A critical analysis of non monetary practices for labour retention in new ventures

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Abstract

This study is an analytical look at how new ventures approach keeping individuals within their organizations in order to ensure the long-run success of the venture. There is a particular focus on the non monetary incentives that are offered by employers and the influence they have on the intention for the individual to remain in a new venture. This has been done by following the framework of the job coupling theory adapted from the likes of Wei-bo, Kaur and Zhi (2010) as this focuses more on the relationships which are being developed within a new venture and the role they could play on the retention rates within new ventures. The theory by David McClelland and presented as Human motivation theory has been an indicative theory as well, due to focusing on the ways of getting motivation. Our results indicated the importance of the culture in the business as well as showing differentiation between recruitment and retention.

Keywords: Labour retention, new ventures, motivation

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1. Introduction

The importance of new ventures has been understood as it is shown to create a significant amount of new jobs and economic growth within developed countries (Gherghina, Botezatu, Hosszu & Simionescu, 2020; Gialuisi, 2011). The use of resources in an effective way, including human capital, plays a key role to exploit new opportunities but also in the way of creating them when it comes to having a rigid economic development and sustainability, in the growth of the business (Madan & Bhatnagar, 2015). Financial resources and capital are two important identified supports to have for success. However, obtaining human capital and its contribution can be a key to a startup's success. Since the human capital has great significance, providing the startup with this resource but also taking care of the human capital is critical (Kaur & Sharma, 2019). The retention of workers is linked with higher levels of productivity (Wang & Heyes, 2017).

One strategy that has been used for retaining the employees is in the way of using a total reward system. This system, except for including the traditional pay and the benefits from the employment relationship, consists of other tools such as career mobility, balance in work and life demands as well as acknowledgment and cultural fit for helping the work experience being more fulfilling (Durrani & Singh, 2011). Reward systems are used, except for attracting and motivating, in the way of retaining employees by developing their willingness to stay in the organization and have a productive performance (Latukha, 2016). By the use of total reward strategy, a motivation for employees for higher performance will be achieved and a reducing effect on the turnover is another result due to opportunity of development- and career opportunities as well as appreciated performance (Anku-Tsede and Kutin, 2013; Cao, Chen & Song. 2013).

However, these types of rewards won't always attract all the employees. After employees getting more experienced and reaching a higher age, monetary rewards are getting less important.

Instead, there is an increase in non monetary incentives such as challenging tasks, special projects and work-life balance (Jeffords, Scheidt & Thibadoux 1997). In many startups, a total reward strategy including activities for supporting work-life balance, opportunity for development and growth as well as workplace flexibility without monetary value is common as a tool for helping the organization to retain the employees. (Kaur & Sharma, 2019; Richman, Civian, Shannon, Jeffrey Hill & Brennan, 2008). For creating a deeper and long-lasting impact on employers performance, a combination of both financial and non-financial rewards are preferred due to nonfinancial rewards getting employees more strongly secured to the organization (Anku-Tsede & Kutin, 2013).

1.1 Research problem

The importance of knowledge industries to an economy in the growing globalizing landscape is understood to be of vast importance for the majority of nations (Kaur & Sharma, 2019; Florida, 2009). This is because they create the majority of new jobs (Brown & Lee, 2019; Mason, 2018). However, there is very little understanding of what keeps these employees at these businesses. While a lot of labour retention research has conventionally focused on the role that different forms of compensation can play in the retention and motivations of an employee such as stock options (Aran, 2018; Alon-Beck, 2019; Kim, 2018; Batra 2017). There's still a lack of research and understanding of what keeps an employee in a startup when it comes to non-monetary factors. By opting to focus on the new venture market which has been stated as being an understudied aspect of new ventures (Kaur & Sharma, 2019), this is something that we hope we are able to contribute towards. This is especially important as it is understood that some ventures don't differentiate between what keeps individuals at a firm and what attracts them to a firm (Cui, Khan & Tarba, 2016). This understanding of the difference between what attracts an individual towards a new venture and what keeps them there is critical to being understood in order to make sure the highest survival rate possible for new ventures as the individuals are the key resources (Kaur & Sharma, 2019; Kim 2018). This is an additional problem that this study hopes to contribute towards.

1.2 Aim and objectives

The aim of this study is to contribute to the existing body of knowledge pertaining to labour retention in particular within new ventures. In order to achieve this aim, we will do this by discovering whether new ventures are concerned about labour retention. If they are it is to additionally, see what practices they are doing to act upon if any at all. This aim will be reached by completing interviews with employers in different new ventures. These interviews will also contribute to the aim concerning the distinction between retention and recruitment.

1.3 Research purpose

The purpose of this study is to investigate the retention of employees in new ventures to see if there are any non-monetary incentives, The reason for the focus on non monetary incentives is much research has been compiled showing that one of the main disadvantages of joining a new venture is often the lack of secure high pay (Gialuisi & Coetzer, 2013). This has led for this study to focus on the aspects of employment within a new venture which they evaluate themselves. This contribution will lead to greater understanding and knowledge for laborers and the retention in those ventures. Given these points, leads on to the research question which has been defined as,

How do new ventures retain their employees without monetary incentives?

This question will be answered from the employers perspective and showing findings from employers rather than what the employees consider. To get greater insight into employers understanding this question will also investigate when it comes to employers disparity regarding retention and recruitment. By following the framework adapted from the likes of Wei-bo, Kaur and Zhi (2010), which focuses more on the relationships that are being developed within a new venture and the role they could play on the retention rates within new ventures, would help us

contribute. To get a greater understanding of the ways of getting motivated are the reason for the use of the human motivation theory by David McClelland.

1.5 Outline of the thesis

This thesis is divided into six main sections. Starting with chapter 1 and an introduction to the subject with a description of the research problem, the aim of contributing to the research and the question that will be answered. This is followed by chapter 2 with a literature review including definitions and descriptions of the applied framework. The next section with chapter 3 introduces the methodology of the research, describing the method used, the sampling process, the interview process and the validity and limitations of this method. In chapter 4 the empirical findings from the interviews are presented, which in the next section are more related to the framework and literature presented with an analysis and discussion regarding this. Finally, the thesis ends up with a section including a conclusion of the findings and future aspects.

2. Theoretical framework

In this chapter we will be focusing on the relevant literature on the topics of new ventures and labour retention. This literature review opted to use contemporary models surrounding labour retention in order to assess the study. There is currently a limited amount of academic articles that focus solely on labour retention, with the two main ones being Batra (2017) and Campbell, Ganco, Franco and Agarwal (2009). The latter of the two focusing predominantly on the monetary aspect within the retention of new ventures. For this reason, we have chosen to apply the research conducted for labour retention as a whole for all sized firms and apply this to our research. It was felt that this would bring more clarity and academic validity to this study. This study uses the models of McClelland's (1961) Human motivation theory and job coupling model (Mitchell, Holtom, Lee, Sablymski & Erez 2001) to illustrate the process of labour retention within contemporary thinking.

2.1 Prior knowledge

As the Job coupling model discusses fundamentally labour retention is a look at the motivation of humans, as you are unable to study labour retention without mentioning motivation. The inception of human motivation as a study can be seen by the work of Abraham Maslow (1943), with the creation of Maslow's Hierarchy of needs. This was the first study to look at human motivation theory and it split up the motives of an individual into 5 different levels with the need to complete the preceding level in order to advance to the next. The first level was Physiological which meant air, water, food among others. The second level was safety needs which meant things such as shelter, employment and health. The next stage was Love and belonging so this meant things such as Family, friendships and relationships. The fourth stage was Esteem meaning self-respect and status. The final stage was self-actualization, which while open to interpretation in the simplest form would mean finding one's true self. The timing of this was

unsurprising given that this was discovered during the latter stages of world war 2 in order to help motivate the troops.

It was later compounded upon by the works of David McClelland as a continuation and adaptation of the works of Abraham Maslow's (Khurana & Joshi 2017; Maslow, 1943). This saw more of a simplification of the key concepts of Maslow's hierarchy of needs by splitting it up into 3 key sections: need for achievement, need for power and need for affiliation.

Around the same time there was another model developed of two factor theory (Herzberg, Mausner & Snyderman, 1959). This could be seen as the first actual model for labour retention as this was the first model that tried to apply the aspects of motivation within a business context. While the other two aforementioned models focused purely on the abstract of human motivation. This model saw the aspect of job satisfaction being looked at. How the two factor theory works is it splits up motivational and demotivational aspects of work into two different categories. The two factor model presented an idea that 'motives' lead to satisfaction in work, these are policies such as achievement and recognition while them not being there leads to no satisfaction at work. The other section is known as 'Hygiene' which are characteristics within the work that lead to dissatisfaction or no dissatisfaction at work (Habib, Awan & Sahibzada, 2017).

2.2 Modern times

It should be acknowledged at the start that not all contemporary businesses differentiate between labour retention and recruitment (Cui, Khan & Tarba, 2016). This see's a transition to more of modern research focusing around labour retention. As a lot of the existing research still goes on to use the same models that have been around for a while such as (Pathak & Tripathi, 2010) using the hierarchy of needs and; the Herzberg two factor theory by (Udechukwu, 2009). While they still use the same models a lot of the works have developed the area by looking at other niche areas of the study such as looking at the withdrawal tendency and the role that has to play in labour turnover and what influences that. Such studies have found differentiated between

enthusiastic leavers and reluctant stayers, among other things but more importantly have started to link withdrawal to job satisfaction and later on the intent to leave (Li, Lee, Mitchell, Hom & Griffeth, 2016). The studies pertaining to the factors relating to withdrawal have not come up with any conclusive results that are all in agreement as many of the studies have found contradictory results (Shapira-Lishchinsky & Even-Zohar, 2011). Additionally, there has been a greater insight into the studies of workplace relationships and an individual's intention to stay at the company. Many of these findings have been congruent showing a relationship between the informal relationships developed within a company and the intention and willingness to stay at the company (Amjad, Sabri, Ilyas & Hameed, 2015; Kim, Kang, Lee & McLean, 2015; Porter, Posthuma, Maertz, Joplin, Rigby, Gordon & Graves, 2019).

2.3 Motivational factors

Considering the new ventures and their retention, several reasons could be the explanation. As mentioned earlier, previous research has mostly explained how monetary factors such as compensation can play a role in the retention as well as the stock options for the motivations. Studying theories that could explain this subject further, several will be found. For explaining the motivation of humans and the reasons for retention, theories such as self-determination theory, goal setting theory, self-efficacy theory, human motivation theory and job coupling model could be exploited.

Even though these theories could explain the phenomenon of motivation and especially the retention of employees, the theories that will be the focus for this study are the human motivation theory and job coupling model. Compared to the other ones, these two theories will be more suitable in the way of matching the research questions itself. When it comes to the theories of goal setting and self-efficacy, they are dealing with the performance and goals where the motivation is used for reaching specific points or performance (Locke & Latham, 2002; Bandura, 1997). While this study will look at the motivation as a reason for staying in a company, which therefore won't affect either performance or goals in the business. On the other hand, the

self-determination theory consists of different needs which increases motivation in the same way as the human motivation theory and could, therefore, be a useful framework. However, the needs that the self-determination theory consists of are autonomy, competence and relatedness which doesn't fit as good as the human motivation theory when relating it to the research question (Ryan & Deci, 2000).

2.3.1 Human motivation theory

The human motivation theory was a theory set out by David McClelland, a Harvard psychologist (Freeman, 1976). It is used to try and show motivation and how each person is mainly motivated by one of three things either Power, Affliction or Achievement (Khurana & Joshi 2017). While this piece acknowledges the offerings of Maslow's work, McClelland's theory was more attuned to this study's research, as there is less of a focus on monetary remuneration within the motivation of this theory. Additionally, there is more of a focus on the relationship and affiliation aspect of human motivation seeing it on a level playing field as the need for achievement which both have a strong history within new ventures. It is felt there is additional validity to this idea as previous works have used this motivation theory to look at labour turnover such as the works of (Hines, 1973).

Need for Achievement

The need for achievement aspect of McClelland's (1961) theory illustrates how people are motivated by the need to achieve things in their own life. This under Bühler (1922) definition would be a form of extrinsic motivation as there is not an essential joy derived from actually doing the task at hand but what the task can offer, often in the form of self-perception or status (Locke & Schattke, 2019). There is an understanding that there needs to be a process behind the success as emphasized by Ray Dalio's (2017) book principles as their little satisfaction in putting the success up to chance (Khurana & Joshi 2017). Additionally, there is often a disdain for failure.

Need for Power

Another part of McClelland's theory for motivation contains the need of power. This need can be explained by, when people are having the need for power, they are motivated by being in an environment where they have the control and can influence the activities or others (Harrel & Stahl, 1984), and will perform better when they are in those environments (Fisher, 2009). Therefore, they also prefer being in situations which are status-driven and are competitive (Royle & Hall, 2012). The need for power can be in two dimensions, personalized and socialized. For personalized power, this is more of the individual power, where the power is about motivating the individual and not the organization. Instead, the socialized power is more about motivation in the organization and influencing others (Fisher, 2009).

Need for Affiliation

When it comes to the need of affiliation, people having this need are more of the ones that want to be in environments where building relationships with others are important (Harrel & Stahl, 1984), and therefore works best in groups (Khurana & Joshi, 2017). Those people wanna feel included and accepted where they feel uncomfortable in conflicts (Fisher, 2009), but when they are in a leadership position it's usual that internal conflicts are advanced by them (Harrel & Stahl, 1984).
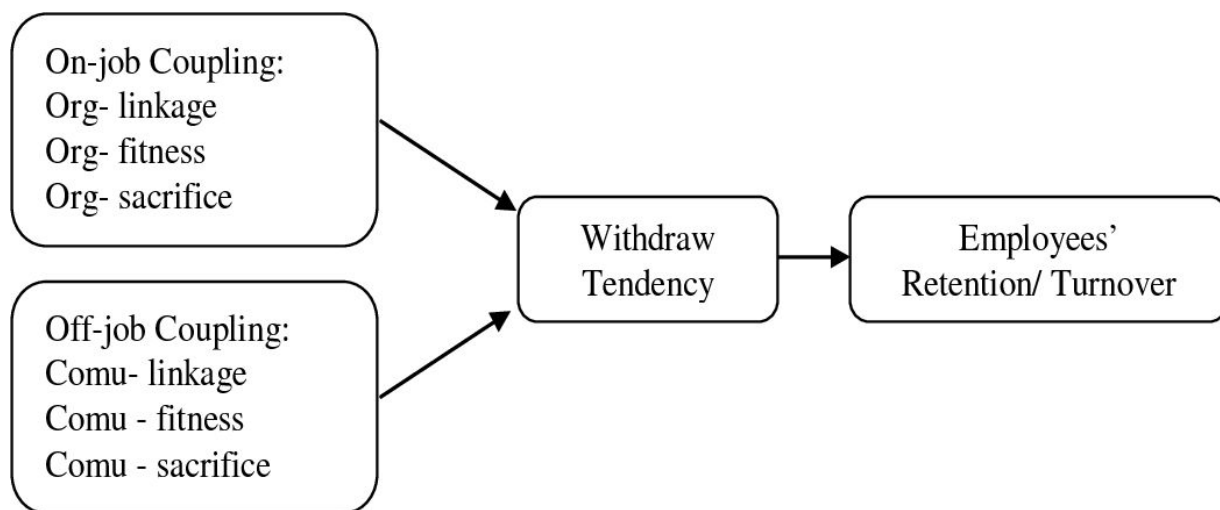
2.3.2 Job coupling model

Figure 1, Job coupling model (Weibo, Kaur & Zhi, 2010)

On and off job coupling

Another model for explaining the retention of employees is the job coupling by Mitchell et al., (2001), which later on has been called job embeddedness (Holtom, Mitchell & Lee, 2006). Mitchell et al., (2001) describes the aspects of the model as:

 (1) the extent to which people have links to other people or activities, (2) the extent to which their jobs and communities are similar to or fit with the other aspects in their life spaces, and, (3) the ease with which links can be broken—what they would give up if they left, especially if they had to physically move to other cities or homes. (Mitchell et al., 2001, pp. 1104).

The job coupling can be divided into two parts, on-coupling and off-coupling where they differ in the way of organization and community (Weibo, Kaur & Zhi, 2010). For the on-job coupling, it is connected to the factors at the job and in the organization, such as relationship with co-workers and the fit with skills and demands. On the other hand, the off-job coupling refers more to outside the job and factors in the community but also factors when it comes to the personal and family (Holtom, Mitchell & Lee, 2006).

Linkage

Linkage is the actual community within the new venture (Weibo, Kaur & Zhi, 2010). This does not inherently mean that it is the formal work connections that you have but can also mean the connections that you have on an informal basis such as the work football team and aspects of those relationships. The community connections within a new venture have proven to be a key driver in retention rates in some businesses (Rozsa, Formánek & Maňák, 2019; Marchington, Carroll & Boxall, 2003).

Fitness

Fitness refers to the individuals fit within the vision and alignment of the business. This does mean things such as the culture within the business and the work practices that are used within

the new venture such as is their flexi time options or do the employees feel that they have the option to be empowered (Batra, 2017; Gialuisi, 2011; Inabinett & Ballaro 2014). If so is this the type of business that they want to work for that gives these options or are they a better fit for a business which operates under a different culture (Weibo, Kaur & Zhi, 2010).

Sacrifices

Sacrifices is the element of what sacrifice would be taken in order for an individual to leave a new venture (Weibo, Kaur & Zhi, 2010). This is very closely linked with the linkage aspect of the model as they often could be giving up informal and formal work connections. Additionally, though it is their perceived availability of the job market so will they be able to find a new place that aligns with their work culture on the job market or a place that has a similar connection in terms of things such as work-life balance (Cegarra-Leiva, Sánchez-Vidal & Cegarra-Navarro, 2012; Batra, 2017).

Withdraw tendency

Showing low levels of satisfaction can be the beginning of having low levels of commitment in the organization which later on leads the employees to withdraw tendency (Bhagat, Triandis & McDevitt, 2012). Another indicator for affecting the performance and the decision on withdrawal tendency could be the factor for promoting organizational performance (Weibo, Kaur & Zhi, 2010). Discovered by Zheng and Sharan (2009), an important indicator for the employees performance is the on-job coupling, while the off-job coupling is more important for the withdrawal tendency for employees (Zheng & Sharan, 2009).

3. Methodology

The aim of this chapter is to provide and explain information for the methodology used for this research. This will include a description of the approach of the research, as well as the research design. Further on, an explanation of the collection of data including a description of the sampling and interview guide will be provided. Moreover, a description of the analysis of the data collected will be included. Finally, the reliability and limitations of the research will be presented.

3.1 Research Approach

We have illustrated the approach of this work by adapting the research onion (Saunders, Lewis & Thornhill, 2007). This is a study which will use a mono method of semi-structured interviews this has been used previously in other studies that have been looking at labour retention such as de Hoyos and Green (2011) but also Read and Fenge (2019) this adds to the validity of the use of this method for this particular research. Attempting to do this by taking an interpretivist philosophy behind the study, where we attempt to interpret what the participants are trying to convey when we interview them. The interpretivist method does face criticism from biases of researchers it has been used in previous studies to explain data relating to interviews, since there are two researchers for this study that lowers the potentiality for a conflict of biases which would go on to affect the data.
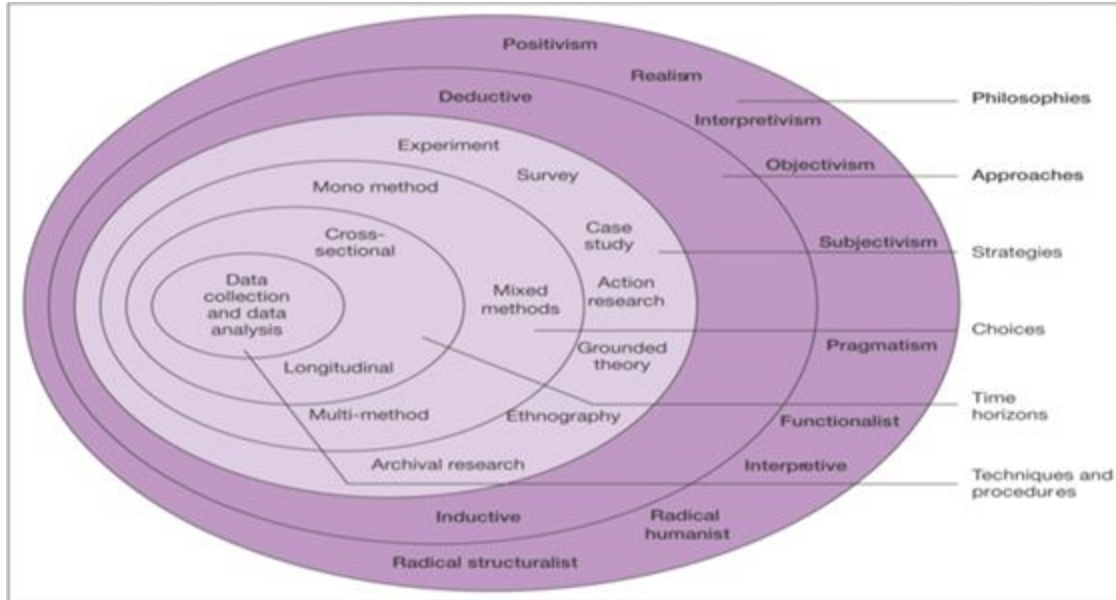
Figure 2, Research onion (Saunders, Lewis & Thornhill, 2007).

3.2 Research Design

This study is designed to be an exploratory study as there have been a few prior studies in the works of new ventures relating to labour retention. The research will be done by using a qualitative method and the use of semi-structured interviews. The participants within the research were conducted ahead of time to ensure their availability and willingness to participate with the given research at hand (Velez, 2004). The research was designed as a probing study where the design of the questions are such to be informative; but often require greater participation of the interviewer to act within the confines of the interview to ensure they get answers for the questions they are looking for (Antaki, Richardson, Stokoe & Willott, 2015).

3.4 Data Collection Method

The data for the research was collected by using interviews with business owners in different new ventures, where the interviews were in the form of semi-structured. Using semi-structured interviews offers flexibility which gives us the possibility to ask the questions with another

sequence and questions except the ones included in the guide could be asked along the way when appropriate things by interviewee were mentioned (Bryman, Bell & Harley, 2019). The interviews were conducted both through face-to-face meetings and online tools such as video calls, where the conversations were recorded and additional notes were taken. The goal for the data collection was to research until we started to see substantial diminishing returns in new insights for each new interview conducted (Saunders, Sim, Kingstone, Baker, Waterfield, Bartlam, Burroughs & Jinks, 2017). This allows us to reach a saturation point to make sure that we are getting at the core insight for the interviews, and the number of interviews was in that way dependent on the answers we got.

3.4.1 Sampling

The process when choosing sampling people was in the way of reaching out to new ventures in our network but also through different incubators, that we believe would be able to answer our questions and the type of subject. In that way, new ventures across different industries and countries were reached. The selection of participants for the research was based on purposive sampling (Bryman, Bell & Harley, 2019), by using purposive sampling the participants could be selected by their characteristics. For the selection, the characteristics that it was based on were especially the age of the business and the current stage of the business. The age of the business was limited to within the last 7 years, while the current stage of the business was restricted to still be in the startup phase due to the study's limitations to only investigate new ventures. For finding the ventures that were especially important to the research, a criterion for having employees was used. The use of this criterion would let us reach the business that has employees and therefore could be seen as an employer.

The participants were reached through email where they were asked if they saw themselves as a startup and if they had employees. By asking them these questions directly, potential participants could more easily and effectively be identified. Due to the situation, of the ones being contacted, counted to the amount of 40 companies, there weren't many companies able to contribute to the

study in the way of time or in the way of not having any employees. The participants meeting the characteristics and criteria resulted for these reasons to the ones that had time to spend for an interview in our time frame, which resulted in 5 companies.

Table 1, Overview of participants

Company	*Founded*	*Amount of employees*	*Location*
1	2016	54	United Kingdom
2	2012	30	Germany
3	2012	460	Sweden
4	2012	3	Sweden
5	2016	6	Sweden

3.4.2 Interview guide

For the interviews, an interview guide (*see Appendix A*) was developed by base the questions on used frameworks from the literature review to easier draw connections and find parables, without being too specific. To get main insights into the new venture, the interview guide started with introduction questions and further on deepened into literature questions. During the interviews, interpreting and follow-up questions were added due to interpretation but also due to finding appropriate material. By having an interview guide for the semi-structured interviews, made the interviews flexible but at the same time keeping a structure where respondents were exposed to the same questions in general.

3.5 Data Analysis

The data were collected and an interpretivist thematic analysis was taken in order for a greater understanding of the meaning behind the participants thoughts on the questions that are being asked. This does leave the analysis open to biases and perhaps a misinterpretation of how the participants intended the message to get across. However, this is slightly addressed by the fact that multiple people were conducting the analysis. Thus, there is a reduced chance for biases to occur within the data from an individual researcher. This method of interpretative phenomenological analysis has been used previously by academics in the study of labour retention. Such as Katz, O'Neal, Strickland and Doutrich (2010) study of 'retention of Native American nursing workers in communities' this adds to the validity of this method of analysis being used and the legitimacy of this study. The process when analyzing the data started off by transcribing the interviews followed by coding the transcripts. The transcripts were split up between the researchers and transcriptions were made independently but followed up by reading through the transcripts and making corrections. In this way, the researcher was able to start seeing themes before being biased by the other. During the coding of the transcripts and the search of themes, the researchers followed the recommendations from Ryan and Bernard (2003, cited in Bell, Bryman & Harley, 2019) on what to look for. In this process, repetitions, as well as similarities and differences, were found and formed into specific themes. These themes, later on, became the way of categorizing the findings linked with the framework when analyzing the findings from the collected data.

3.6 Reliability

One of the main aspects of reliability within this study is the usage of two researchers. This means that there is a lack of a bias towards one point of view or skewed culture as an interpretivist philosophy can inherently lead to the bias of the researcher taking precedent when conducting research. As they could be restricted to only thinking within their own mental

framework. However, this is reduced when you take into consideration there are multiple researchers as this lends itself to a proportionally less proclivity for bias as their transcripts and coding of their material were made separately.

3.7 Limitations

Boundaries and restrictions have been put into the study to ensure the legitimacy but also the relevancy of the study. The delimitations focused pertaining to this study focus more on the startup aspect. This has meant that the participants within the study will be limited to new ventures who have been formed within the last 7 years at the time of the start of the study. This means that all of the startups interviewed will have been formed in the year 2012 and after. Additionally, we have limited the study to companies that have at least one full-time employee at the time of participating in the interview. This gives a greater reflection of what we are actually looking to represent within the study. Lastly, this study has focused on the European new ventures rather than other markets such as North America or China. This is down to the ease of access to these new ventures for the researchers as opposed to anything else.

There may be some possible limitations for the methods that have been used for the research. The way of sampling can cause a limitation due to the way of reaching out to new ventures. By using our network and incubators when choosing the interviews can limit the study in the way of not being either industry-specific. By constructing the interview guide with the chosen literature and framework as a base, it could be seen as a limitation in the way of not having the same ability and formulating questions that are more narrowed which results in that the answers might be narrowed as well. Another limitation could be the choice of using a qualitative approach since the qualitative researches are difficult to replicate (Bell, Bryman & Harley, 2019). A research that has a low degree of being replicated affects the reliability of the study further. Another limitation of this study is that it focuses predominantly on the European market as has already been explained in this research there has been contradictory findings to some of the previous literature conducted. However, that research was conducted within China while this had a more

European focus. This focus on only European companies means it does not give an overview of the whole overall global market perspective of it.

Lastly the most vital aspect of the limitations for this particular study is the timing. This study occurs at quite a unique time, during coronavirus lockdown in many countries. While the effects of this have not reached Europe too much, America has seen 33 million job losses (Rushe, 2020). This had been the same amount as during the depression, which had meant that this might not have been the best time to conduct such research as participants' opinions could be skewed to these current events. This seems to have some basis as in all the interviews there were some allusions from the participants in terms of information and impact that Covid-19 will have on their business whether positive or negative.

4. Analysis and discussion

The data will be presented by categorizing them under the themes we found when coding the data, and these themes will in a way be connected to the framework. In this way, an easier connection will take part during the analysis section. In addition to having been used as a probing study, this meant not all questions were uniformed and consistent among interviews. This was done in order to make sure this research is able to find key new discoveries. Summaries of the interviews have been provided in Appendix B in order to show we are not cherry-picking the data and are able to show some level of key contributions to the existing body of knowledge through the conduction of this qualitative research.

4.1 Theme 1- Culture key differentiation aspect for retention

A recurring theme that occurred throughout all of the interviews is how important the culture is to ensure that you are keeping the right employees. There is a general sense that you cannot keep people motivated in the long run at a company just by paying them more. This is echoed by the comments of Participant 1, who felt the most important reason that people stayed was the work environment and their colleagues. This would also follow the literature in terms of the Human motivation theory and the Job coupling model which shows the motivations of why one would stay at a business is multifaceted (McClelland, 1961; Mitchell et al., 2001). This is assuming the small business can even afford to do that which prior research suggests not. This means that often new ventures are competing for labour in a different manner to what a larger business might do.

Rather than focusing purely on the skills that are brought to the table in terms of making sure you have the most key employee and the best in the world in each position. There is more this understanding that, yes in the recruitment aspect of the business there is a need to be able to have a certain level of competence or skills in the desired area. For example, a junior developer would

still need to have basic knowledge of Javascript or C++. But there is a proportional weighting in the mind of the new venture of, why do you want to work for me rather than anyone else? They often believe that this is down to culture. This shows the acknowledgment that there is a need to understand the motivations in order to retain employees for longer.

As making sure they are motivated by culture as opposed to just money is something that would keep them at the company for longer. This can be optimized by the comments of Participant 2 stating he "Doesn't even look at the CV", as it is presumed the person applying would only apply if they are qualified. So they are more interested in what motivates them to join their particular company. This is compounded further by some other comments from Participant 3 "You could always do a lot more but eventually it might be that you only pay people more money to stay longer. Then they stay for the wrong incentives.". That particular comment shows an overarching theme felt within the study that while even in some minor cases you might be able to be a leader in wage rate, in the long term is it really worth it. As they are not motivated for the right reasons to join your company and this could be something that eventually affects the culture and the motivations of others in the long run. In an Idiosyncratic way, this follows the literature, as there is a following to the idea that by employees joining it can affect the culture and fitness overall of the business (Mitchell et al., 2001). This is because over time as more and more people become motivated by things that are other than the culture, there will be a gradual shift of the levels of each motivation people will feel and show in the company. For example, using the McClelland (1961) human motivation theory we could see the transition from a more higher level of aggregated motivation from all the employees in an aspect such as need for affiliation, to an implicit higher level of a need for power motivation. This slightly follows the literature as there is the understanding that individuals can have a mixed amount of each motivation and that this can change over time. There is an implicit understanding given the participants' responses that such a transition would fundamentally change the core culture of the business and how they conduct themselves (Mitchell et al., 2001). This would mean essentially the business will not be the same if they do not filter the candidates properly for what they are motivated about. The

people who would join would be vastly different to the core of the business and thus will affect the linkage and need for affiliation within the business (Mitchell et al., 2001; McClelland 1961).

One thing that has arisen from this research pertaining to the influence on the culture is the relationship is key. Making sure that there is a relationship between the employer and employee on more than just a formal level. This follows the literature of the job coupling model (Mitchell et al, 2001). Multiple businesses said it is vital that they have that informal connection with the employees, some even to go far as for the Participant 2 to invite them to their "holiday home in Bulgaria for a week". Participant 1 also had strong feelings about this by stating they felt developing informal relationships with the employee allows their managers to be more critical as they are more open with their employees. This means that in order to promote a culture in which an employee wishes to stay within the company you first need to fundamentally understand them as an individual and more than just an employee. This follows the more contemporary research as well showing the level of the relationship of an individual within their employers or the linkage affects their overall willingness or intent to leave (Mitchell et al., 2001; Kim et al., 2015; Porter et al., 2019).

This seems easier to be done on a smaller scale such as a new venture for the most part. As with a smaller size you are thus able to build a more intimate relationship with each employee. This follows the job coupling model as by forming this closer bond with the employee. This means the sacrifice aspect of the model in terms of what is foregone if chosen to leave in this informal relationship is and level of the community (Mitchell et al., 2001).

We have seen some of the longer-standing new ventures start to develop this theory even further by discussing how they have looked into how there are a lot of employees. Who might transition through different phases of the business in terms of their willingness to comply with the vision of the business. As this is something that all employers said was key to the business this could mean that it is their time to depart a business. But rather than letting them go forever, they look to build this wider community of employees and former employees. This has meant that some employers

have even gone as far as to invite the former employees to the gatherings that are still hosted such as Christmas parties. Showing that sometimes when you hire the correct person in terms of fitness within the business you are building (Mitchell et al., 2001), they stay within the wider community for a long time as they still fundamentally keep the relationships and agree with the business but just find themselves at a different part of their life which can mean their needs and wants from an employer can change. This has a positive influence on an employer though they are able to in the long run be able to benefit from more than just letting them go. There are several reasons for this.

Firstly it means they are able to rejoin the company at a later stage if they find out that they do want to work at the company and do agree with the vision and mission of the company. This can be seen as the employee transitioning through different stages of their life. As multiple participants mention how the average time spent at one organization is much shorter now. Participant 2 went so far as to say this is good as it means that they can come back with a fresh perspective and new information to drive the business forward. Participant 3 mentioned how sometimes a former employee could drive business to their former employer as they could recommend it if it would fit their current employers needs.

Lastly, is the opinion that the former employee could bring back to the business having done their exit interview there could have been a level of resentment attached to their comments. This could mean that they are able to give a more accurate account of their experience with the business which could mean that they rescind some comments about the business or even add on more which, in the long run, helps the business being able to improve and adapt as an employer. This corresponds the most with the comment from Participant 1 in which they stated: "Nobodies culture is done but its progress and if you want to keep people retained you got to make sure that their part of building a better company."

The type of culture that keeps people within the business. Fundamentally what this research has been trying to figure out are the reasons why an employee would stay at a new venture. This

means that there was an implicit assumption made in which it was felt that there would be certain policies which can be attributed to a culture in which employees are more likely to stay.

While this remains true this is a rather vast concept and the nature of it means that this study would not have completely outlined all the possible policies that would influence an employee to stay at a new venture over time. Some convergence in what can be seen in the type of policies that influence employees positively to stay within the culture. One of the main features that have been seen throughout this study that influences an employee's decision to remain within the company we have defined as 'Time'. Multiple times it was mentioned that the long-standing employees this could be for a new venture, having lasted at the company between 3-5 years. There was a feeling that these employees should be disproportionately rewarded for lasting such a length of time. How this should be expressed as an employer should be differentiated based on each individual case and focus on their already existing culture within the venture and the demands of the employees. However, most of the companies that participated had come to the conclusion that rewarding employees for their longevity was something that needed to be done in order to keep more of the longstanding employees engaged within the company. This would ensure that there is not this level of apathy that is built towards the company, and would be congruent with the literature in terms of this could be seen as adding to the level of withdrawal tendency.

This can be seen as having a cycle of employees within the company then as the company grows there is likely to be more change within the company in terms of the employees. This can have an effect on the level of the relationship a more long-standing employee would have with an employer. Because as the literature states and the results show as more people join the community or the linkage within the business changes (Mitchell et al., 2001). This, in turn, changes the fitness a longer standing employee would have within the business because as more people join they will affect the overall community (Mitchell et al., 2001), as the dynamics of the relationship can change. This can see one employee who perhaps previously would have been more engaged within the company begin to feel withdrawn and less aligned with the existing

company's culture and vision. This could be for a variety of reasons but often it could be down to a misalignment in motivations. Because as the company changes in size the more culture changes and perhaps the motivations of people who are joining the company (McClelland, 1961). This would be down to the stage of the business being different so you could see employees join who have a lower propensity to risk than the earlier employees. This is something that can go onto affect the longer standing employees and their decision to leave. This is something that multiple participants had stated they had seen within their company. This can mean that for someone who could have been one of the first hire's within the company to them the company might look unrecognizable when advanced 5 years later, meaning their linkage within the actual company is a lot weaker (Mitchell et al., 2001). Moreover, this can mean the established relationships that they previously had with their other work colleagues no longer exist as most of the employees who they had gotten along with and helped grow with the company could have left. As Participant 2 who had experienced this states "people generally don't like change". This can mean that the employees who remain can be the ones who might not feel as welcome at the company and this can lead to a need to make sure that they are still fully engaged with the company to drive forward with the mission and the vision. Meaning opting for more time-based incentives and such which could mean that long-standing employees gain more from staying such as by opting for having pension or healthcare bonuses if they stay for this given amount of time.

Admittedly, though not all of the employers viewed this from such a perspective. As most of them felt if they were not aligned with the vision or mission and were more longstanding it can be better for them to leave. With even one participant going so far as to say that they would push for them to leave. With that employer opting at writing a letter of recommendation for the employee and spreading it around their network which ensured that they were able to get multiple job offers from this. This particular employer felt that this was a better match as it meant that they were able to only keep people who were driven by the core values of the venture. This amicable separation had benefited this employer as well by going so far as for that particular employee to come back at a later date.

4.2 Theme 2- Employees define the culture and policies

In new business as discussed earlier in theme 1, there is a level of importance that is given towards the culture of the business. This means that often the decision making when it comes to policy making then needs to make sure that it feels like the employees played a role in this. This ensures that the incumbent employees feel that they are aligned with the culture of the business in the long run. With some businesses going so far as to have open discussions surrounding the bringing of dogs into work, while others more focusing on the mental health aspects of working in a startup.

This follows the theory assessed in chapter 2, as the motivation theory shows the need for affiliation is an aspect of people's motivation while the level of impact is different for each individual. This influence shows that employers are trying to fill the role further by making the employees part of the core culture by giving them the influence to help shape it with some employers going as far as to let it directly influence certain policies such as the introduction of more working from home, "mental health days" and bringing pets into work. This further compounds with McClelland's theory of motivation as it additionally gives control over their environment. By influencing these two aspects of motivational theory we can start to see that there is a building of an informal relationship between the employee and the employer. This would influence the level of attachment that the employee would feel towards his employer. This is because as the on-off job coupling model depicts, there would be an influence on the Linkage and Fitness of the employer to the employee (Mitchell et al., 2001). This sees the Fitness aspect of the model influenced as by letting them have a direct influence of the culture meaning that the employee will more likely tailor it to what they feel would be an environment that they would want to work in. Additionally, though there is the influence of Linkage as some organizations have gone so far to conduct meetings with the staff pertaining to the 'quarterly meetings regarding the direction and vision of the company as a whole with the team'. This further builds

the attachment between the employee and employers which can lead to a stronger level of retention for the employer.

Some of the participants had cited this idea of the culture as one of the key reasons that they felt their employees chose to stay with them over joining over companies as Participants 1 response being "I think mission and colleagues. I think those are the two most important ones". This shows that the employer whether aware of it or not inherently follows the on and off job coupling model. This sees the employer following it in the way of understanding the influence that they can have in the terms of the level of Fitness by letting them implement their own strategies. That, in turn, makes the sacrifice aspect if they choose to walk away at a later date even higher, which goes onto positively affect the connection they feel with the overall group in the community. In their opinion, this seems to lead to a more positive outcome in terms of longer retention rates for their employees.

4.3 Theme 3 - All companies differentiate between labour retention and recruitment in policy making

This finding was not directly related to the question we had set out to answer. However, it is an interesting finding nonetheless as it presents contradictory results to that of the results presented by Cui, Khan and Tarba (2016). The relevancy of that and what can be counted could also be down to partial differences in culture. As that original study was conducted among Chinese companies while this study has focused on companies within Europe. This theme shows that they all think that there is some semblance of importance to be given when it looks to try and retain the tacit knowledge within a company. While the extent to the importance has vastly differentiated with some seeing it as less important than others. There is some understanding that keeping people within the company and recruiting people towards the company are two completely different objectives of the company.

As such decision making should be handled as such within a new venture going forward based on the discovery of the research. Understanding what will keep your employees there and what attracted them there are two completely separate aspects. While this could be a western phenomenon there is the need for more research in order to delve deeper into this within a global perspective.

5. Conclusion

This study aimed to explore the question of labour retention in new ventures and if there were any motivations without the involvement of money, from an employer's perspective. Earlier studies have shown the use of rewarding systems with the involvement of monetary incentives as a way to retain employees. Despite previous research, a lack for ways of retaining employees with non monetary incentives consists. Using the framework of human motivation theory and job coupling model assisted and taking the theoretical into account in the way of contributing to the research.

By interviewing new venture companies with different amounts of employees resulted in three main themes, where one of the main findings applies to the culture in the organization. Culture plays a role in the way of keeping people motivated by the environment at the workplace. However, the motivations for staying in the company can as well be multifaceted. Even though the right skills and competence is critical, the results showed that having the right motivation for the business is more essential. For seeing culture as a key role for retention, the relationship plays a crucial part as well. By having a great relationship between employers and employees contributes to the culture in the way of being able to be more open to employees.

For contributing to the culture, making the employees feel included for the decision-making makes the employees feel more aligned with the culture and are in that way building an informal relationship. This contributes to the level of motivation by the affiliation.
The differentiation between labour retention and retirement wasn't directly connected to the research question itself but was one adding aim to the research. We found it interesting that the participants showed some disparity between recruiting a person to the company and retaining an employee within the company.

By these findings, this study contributes to the research by showing other motivational factors without monetary focus as a way of retaining employees within the company, and those factors they are affected by.

5.1 Implications

There are quite large gains made to the existing body of knowledge with this study. This is one of the first studies that attempts to isolate retention from recruitment within new ventures. This has meant that much of the research was based on discovering new trends and ideas by taking the perspective of a participant. While this has helped to paint a broad understanding of how new ventures separate retention and recruitment policies. It has not given concrete evidence of aspects that every new venture does and should do within the aspects of labour retention.

This has meant while there are few concrete practical applications and recommendations that can be given from this research it has opened up a new subgenre of existing research, on the basis for new discoveries to be made on. What the findings of this particular research have found is that new ventures certainly do differentiate between the policies for recruitment and the policies for retention. This is contradictory to previous research conducted by Cui, Khan and Tarba (2016).

Additionally, it has shown that the majority of new ventures do follow the job coupling model quite heavily. But they see this more as an all encompassing aspect of the retention of the business that gives a feel to how it is to work there so it is more based around developing the culture. As opposed to developing individual aspects of the business with the premise of leading to greater retention, while it is understood that retention is important, there is a greater understanding and appreciation for the need to create a culture around the company that reinforces people wanting to stay. Having employees stay who do not want to be there is understood to be bad for the company overall as it affects the culture since they are motivated by things other than what was originally the intention of the business. This in the long run, can

change the dynamics and relationships within the business and overall the inner workings of the new venture in how it conducts itself.

5.2 Future Research

While this study has contributed to the body of knowledge it has opened up a vast amount of more questions to be asked regarding labour retention within new ventures. Areas of further study continuing on from this work could look to see how retention and recruitment are differentiated on a global scale or whether the differentiation was a unique phenomenon to the European market. Additionally, further study could be conducted within the area of wider networking of former employees for new ventures and the influence on labour retention for their former employer. As this research discovered there is the opinion that former employees still have a societal role that they can play for the business, does this influence the likelihood of the remaining employees to stay if they feel they are always welcome back to their current employer?

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Appendix A - Interview guide

Concept	Questions
	Do you differentiate between labour retention and recruitment?
Introduction	How many employees do you have?
Introduction	How many employees have quit?
Fitness	If people have quit, what are the reasons?
	How have you tried to retain them?
	How do you hire people? Not sure about this question seems like it is more of a recruitment question then a retention one
Job coupling - fitness	What experiences have led you to implement the policies that you have in place at the moment?
Job coupling - linkage	How important do you feel that establishing an informal relationship is with an employee?
Fitness/ Specific Needs (Company dependent)	Do you filter candidates before meeting them for what they are motivated about e.g money, building a great product. Do you feel that this leads to a higher retention rate for you?
Job coupling - sacrifice?	Have you conducted any exit interviews if so what did they say and did you act upon any of this?
Job coupling - fitness	Were any policies directly requested by your employees e.g free beer or fruit?

Withdrawal tendency	Has a crucial employee ever left and if so what changes would you make to keep them now?
Withdrawal tendency	Were there any policies that lead to people feeling withdrawn from their work, if so how did you act upon this?
N/A	What do you consider when looking at making implementations to investigate stronger retention within your business?
Job coupling model/Human motivation	What do you think motivates others?
Job coupling - fitness	Which of your policies do you think keeps people in place?
Job coupling model/Human motivation	What motivates you to reach your goals?
Need for power	Can you feel that you get more motivated when you feel that you have the control?
Job coupling model	Why do you believe that people decide to stay within your company rather than join a competitor?
	Obviously scaling is a big part of a growing company, how do you treat long standing employees as the dynamics of their roles change.

Appendix B - Summary interview transcriptions

Participant 1
View retention as a different aspect from recruitment. Culture is the most important thing. Learned most of their learnings from previous jobs before founding. But also as they go they grow as they learn. "No culture is ever finished". They have about 50+ employees with one who has left permanently due to not liking the culture of a startup. Exit interviews were conducted. They view culture as the most important thing as a startup, especially being based in London as they are not able to compete for talent based monetarily.

Participant 2
They differentiated between labour retention and recruitment. They had around 30 employees. They were less concerned with keeping employees then other employers had been. They still wanted the good employees to stay. However, they felt that if an employee wanted to leave let them. Employees can go through a life cycle of wants and needs regarding their workplace. It is not the employers job to constantly mould it to them but let them go as and when is appropriate. Do keep a good relationship with them though. As there are benefits to keeping them within the wider community of the business. Culture was really important and it dictated who they hired. But it was decided by the employees themselves with quarterly meetings to decide even trivial things such as pets at work.

Participant 3
They differentiated between labour retention and recruitment.They had 400+ employees .They wanted to make sure that people were not driven by only the money. As they felt this would lead to a toxic working culture. They did not mind people leaving if they felt it was right for them. In fact sometimes would help them with the leaving as they wanted to leave a good impression on their former employees. As they saw their former employees as part of this wider network which occasionally could bring them business as well. Had, had people come back to work for them after deciding they do like what the business stands for. Culture was very important to them and decided a lot of what they did even down to the decor of the offices.

Participant 4
They thought that retention and recruitment were fundamentally different. But felt they were too small to really be able to differentiate between the two on an active policy level. They had 3 employees, and were looking to hire another within the year. They had their employees actively participate within the culture with some opting to take home the product and test it without even

asking. They viewed leaving as a positive thing as there is no point keeping somebody who doesn't want to be kept. Motivated by having control. Believed people wanted to stay with them in particular because they were contributing to a bigger mission at hand. Which fostered a working culture.

Participant 5
Due to maybe not recruiting enough, they haven't thought about the difference between labour retention and recruitment. They have 6 employees in the company where none have quit. The most crucial part for people staying is by letting the employees understand the difference their work makes and they get rewarded by working hard, both challenged and mentally wise. This works as well as a motivation, knowing why you are doing it and having an understanding of how their contribution affects. Since they are a small team with team spirit, they have a very open and flat organization which makes the policies between them very clear and easy to communicate, due to reading the policies when they arrive. For them, a big motivation is by knowing why you're doing what you do and at the same time being challenged.