by the employer, with other employees expressing their discontentment:

"I feel motivated to do my work for the sake of the team, but the thought of [FOUNDER] is demotivating."

"It's a challenging job, with a great team. [FOUNDER] just seems lost often, and keeps coming up with weird stories to somehow convince us of her experience, which just makes everything just ridiculous."

“I’ve been in this company even before it officially launched. You’d think that makes me a partner or something, right? But no. Our CEO is only about herself, and treats us like an ego trip.”

4.2.5 Company E

Company E has been active for nearly 5 years, and has a staff of 14 employees, and the founder. The founder has a master’s degree in Finnish philology, no previous experience in entrepreneurship, and has never attended a course that could be relate to HR somehow. They do, however, have managerial experience.

4 of the employees participated in this study, three of whom have degrees in business: 1 has a BBA, 1 has an MBA, and one has an M.Sc. in Business and Management. The fourth employee has a bachelor’s degree in journalism and media studies. Two of the responding employees have previous experience from start-ups, though one elaborated that it was from a completely different industry. Two have been working there for 1-2 years, while the other two for 3-5 years.

While the company does not have elaborate programs in place to enhance employee well-being, new members are welcomed with a care-package that includes a T-shirt adorned with the company’s logo. To further support integration, the company hosts dinners for all employees regularly. That said, 1 of the responding employees claimed that there is no benefit program of any kind in place, while the remaining three expressed dissatisfaction with the existing program and related activities.

The company offers guidance to its employees, rather than training. With varying levels of severity, none of the four respondents feel that they have received adequate training for their jobs. The founder said also that career planning is offered only when relevant, but refused to elaborate on what relevancy meant in that context. One of the respondents had never discussed their career at the company, while one had discussed it only once, in the very beginning Two respondents admitted to discussing the existing career opportunities twice each with the founder.

Though generally the flow of information is considered good by the employees, two say that the founder clearly dislikes differing opinions. Three of the respondents say that the feedback they receive is insufficient, while the fourth opted to remain neutral on that matter. The founder said that they readily provide feedback whenever someone is

underperforming, and that support is given whenever needed. Despite this, not a single respondent felt that they receive enough support from their employee.

The founder described the prevalent company culture as relaxed and trendy, but efficient and slightly competitive. When the employees were asked to select words that can be affiliated with the company culture, every single one of them chose “politics”, with one respondent elaborating:

“I'd like to clarify that I don't find office politics a bad thing: it's just a measure of how well you socialize with others.”

Curiously, while the founder claimed that they could not even begin to guess any reasons for potential employee disengagement, one respondent said:

“Let's just say that the boss has a favourite, and it most certainly is not me.”

It also turned out that while 3 out of 4 respondents feel committed to their jobs, none of them feel inspired or motivated by their employer. Furthermore, only 1 respondent feels excited about going to work, and 3 strongly affiliate stress to their work.

4.2.6 Company F

Company F was launched 5 years ago, and 5 of its 15 employees participated in this study. 3 of the employees have worked at the company for 1-2 years, and 2 for 3-5 years. The founder, a former teacher with a degree in history, has no previous experience from entrepreneurship, though does have some experience from a managerial position in the past. None of the employees hold degrees in business, and none of them has worked at a startup before.

There are no employee-focused programs in place to enhance engagement, though the founder does say that many of the employees spend time together outside the office, indicating that the socialization facilitated at work continues outside of it too – which is something the employees also mentioned, when asked about integration measures. The employees are actively encouraged to be inclusive and friendly, and newcomers are given a welcoming care-package as a bonus. Curiously, when asked about benefit programs, two of the responding employees said that there is one, and that they are dissatisfied with it. Four respondents said that there is no benefit program in place, with three of them also adding that they do not need any.

Both the employer and employees confirm that there is no training provided at the company, and that discussions on career development possibilities are very limited. And though the employer claims that support is readily available for anyone who needs it, 3 of the 5 respondents disagree with the statement.

The company has a good flow of communication according to 3 respondents, with 2 respondents claiming that they barely interact with the founder. A similar pattern is found when discussing feedback: 2 respondents say that the amount of feedback they have received is insufficient, while the other 3 are satisfied with it. The founder says that she provides feedback regularly to anyone who wants it.

When describing the company culture, the founder uses adjectives such as “positive”, “encouraging” and “family-like”. When the employees were asked to affiliate certain words to it, "bureaucracy", "politics", and "role conflict" were selected by three respondents each, with some elaboration shedding light into these choices:

"The problem is that while it's a great place for some to work at, those who are friends with the founder get the best bits of everything, leading some dodgy office politics and a very "clique" kind of power group internally."

"Office politics like you've never seen before. Also, overlapping tasks create a lot of friction, with people thinking others are trying to steal their jobs to get ahead."

All of the respondents feel committed to their jobs, and 3 out of the 5 feel excited to go to work, and as far as the founder is concerned, the only possible reason for disengagement low retention rates would be the modest salary that they pay.

4.2.7 Company G

Company G was launched 3 years ago, and 7 of its current 11 employees participated in this study. The founder has a BBA, as do 6 of the responding employees. There is no recollection of attending any courses that address HR or related issues. 1 of the respondents has worked at the company for less than a year, while the other 6 have worked for 1-2 years. None of them has experience from working at a startup before. The founder's managerial or entrepreneurial experience is also nonexistent.

When asked about programs or benefits aimed to enhance employee engagement and integration, the founder said that they occasionally spend time together outside of work, though nothing is officially arranged due to lack of resources. While this aligns with that the employees have responded with – all 7 stating that there are no benefit programs, and no measures for facilitating integration have been imposed by the company officially – some elaborate that despite the lack of these programs, integration is easy because “everyone is so nice and helpful”.

When discussing training and career planning at the company, the founder said that there is no real need to provide either. This was also confirmed by the employees: 2 said they had never discussed career opportunities with the founder, 3 said they had had that discussion only in the beginning of their employment, and 2 have discussed it from two to three times during their employment. As for training, while also unavailable, it did not seem to be an issue.

“I didn't receive any training, but if there's something I need guidance for, I will get it.”

The founder did state, however, that should anyone need support, it would be readily given. The survey found that the employees did feel that they received a satisfactory amount of support from their employer. Furthermore, communication within the company appeared to be excellent, with plenty of feedback given back and forth between the founder and the employees.

The founder refers to the company culture as pleasant and sophisticated. The employees, when asked to affiliate words to the company culture, chose the options “limited access to resources” and “role overload” five times each, and say that they enjoy a very socially supportive culture.

When asked about possible reasons for departure, the founder suggested that a desire to work in a bigger company could be a driver for that. All of the respondents find their work at the company meaningful, clearly seeing a link between their work and the company’s goals and objectives. 6 out of the 7 feel committed and involved in their jobs, although only 4 feel excited about going to work. The employees enjoy moderate levels of autonomy, and have a strong sense of task significance.

4.2.8 Company H

Company H was founded by a cosmetologist whose previous experience on entrepreneurship was as a co-founder of a startup that ended up dissolving within a year. Now, Company H has been in operation for 4 years, and 6 out of its 12 employees participated in this study. 3 of the respondents have been employed for 1-2 years, while the three others for 3-4. One of the employees is a cosmetologist, one has a bachelor's degree in theology, one has an MBA, and three have BBAs. 4 of the employees have previous experience from startups.

Though the founder does not recall ever attending a HR course that would discuss the importance of integration, and though the company currently has no special measures for facilitating integration or engagement, the responses reveal that the employees feel socially very supported at work. The founder denies worrying about integration at all, and said that she believes that "bonds will form naturally". The employees seem to get fairly well along with the founder, though one respondent elaborates:

"The problem is that while our boss is nice, she doesn't have any idea on how to run a business. She doesn't like any business responsibilities, and keep making all the wrong decisions."

There are also no benefit programs, though one employee not only claims that there is one, but that they are satisfied with it. The remaining responding employees, however, admit that there are no benefit programs in place, and that they do not actually need there to be one, either. The founder did say that sometimes the employees get to have leftover products, which may be considered a benefit at work.

Career planning is not much discussed at work either, with three respondents having discussed it only once in the beginning of their employment, and three respondents not having discussed it at all. The founder confirms that neither training nor career planning are offered, unless the employee specifically asks for them. Though communication is generally considered good in the company, there is no effort put into providing feedback to the employees. 5 of the 6 employees also say that the founder accepts differing opinions readily, while one respondent says that the founder clearly dislikes them.

When discussing the possible drivers behind employee departures, the founder says that the industry is very stressful to everyone, and suggests that to be the reason. No

mentions of company culture's possible impact on retention, though one respondent's comment may indicate that not all was good:

“The office politics are ridiculous. There're juonittelua (sic; scheming) over studpi (sic) things like who gets which brand's masks, and it's very stressful. I love the job itself, i just don't like the people (sic).”

4.2.9 Company I

Company I was founded 5 years ago, and 4 of its 10 employees took part in this study. 2 of the responding employees have worked at the company for 1-2 years, while the other two for 3-5 years. Only one of the responding employees has previous experience from working at a startup. The founder has a bachelor's degree in IT, and says to have attended as an elective one course on HR management. This is their second startup. 2 of the responding employees also have bachelor's degrees in IT, while two others have BBAs.

Discussion with the founder reveals that they have kept the integration measures and employee engagement program together by hosting regular gaming night and hack-a-thons that bring employees together. One respondent, however, said:

“Gaming helps [with integration], but mostly boys only participate.”

Employees generally feel that they have not received adequate training from the company, though the founder does say that not much training is needed to perform any of the tasks to begin with. However, the founder also clarified, if people need help, they will definitely get it. This is corroborated by the employees, all of whom say that they know who to approach if they are unsure about anything.

It appears that there is not discussion on career development to be had inside the company. None of the responding employees recall discussing such matters with the founder, and it appears that while 2 of the respondents feel moderately secure about their current employment, the other 2 respondents feel strongly insecure about it.

The communication inside the company is, according to 3 of the respondents, very good, while 1 says that they barely interact with the founder. Support appears to be readily available, and the founder is seen as very accepting of differing opinions. The founder themselves say that this is simply due to how interactive everyone in the

company is, and how often they work together regardless of the roles that each individual has in the company.

Overall, the founder describes the company culture as fun and hardworking. When asked to select three words that the employees affiliate with the company culture, “conflict”, “role overload” and “time sensitivity” all received two votes each. All four respondents, however, believe that they enjoy a great level of task significance and autonomy.

When asked about possible reasons behind employee departure, the founder mentions that the industry is highly competitive, which leads to high levels of stress. That said, the respondents bemoan the lack of career or problem-solving opportunities, stating that their achievements are seldom acknowledged, and though all of them see a link between their work, and the company’s goals and objectives, only one respondent feels motivated by their employer, and 2 express lack of excitement about going to work.

4.2.10 Company J

Company J was founded 4 years ago, and operates in Los Angeles, USA. 3 out of the company’s 12 employees participated in this study. 2 of the respondents had worked at the company for 1-2 years, and 1 had worked there from 3-4 years. The founder has no previous experience from entrepreneurship, but used to be a retail manager. Only one of the employees has experience from working at a startup before, but says that it is from a completely different industry.

The founder dropped out of college, where he had studied biology, and never took part in any courses or conferences that addressed HR in any way. Among the respondents, 1 has a BBA, 1 is a certified personal trainer, and 1 is a nutritionist.

The company facilitates annual trips for its employees: getaways meant to enhance integration and the employee relationships within the company. In addition, all employees enjoy the benefit of receiving many of the company’s products free of charge. Every employee, when asked, expressed satisfaction with the company’s benefit program.

Though all three employees claim that the support they receive is inadequate, the founder expressed with certainty that plenty of support is always provided to whoever needs it. Furthermore, there are no opportunities for career development. Regarding

this, the founder says that it is only when someone performs well, will they be invited to discuss the possibility of advancing in their career at the company.

No training is offered, unless someone is given tasks they were not originally hired for, and therefore do not know how to do. The flow of communication appears to be high, with plenty of feedback given to the employees, but all three employees indicate that the founder visibly dislikes differing opinion.

When asked to select three words the responding employees would affiliate with the company culture, 3 voted for “responsibility”, and 2 for “politics”. One of the respondents further explained:

“I do feel motivated by [FOUNDER], but I also know that the office politics are the sort that can change that in a heartbeat. All it needs is one mistake and life can be very difficult. I've seen others leaving the company after being excluded from the "family".”

The founder, on the other hand, described the company culture as “close-knit, like a family”, “fun” and “hardworking”. They also claim to have no idea of why an employee would choose to leave, all responding employees expressed little faith in their job security, were moderately dissatisfied with their salaries, and felt like their achievements were not adequately recognized in the company, making them feel rather worthless. And though all of them see a link between their work, and the company’s goals and objectives, none of them was excited to go to work.

4.2.11 Company K

Company K was founded 5 years ago in Germany, where it currently still operates. 2 out of its 15 employees participated in this study, both of whom have worked there for 1-2 years. Though none of the respondents – employees and the founder – have previous experience with startups, all three have BBAs. In addition, the founder recalls attending courses focused on HR, and has worked as a manager before.

There are no measures taken to enhance integration or better employee engagement. The employees also confirm this, though admit to wishing that some sort of a benefit program would be put in place. Though the founder refers to training as guidance, both employees say that they have received adequate training from the company for the tasks that they are given. They were well-informed on who to approach at times of uncertainty, though surprisingly, both claimed that the amount of support they receive

is not satisfactory. Feedback is very rare, and the respondents say that there is hardly any communication with the founder. Career opportunities appear nonexistent, and have never been discussed.

The company founder describes its culture as “busy and educational”. When asked to affiliate words with the company culture, the respondents chose the words “role overload”, “politics”, “challenges”, and “role conflict”. The stress-levels are high, although the employees admit to enjoying plenty of autonomy and task significance at their jobs.

When asked about possible reasons for disengagement and departure, the founder said:

“I think burning out is fairly easy for employees who do not know how pace themselves.”

According to both responding employees the level of job security is low. Both disagreed greatly with the statement that the founder made them feel like valuable members of the company, or that their achievements were adequately acknowledged. One of the two feels disconnected from the company, and does not see how their work has anything to do with achieving the company’s objectives. Neither feels committed to their jobs, excited about going to work, or motivated by their employer. In the end, one of the respondents summarized their work experience with:

“It’s horrible and lonely.”

5 DISCUSSION

Despite the interest that startups have received from researchers, and despite the abundance of studies conducted on employee engagement and retention, these themes are rarely studied together. This thesis aspires to contribute to the research on this subject, and suggest a selection of leadership practices that could positively influence employee engagement and, subsequently, retention. The methodology used for data collection was suitable for generating results, which will be further discussed in this chapter.

To establish an angle by which to approach this study, I developed the research question “*how do HRM practices of startup founders affect employee retention?*”. After this, in order to better map out the data I would need to collect to answer the research question, I developed three investigative questions:

1. What are key HRM practices?
2. What is the approach of start-up founders to employee engagement?
3. How do employees experience founders as HR managers?

As this study is mainly interpretivist, triangulation of data collection called for the use of all three investigative questions. The first objective was to establish a baseline of HRM practices, which ought to be adopted by founders in leadership positions as well. Following this, I collected data to understand the reasons behind the existing leadership practices of my selected case companies. And finally, I surveyed the employees of the case companies to collect data on how these current leadership practices have been received, and whether or not they have been engaging or disengaging the workforce.

In this chapter, I will discuss the results in light of all three investigative questions, before implementing the HRM as ERP model (Figure 6) on each of the companies whose data was presented in chapter 4.2. *Perception Alignment: Raw Results*. This is then followed by the implications of the findings of this study.

5.1 HRM Practices and Retention

This thesis establishes that HRM practices of startup founders have a direct impact on employee engagement, which in turn affects employee retention. I conducted this

multiple case study by interviewing 11 startup founders, and surveying their employees, from whom I received 60 responses in total. Collectively, 71 people participated in this study. While conducting the study, the respondents – in particularly the employees – expressed a need for reassurances regarding their anonymity. While that was to be expected, as the information they divulge is sensitive, it can also indicate a general intolerance for criticism on the employer's part. This is moderately supported by the survey result of 18% believing that the founder, while seemingly accepting of differing opinions, is quick to disregard them anyway, and the 13% of respondents who said that the founder outright disliked any disagreements. It is reasonable to assume that criticism also garners a similar reaction. It is, however, recommended that reaction to criticism be included in the study in more depth, should it be repeated.

The findings reveal that the perception that founders have of the impact of their HRM practices does not match the experience that the employees have. This has caused disengagement, general lack of motivation, and occasional hostility towards the founder among the workforce. What makes this kind of disengagement remarkable is that it happens at small startups with a limited number of employees, where everyone in the company could, theoretically, get to know one another well enough to stave off feelings of isolation and disengagement. Therefore, I would argue, that in small startup companies, where the founder interacts with every employee, HRM practices can replace, or replicate the impact of, employee retention programs (ERP) implemented in larger companies, that enhance employee engagement and raise retention

In companies where the distortion between the perspectives of the founders and the employees was found to be large, the employees gravitated towards each other for support and motivation instead of towards the founder. When it comes to facilitating engagement, this phenomenon is rather interesting, as it manages to enhance team-centric engagement, while simultaneously disengaging people from the startup as a whole, as its goals and objectives become synonymous with the founder's goals and objectives. This way, while the employees remain somewhat engaged, the level of their organizational engagement plummets. This can, however, be combatted by developing not only an HRM plan that takes into consideration equal salaries and sick leaves and bonuses, but have it include a set of guidelines outlining the practices that enhance engagement.

The HRM as ERP model (Figure 6) has incorporated the management practices defined by Nguyen et al. (2017), and then proposed managerial practices for each component of

engagement that would help the practitioner in improving that particular type of engagement area. For example, the shortcomings in supervisory support can be overcome by investing more in investigation (collecting data to understand the type of supervision needed), coordination (exchanging information within the company to ensure faction information, and that the individuals who need to be in possession of relevant information, are) and supervision (directing, instructing, and mentoring employees).

Similar practice-based solutions can be applied on other engagement facets as well. The responding employees in this study revealed that there is much to be done regarding the career opportunities available to them at work. Why only 7% feel that there are career opportunities at work for them, if 53% have discussed their careers with their employees at least once (37% said to have discussed career opportunities once in the beginning of employment, and 16% have discussed it more than once)? The numbers indicate that there is something that happens during that conversation, that leaves only a fraction of employees with the feeling that they have career opportunities in the company. The importance of having these opportunities at work, even if respondents enjoy their current tasks, is simple: if employees do not see a future at this company, they will move on somewhere else where they can. However, this component of engagement can also be positively affected by leadership practices such as supervision and evaluation (assessing and appraising performance).

Training, which differs from supervisory support by being a part of a routine that does not need to be sought out proactively by employees, may demand a bit more from the founder than casual feedback or the occasional discussion session. Regardless, it also can be affected by leadership practices, should time be taken to plan for appropriate training opportunities, after investigating the level of training needed (e.g. orientation day vs. continuous mentoring vs. crash course for a week).

Another issue is the matter of compensation. Startups, especially those that have only recently started, may be struggling with their resources. Many may not be able to provide employees with competitive salaries or bonuses, but the style of leadership, and in particularly positive reinforcement, has a positive impact on employee engagement and retention (Alegre et al., 2016), and can in fact serve as a reward on its own. This is why feedback, as well, ought to include positive notes as well as the constructive advice. Here the leadership practices needed include planning the best ways to provide compensation, investigating what kind of compensation is best to be given in

accordance to resource limitations, evaluation of who deserve it, and finally, coordinating by ensuring once again that everyone is on the same page regarding this compensation.

And finally, directly linked to employee retention, is the work/life balance at startups. Among the respondents, 43% found that “role overload” is something they affiliate with their current work. Role overload refers to circumstances where employees have duties that cover those of multiple roles at an organization, e.g. HR manager and accountant and digital marketer simultaneously. This can partly be attributed to the retention rates at startups – with increased need for more employees, key roles tend to be given to those whose long-term commitment is more certain. This situation can be improved by improving the retention rate. The practices that would directly influence the work/life balance would be planning, investigation, and staffing (recruiting sensibly, and investing in employee retention).

The aim of the HRM as ERP model is to have a baseline to which founders can compare their current leadership practices to. While the wheel can be used to identify which measures could help in generating engagement in specific areas, it can also help in predicting where disengagement may be happening, by way of identifying which leadership practices are not currently in use.

5.2 Baseline Behaviour

There appears to be, on a theoretical level, a basic understanding of engagement being "good", and disengagement being "bad", and that the consequences of disengagement come in the form of lower performance and possible departure on employee's part. Many studies have proposed different models and frameworks outlining leadership practices and engagement strategies that ought to be used to enhance employee retention. I collected and combined data from Kahn (1990), Döckel et al. (2006), Nguyen et al. (2017) and the JD-R theory presented by Lara and Salas-Vallina (2017), to create a HRM as ERP model (Figure 6), that would illustrate a relationship between employee retention, engagement, and leadership practices. This would then help us develop a solid understanding of the key HRM practices that researchers assume to positively influence employee engagement and retention.

The model has three tiers (1. retention, 2. engagement, 3. leadership practices), and starts from the center, presenting the eight factors of what Döckel et al. (2006) suggest influences employee retention. For each of these eight categories, I have assigned, in

the second tier, engagement components aligned with them, e.g. training has the potential to enhance integration, generate a sense of belonging, and boost an employee's confidence in their capabilities to perform their role as an employee. Similarly, organizational support can also generate a sense of belonging, can decrease stress and anxiety by investing in resource availability, and avoid employee frustration by developing their bureaucratic systems more efficiently (or, in case of many startups: maintaining minimal bureaucracy).

Each of the engagement components have not only been labelled as per the type of engagement they correspond with, but are then also linked, in the third tier, to the leadership practice that is likely to enhance and facilitate it. For example, employee development opportunities may include a diversification of skills, where the employee accumulates new skills and diversifies their capabilities. Diversification, a task-oriented engagement, can be enhanced through two managerial practices: the first is "investigation", in which the employer collects information on existing capabilities, and provides the resources for the development to occur. The second managerial practice that would enhance diversification is "supervision", in which the employer directs and mentors the employee, enabling their growth more proactively.

5.3 Constructing Practices

After establishing the baseline practices, and having summarized them in the HRM as ERP model (Figure 6), I will begin with analyzing the data collected from the startup founders, for the purpose of learning about their approach to employee management and engagement.

Once the background of the respondents, and their potential for having pre-existing knowledge of HRM practices had been established, I moved on to assess their investment in employee engagement and integration. As stated before, according to Alegre et al., a sense of belonging has a significant impact on employee engagement, and Kennedy and Daim (2010) further specify that integration is among the key components ensuring employee retention. Six (55%) out of the eleven startups said that they have some sort of a system in place that aims to enhance engagement. Meanwhile integration, which is a bit more specific and an established key component of engagement, is actively facilitated by only four (36%) startups.

Employees' need for psychological safety at work can be realized in many ways, among which is their perception of job security. In fact, Kahn (1990) identified safety as one of

the three conditions required for the development of personal engagement at work. Due to this I saw it fit to look into the career-awareness of startup founders: do they provide their employees with opportunities for career development, thus allowing for the possibility of a long-term commitment to happen? Out of the eleven respondents, only two (18%) said that they discuss career opportunities with their employees, and a third respondent said that they do so "only when relevant", though the conditions of relevancy remain unidentified.

Döckel et al. (2006) have found training to be one of the main eight influencers of employee retention. Training can enhance engagement on organizational, task, or team-levels, as it influences integration and employee confidence, and facilitates a sense of belonging in the company (Figure 4). Of the responding startups, three (27%) provide some level of training to new employees, two (18%) others deny offering training, and refer to it as "guidance", instead. The remaining six (55%) respondents offer neither training nor guidance. Of the six, two amend that should employees ask for guidance, they will receive assistance from an unidentified "someone" inside the organization.

It is of no surprise that communication, and specifically feedback, also shapes the level of employee engagement. In addition, it is among the most direct ways a person in a leadership position can influence the personal engagement of others. It is a form of supervisory support, which I would ask my respondents about afterwards. Feedback, especially in small startups, should be relatively easy to provide at least on a bi-annual basis. Despite this, only three (27%) respondents said they provide their employees with regular feedback. Three others responded that only when constructive feedback is needed, or when someone is underperforming, indicating that the feedback they do provide is generally not positive.

Following the above, I looked into how many employers believe that they provide enough supervisory support to their employees. Support is one of the fundamental building blocks of HRM (Bilevičienė et al., 2015), and that it is yet another component that contributes to the employee engagement in an organization (Belias & Koustelios, 2014). It turned out that every single responding startup founder believes that they do provide their employees with a sufficient amount of support, be it form of mentoring or anything else.

Having looked into the various leadership practices of the respondents, I dedicated the final part of the interview process to collecting data on how the founders believe their actions have been shaping the company and its workforce. When asked to describe the company cultures of the startups, the word "efficient" was used three times, "hard-working" was also used three times, and "young" was used twice. Other adjectives made singular appearances. Curiously, when asked about how they believe their employees would describe the company, the word "challenging" was used four times, and a "learning experience" was used twice.

When pressed further to contemplate the employee perspective by asking about possible reasons for employee departure, only one respondent admitted to considering anything relating to disengagement within the company, by suggesting burnout as the reason. As for other respondents, two denied having any idea of possible reasons, one suggested lower salaries, one suggested boredom with industry, two proposed that employees may feel attracted to the organizational culture of larger companies, and four respondents suggested stress and the demands of the job to be a potential reason. Notably, aside from a single mention of burning out, employee disengagement was not considered a reason for lower retention rates. However, when asked to consider reasons for employees to remain in the company, as many as six respondents referred to a sense of belonging, or social connections, as possible motivators.

Overall, the results indicate that there does appear to be some level of inconsistency between the practices the respondents claim to partake in, and the actions they then admit to doing. It should also be noted, that for a survey to inspire such strong responses from employees, there is reason to assume that there are strong feelings at play. Question remains, however: how to address these issues? I draw upon the HRM as ERP model (Figure 6) to address this.

5.3.1 Supervisory Support

While startup founders believed, unanimously, that they provide their employees with enough support, many of the employees disagreed. Similarly, most of the responding employees felt that they received too little feedback. This shows that employees need more support and feedback from the founders, as such communication has been found to enhance engagement (Alegre et al., 2016).

Over half of the responding employees said that communication at the startups is good, though some do mention that tolerance of differing opinions is rather limited at times.

Furthermore, some of the survey responses described their employers as difficult to connect with, while others indicated that highly differing levels of LMX in the company have resulted in favoritism and unpleasant office climate.

The HRM as ERP model identifies three elements that the founders need to focus on improving: LMX to establish equality, feedback to foster understanding and chances for improvement, and office climate, to ensure a better psychological environment for the employees to settle into. To make these happen, mutual evaluation of performance must be enabled, alongside more efficient supervision, and coordination among employees.

5.3.2 Organizational Support

In startups with a smaller employee base, the organizational support is very closely linked to supervisory support. However, it could be said that while supervisory support relies on founders' direct actions, organizational support is what founders enable and encourage within the company, without necessarily being directly involved. It creates a sense of belonging, is defined by the resource availability of the organization, and includes the bureaucratic system in place.

Among the respondents, 57% feel motivated and inspired by their peers, and 35% strongly associate social support with the organization. And though integration, which facilitates a sense of belonging and long-term commitment to the organization, has been found to be among the key drivers for retention (Kennedy & Daim, 2010), less than half of the founders said they actively encourage and enable it.

Many of employees associated bureaucracy with the startups they work in. Specifically, the term "manufactured bureaucracy" surfaced several times in the qualitative responses of the surveyed employees. According to the respondents, manufactured bureaucracy is the imposition of administrative policies that imitate corporate processing, put in place despite there being no practical need for them yet in small startups. Few of the respondents attributed this manufactured bureaucracy to the founder's assumed desire to project an inflated image of their position as a startup CEO, which creates a potential link to what Gosling and Mintzberg (2003) referred to as hubris.

The HRM as ERP model identifies three elements that impact how organizational support is experienced: a sense of belonging, bureaucracy, and resource availability.

And though startups may suffer from limited resources, bureaucracy that appears to be pointless to the employees is badly received. As for the sense of belonging, overall the level of the organizational support in the case companies seems highly reliant on colleagues, and appears to manifest despite, not because of, the leadership practices in place. This is something that all founders must address with urgency.

5.3.3 Career Opportunities

Career opportunities have been linked to prolonged employee commitment, which in turn is directly affiliated with employee retention (Coetzee & Stoltz, 2015). Despite this, only a handful of founders have admitted to discussing career opportunities with their employees. This may be the reason so few of responding employees felt that there were career opportunities available for them at the startup.

Career planning and development, as described by Döckel et al. (2006), influences job security, enhances long-term investment, and promotes the opportunity to acknowledge the achievements of employees who have, in some way or another, exceeded expectations. All of these factors are included in the HRM as ERP model, and the improvement of each one of them must be initiated by the founder to better facilitate engagement and motivate retention.

5.3.4 Development Opportunities

The opportunity for personal development is widely regarded as another key component of not only retention, but as a motivator for engagement in general. It includes components such as the psychological safety to be able to develop, the chance to hone competencies, and even the possibility of repertoire diversification. While many of the founders claim that their companies are great places for growth and development, the disagreement of employees indicates another point of misaligned perspectives.

Development opportunities occur in abundance when employees enjoy a higher level of autonomy or task variety, as is considered by 48% of the responding employees. Some respondents clarify, however, that autonomy is not always a sign of trust, but that in their case it can also be a sign of supervisory unavailability.

As the HRM as ERP model suggests, assessing and improving employee competence requires investigation (starting point: competencies included in the resumé), evaluation (of whether or not these competencies manifest in reality), and supervision (guidance).

The investigation involved in diversification refers the founder's ability to assess their own workforce, and facilitate the kind of environment that encourages diversity. This would also enhance the psychological safety of employees, making it less likely for them to leave.

5.3.5 Training and Mentoring

Training programs or orientation days offer an opportunity for employee integration, contributing to the development of a sense of belonging. Employees' confidence in their own performance at work would also increase, as insecurities regarding one's own capabilities have been found to dramatically decrease engagement (Sask & Gruman, 2014).

Few of the startup founders provide training for new employees, though all of them believe that they mentor and support incoming employees sufficiently. Among employees, however, only a fraction feel that they have received adequate training.

5.3.6 Job Characteristics

Job characteristics play a significant role in making employee engagement manifest on a personal level (Coetzee & Stoltz, 2015). After all, immersion in task performance is more challenging when task characteristics are unpleasant. I used word associations to find out more about the respondents' attitudes towards the job characteristics that the case companies provide.

It speaks positively of engagement when most of the responding employees find their work meaningful, and see a link between their work, and the company's goals and objectives. However, there are other indicatives that could signify impending disengagement, such as the clear preference of using the word "conflict" (negative connotation) over "challenges" (positive connotation), or "time urgency" over "time sensitivity".

When asked to describe their companies from the perspective of the employees, and contemplate possible reasons for why employees would choose to leave or stay, founders did not link reasons for departure to the company culture. In contrast, company culture was seen as the reason for employees to remain by 55% of the respondents.

It is also possible that employees may expect too much of the work at the startup. According to Rowell, Gardner and Wang (2017), misconceptions regarding the work may result in abrupt disengagement when reality settles in. The findings of this study indicate that the employees are generally better educated in business, and more experienced at working at startups than founders, which may have predisposed them to expect a certain way of operational procedures. If things are vastly different from other startups they have experienced, this may make integration more difficult, and contribute to feelings of discontentment.

5.4 Implications

This study contributes to the research of how HRM is practiced at startups in a climate of entrepreneurial growth. The focus is particularly on the impact of HRM practices conducted by the founder on employee engagement and retention. The study offers a few managerial and theoretical implications

5.4.1 Managerial Implications

The findings have managerial implications, as these practices are suitable for immediate adoption by startup founders, or indeed managers in general, who face the risk of a disengaged workforce. The HRM as ERP model can also serve as a practical tool for startup founders whose work includes managerial duties, to hone in on specific aspects in employee engagement, and then map out the necessary courses of action they need to implement for a chance of improvement.

The results suggest that startup founders must approach HRM from an angle that acknowledges the emerging changes on how employment is experienced: if employment at a company is presented as a lifestyle, the founders must facilitate an environment that allows employees to maintain that lifestyle. This can be done by focusing on each of the engagement components proposed in the HRM as ERP model (Figure 6), assessing current performance and collecting feedback, and then reacting actively to improve the situation. For example, though communication was generally seen as sufficient among responding employees, feedback was rarely satisfactory.

Furthermore, the results also indicate that startup founders should not oversell the value that their company provides to incoming employees. As mentioned before in this study, at times the expectations of incoming employees do not align with the reality of working at a startup. While it is, of course, expected and encouraged of a company to

show its best sides during recruitment, honesty is the best policy when considering long-term employee retention. Dishonesty directly contributes to disengagement.

In addition to awareness of how they treat each employee individually, the findings also suggest that founders must critically assess whether or not they treat their employees equally. Empirical evidence shows that high levels of LMX differentiation was seen in some cases, which not only creates distance between the employee and the founder, but also creates general discord among all employees. This, in turn, results in disengagement.

What I would like to suggest, also, based on everything that this study has revealed, is that perhaps it could be considered that leadership styles as categorizable behavioral patterns are outdated and inaccurate. Rather, we should think of leadership and management as contingent collections of practices, conducted flexibly whenever needed, without labels that assign them to different leadership styles.

5.4.2 Theoretical Implications

The development of the HRM as ERP model illustrates the main theoretical contribution of this study, which is, as stated before, that HRM practices conducted by startup founders can have a direct impact on employee engagement and retention. This observation is supported by the empirical evidence presented in this thesis.

The HRM as ERP model was based on prior literature, and then tested on 11 case companies from 3 countries (9 from Finland, 1 from Germany, 1 from USA), with a base of respondents totaling 71 individuals. The model is suitable for reapplication on other startups, though it is also open for further development, and the way it is structured supports the proposal that leadership should not be categorized in accordance to styles, but rather practices.

From the perspective of research, studies on HRM practices at startups are sorely needed, as hierarchical organizational structures are rapidly changing to accommodate the expectations of incoming workforce, including what employees need in order to feel engaged. Furthermore, knowledge on optimal leadership and HRM practices at startup companies is valuable for individuals and systems providing entrepreneurial education.

Overall, this study can be utilized by founders and academics alike, to highlight possible concern areas in HRM at startups for educational or practical purposes, and implement the suggested practices of the HRM as ERP model (Figure 6).

6 CONCLUSION

Leadership and management practices can, in small startups, shape employee engagement, and directly impact employee retention. Using this as a starting point, two hypotheses were developed to assess the impact:

1. If leadership and management practices merge, they have the potential to enhance employee engagement at startup companies overall.
2. Should these practices be developed correctly, they have the potential to replicate the effect, or even replace, employee retention programs that directly affect employee retention.

The hypotheses served as starting points of what the study aimed to investigate through the research question: *How do the HRM practices of startup founders affect employee retention?*

To generate a response the research question, I developed three investigative questions:

1. *What are key HRM practices?* to establish a baseline for what the practices should be. 2. *What is the approach of startup founders to employee engagement?* to understand the approach of the founders to HRM, and 3. *How do employees experience founders as HR managers?* to find out how are the practices conducted by the founder experienced by the employees. To answer these, qualitative and quantitative data was collected from 11 startup companies. Interviews were conducted with each startup's founder, while surveys were utilized to collect data from employees.

In order to connect founders' practices to employee retention, it became evident that employee engagement ought to be included. Knowing which factors of retention are influenced by which components of engagement, in addition to how each component of engagement can be enhanced by certain leadership and managerial practices, lends itself to a variety of both academic and professional uses. Academically it can create a baseline for studying the perception and reception of leadership and HRM practices, and professionally it can be utilized to improve employee engagement retention at startups.

In the observed cases, HRM practices were identified to be based on six key components: supervisory support, organizational support, career opportunities, development opportunities, training and mentoring, and job characteristics. The approach of startup founders to facilitating all of these practices in order to enhance

employee engagement and improve retention was varied between the companies, but it consistently fell short of the expectations of the employees. It became evident that the approach of startup founders to employee management was not experienced as satisfactory by the majority of the responding employees.

While empirical evidence supports the hypothesis that HRM practices of startup founders, when done well, affect employee retention positively, startup founders seldom appear to know what these practices could possibly be.

What this study indicates is that there is a gap in the knowledge of founders regarding HRM. While this does not mean that every startup founder has these gaps in knowledge, the findings suggest that it is not uncommon. It would be beneficial for founders to invest more in their own managerial competencies, and further reflect on their own conduct as leaders within their own companies. Simultaneously, it also bears suggesting that academics further study the behavioral patterns of startup founders, and the practices they conduct that influence employees, to develop the HRM facets of entrepreneurial education.

6.1 Limitations & Future Research

While the methods used for data collection in this thesis were sufficient for answering the research question, some aspects could have been conducted differently. Ideally, both the interviews and the surveys could have gone into much more detail regarding engagement components, and collected more data, asking about specific engagement-related issues, such as whether or not training has an impact on confidence as previous studies claim.

I have excluded the relationships among employees (employee behaviour) that affect engagement, as it would have led the study away from the focus on leadership practices. However, studying relationships at startups has multiple possibilities in addition to leader-employee, employee-employee relationships, such as e.g. engagement among co-founders, gender-focused angle on leadership practices, or even a location based, culture focused study on how leadership practices are conducted in different locations (in the case of this study, how leadership practices are conducted in Finland vs. Germany vs. USA).

In the following parts, I will go into more detail on limitations and the possibilities for future research.

6.1.1 Limitations

Although this study has reached its intended aims, there are some aspects that served as limitations to it. With more time and a better access plan, these limitations could be overcome in a future study.

Firstly, while a high number of respondents was reached, having more time could have provided an opportunity to reach out to the respondents a second time, to ask follow-up questions and request clarifications. The detected misalignments are yet to be explored in depth, and I believe that asking the respondents specifically of the issues that surfaced would yield enlightening results.

Secondly, while actual reasons for employee departure would have been a good contribution to this study, I could not access any first-hand information on that, as an opportunity to reach out to former employees who could have perhaps contributed to the issue did not occur.

6.1.2 Future Research

As this study is exploratory and interpretive, it brings up a variety of possibilities and opportunities for future research, such as:

1. As gender is a factor that is known to affect perceptions of behaviour to some degree, taking a gendered approach to this study could potentially yield interesting results.
2. Conducting this study while differentiating between startups with a single founder, and startups with a founding team, would hone in on the dynamics within the startups, and even look into the professional relationships among the founders.
3. Conducting this study with companies exclusively from one industry would potentially reveal prevalent patterns of leadership and managerial practices on a bigger scale.

Generally, this study has the potential to be conducted again with the inclusion of any of the delimitations listed in chapter 1.3.

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APPENDIX 1: INTERVIEW GUIDE

1. How long have you had this company?
2. Do you have any prior experience in entrepreneurship or management??
3. What kind of academic degree do you have?
4. Which institution did you graduate from?
5. Do you recall a course that ever focused on how to manage people?
6. Are there any employee-focused internal programs for enhancing employee engagement?
7. What is done to integrate new employees into the company?
8. Are career planning and development ever discussed?
9. Do you provide training for employees?
10. Do you provide regular feedback for employees?
11. Do you provide adequate support for your employees, in terms of e.g. resource availability and mentoring?
12. How would you describe your company culture?
13. If you were an employee who had just left the company, how would you describe it?
14. Are you concerned about possible company information loss?
15. Why would employees wish to leave your company?
16. What would motivate them to stay?

APPENDIX 2: SURVEY GUIDE

EMPLOYEE ENGAGEMENT SURVEY

The raw data collected from this survey is completely confidential, only accessible in its entirety to the researcher conducting the study. No parties, including company founders, will be informed of the names of any of the other participating companies, or the identities of the individual respondents. The "employer" in this survey refers to the founder of the company.

1. Please enter the name of the start-up you work at.
 - a. *This information will not be included in the thesis, and all responses will be entirely confidential. This information will be used by the researcher for categorization only.*

2. For how long have you worked at the company?
 - ☐ < 1 year
 - ☐ 1-2 years
 - ☐ 3-5 years
 - ☐ 5< years
3. Please select **three** options that you affiliate with your experiences at the company.

<input type="checkbox"/> Responsibility.	<input type="checkbox"/> Time urgency	<input type="checkbox"/>
Bureaucracy		
<input type="checkbox"/> Conflict	<input type="checkbox"/> Challenges	<input type="checkbox"/> Limited access to
resources		
<input type="checkbox"/> Role conflict	<input type="checkbox"/> Obstacles	<input type="checkbox"/> Role overload
<input type="checkbox"/> Time sensitivity	<input type="checkbox"/> Problem-solving	<input type="checkbox"/> Office politics
4. What is the highest academic degree that you have acquired, or are currently in the process of acquiring?

5. Do you have any prior experience of working at start-ups?
 - ☐ Yes
 - ☐ No
6. If you chose option "yes" for question 5., please elaborate below on the number of start-ups that you have worked at before.

7. How accurately do the following statements reflect your current situation at work?
 - a. *Please read each question carefully, before selecting an answer.*
 - b. *Likert scale; 1 = not at all, 5 = perfectly.*

I have received adequate training from the company for the tasks that I am entrusted with.
 I know who to approach if I am unsure of what I am supposed to do.
 I enjoy a satisfying level of job security.
 My boss makes me feel like a valuable member of the company.
 I am adequately compensated for my work.

My achievements are acknowledged satisfactorily.
 I receive a satisfactory amount of support from my employer.
 I only have time for work, with no time for me to enjoy my life.

8. Aside from monetary compensation, do the benefit programs in place satisfy you?

- ☐ There are no benefit programs, and I don't need any.
- ☐ There are no benefit programs, but I wish we had something.
- ☐ There is a benefit program, but I don't need it.
- ☐ There is a benefit program, and I'm dissatisfied with it.
- ☐ There is a benefit program, and I'm satisfied with it.

9. Do you see a link between your work and the company's goals and objectives?

10. Do you feel committed and involved in your job?

- ☐ Yes
- ☐ No

11. Do you feel excited about going to work?

- ☐ Yes
- ☐ No

12. Do you feel inspired and motivated by your employer?

- ☐ Yes
- ☐ No

13. Do you feel inspired and motivated by your team?

- ☐ Yes
- ☐ No

14. What is done to integrate new employees into the company?

15. How strongly do you affiliate each of the following traits with your role in the company?

- a. *Please read each question carefully, before selecting an answer.*
- b. *Likert scale; 1 = not at all, 5 = perfectly.*

Autonomy
 Stress
 Task variety
 Task significance
 Feedback
 Problem-solving opportunities
 Career development opportunities
 Social support
 Job complexity

16. Does the employer communicate well with the employees?

- ☐ We barely interact.

- ☐ The interaction is often one-sided (communication flow: employees → employer).
- ☐ The interaction is often one-sided (communication flow: employer → employees).
- ☐ Yes, we communicate well in the company

17. How frequently do you and your employer discuss your career development?

- ☐ Never
- ☐ Once, in the very beginning
- ☐ Two to three times a year.
- ☐ More than three times a year

18. Is your employer accepting of differing opinions?

- ☐ Yes, my employer accepts differing opinions without taking them personally.
- ☐ Yes, my employer allows differing opinions, but discards them eventually.
- ☐ No, my employer clearly dislikes differing opinions.
- ☐ I have not expressed a differing opinion with my employer yet.

19. Should there be anything else you'd like to share regarding your work experience at your start-up, please share below.

APPENDIX 3: COMPOSITIONS OF RESPONDING COMPANIES

COMPANY												
<i>Name</i>		A	B	C	D	E	F	G	H	I	J	K
<i>Operation (Years)</i>		4	5	5	2	5	5	3	4	5	4	5
<i>Number of employees</i>		13	11	12	11	14	15	11	12	10	12	15
FOUNDER												
<i>Education</i>		BBA	MBA	B.Sc.O.*	M.Sc.O.*	M.Sc.O.*	M.Sc.O.*	MBA	Other**	B.Sc.O.*	Other**	BBA
<i>Experience</i>	<i>Managerial</i>	No	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes
	<i>Entrepreneurial</i>	No	No	No	Yes	No	No	No	Yes	Yes	No	No
EMPLOYEES												
<i>Number of respondents</i>		9	6	4	10	4	5	7	6	4	3	2
<i>% of respondents</i>		69%	54%	33%	91%	29%	33%	64%	50%	40%	25%	13%
<i>Education</i>		3 x MBA 4 x BBA 2 x B.Sc.O.*	4 x BBA 2 x B.Sc.O.*	1 x MBA 2 x BBA 1 x B.Sc.O.*	5 x MBA 3 x BBA 2 x B.Sc.O.*	1 x M.Sc.B. 1 x MBA 1 x BBA 1 x B.Sc.O.*	1 x M.Sc.O.* 4 x B.Sc.O.*	6 x BBA 1 x Other**	1 x MBA 3 x BBA 1 x B.Sc.O.* 1 x Other**	2 x BBA 2 x B.Sc.O.*	1 x BBA 2 x Other**	2 x BBA
<i>Experience at startups</i>	<i>Yes</i>	6	2	1	7	2	0	0	4	1	1	0
	<i>No</i>	7	4	3	3	2	5	7	2	3	2	2
<i>Years employed at this startup</i>		2: < 1 yr. 2: 1-2 yrs. 5: > 3 yrs.	1: < 1 yr. 2: 1-2 yrs. 3: > 3 yrs.	3: 1-2 yrs. 1: > 3 yrs.	4: < 1 yr. 6: 1-2 yrs.	2: 1-2 yrs. 2: > 3 yrs.	3: 1-2 yrs. 2: > 3 yrs.	1: < 1 yr. 6: 1-2 yrs.	3: 1-2 yrs. 3: > 3 yrs.	2: 1-2 yrs. 2: > 3 yrs.	2: 1-2 yrs. 1: > 3 yrs.	2: 1-2 yrs.

* The “O” used after degrees refers to degrees that are in a field other than business.

** The term “Other” refers to a lack of a higher degree, or an alternative degree, e.g. that of a cosmetologist.