**A STUDY ON OPPORTUNITIES AND CHALLENGES IN ENGAGING MILLENNIAL EMPLOYEE IN START-UP ECOSYSTEM**

Santhosh K V, Bhavya Vikas

BNM Institute of Technology, Department of Business Administration, Tirupati, India

Email: bhavyavikas@bnmit.in

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**ABSTRACT**

**Aim:**The study aims to identify major challenges the start-up organisation faces in engaging a millennial employee.

**Results:**The research design chosen for the study is descriptive. Since the study only deals with identifying and discussing challenges in employee engagement, descriptive statistics involve frequencies and percentages, and graphs and tables are used to represent and interpret the data.

**Conclusion:** The results show that the work environment and job satisfaction are the most critical elements that influence the engagement of the millennial employee.

**Keywords**: Entrepreneurship, Employment, Growth, Future Prospects

**HIGHLIGHTS:**

**1. Work environment and job satisfaction are the most critical elements that influence millennial employee engagement.**

**INTRODUCTION**

The paper aims to study the challenges faced by start-up organisations and HR professionals in engaging employees who belong to the millennial generation.

*Objectives*

1. To understand and analyse the factors influencing employee engagement in start-ups
2. To identify the challenges faced by start-up organisations in engaging a millennial employee.

*Limitation*

1. The primary data was collected only from start-ups in Bangalore, India. The result of the study might significantly change if other geographical locations are considered.
2. A part of the data collection was done from fresher employees and final year post-graduation students from B schools. The result might significantly vary with students from different courses and streams.

The study was conducted using a qualitative approach. The study attempts to describe the factors influencing employee engagement and challenges in engaging a Gen Y employee in a start-up. Hence the research design used is descriptive. The sample size for primary data collection was 50, which included HR professionals, employers of start-ups and millennials (employees and students of B-Schools who are ready to start their careers) to understand their expectations from the start-ups. A well-structured questionnaire is used to collect the primary data [1]. Face-to-face interactions were also conducted using schedules to understand the opinions of respondents.

*Demographic details*

1. The sample size for data collection was 50, out of which 43 responded.
2. The respondents included 15 HR professionals, 15 employers/founders of start-up organisations that belonged to service sectors and 13 who belonged to the millennial generation (6 employees and seven final year students from a B School).
3. The minimum age of the respondent was 23, and the maximum age was 48.
4. The number of male respondents was 27, and the female respondents were 16.

*Data Collection:*

The questionnaire consisted of three parts and was designed to collect data.

* In the first part, the employers and HR professionals of different companies were given seven parameters that indicated factors important to engage a millennial employee, and the respondents were expected to rate these parameters on a scale of 10 (1 being least important and 10 being very important).

These seven parameters were:

1. Job satisfaction
2. Compensation
3. Rewards and recognition
4. Career development
5. Work-life balance
6. Friendly work environment
7. Friendly supervisor
8. Facilities and infrastructure.

* In the second part, the same set of respondents(employers and HR professionals) were asked to rate four parameters, which indicated challenges in engaging a millennial employee on a scale of 10 (1 being less challenging and ten being very challenging).

These four parameters were:

1. Motivation
2. Employee retention
3. Job satisfaction
4. Compensation

* The respondents for the third part of the questionnaire were young employees who belonged to the millennial generation. The respondents were asked an open-ended question to understand their preferences if they were to join a start-up company.

**RESULTS:**

The data collected was consolidated as shown in Table 1. Table 1 is simplified into two parts part 1 (<=5) and part 2 (>5).

The major findings and interpretations from the first part of the questionnaire are as mentioned below (Table 2):

**Job satisfaction:**

* In the respondents' opinion, job satisfaction has 90% significance when hiring millennial employees in start-ups. Because as a matter of fact, a job seeker may reject the offer at any time because the nature of the job might not be stable since the organisation is a start-up.
* However, few respondents felt job satisfaction depends on how organised the company is in delegating job responsibilities to its employees.

**Compensation:**

* According to the respondents, compensation has 83% importance in order to engage millennial employees successfully. Job seekers dynamically equate the compensation offered with the industry and market standards.
* Compared with other generations, millennials have a stronger affiliation to pay packages.

**Career development, Rewards and Recognition:**

According to the respondents, career development, rewards, and recognition are the major factors for motivating millennial employees, which has 100% significance in engaging a millennial employee.

* The chances of retention are directly proportional to rewards and recognition received by the employee and the career opportunities available in the firm.
* Also, compared with other generations, Gen Y employees want to get elevated to higher positions as quickly as possible. When there exists uncertainty about promotional policies by the start-ups, the engagement might become unsuccessful.

**Work-life balance:**

* In the respondents' opinion, the importance of work-life balance is about 80%. Millennial employees look for faster growth for which they might be ready to compromise a little bit on work-life balance.

**Work environment and Friendly supervisor:**

* Providing a positive work environment consisting of supportive colleagues and friendly supervisors has been a significant focus of start-up organisations in today's competitive world. It has a great significance (about 90 to 100%) on the engagement of Gen Y employees.

**Facilities and infrastructure:**

* According to the respondents, facilities and infrastructure have about 80% significance. They need not be excellent as per global standards, which might be expensive for some start-ups in the beginning stage. However, some decent facilities such as cafeterias, cab facilities in case of night shifts, travel allowances in case of field work and other perks are expected by the employees to perform the job effectively.

The major interpretations from the second part of the data are as follows (Figure 1):

**Motivation:**

* With the advancements in technology, the awareness of generation Y employees has been tremendously increasing. They have all the information at their fingertips, which is one of the major challenges for start-ups. All the efforts taken by the organisation to motivate the millennial becomes less effective as they might already be aware of the companies' engagement strategies, and it makes motivation 100% challenging.

**Retention:**

* HRs and heads of start-ups stated that retention becomes challenging when some of the major requirements of the employees are not met.
* Requirements such as attractive compensation, flexible work timings, facilities, supportive peers and friendly supervisors become too crucial that if any of these are not fulfilled, retention becomes a big challenge.
* If the company's financial condition is good enough to fulfil these requirements, retention becomes easier. But most of the time, it is too challenging to promise all these requirements in a start-up company due to unstable financial conditions and it makes retention 83% challenging.

**Job satisfaction:**

* The respondents were asked how challenging it is to create job satisfaction, especially when the work involves field work, rotational shifts, and work location out of home town. The findings showed that the challenge is about 90%.
* In the word of HR who hire fresh postgraduates from B Schools, it isn't easy to create job satisfaction in employees due to false expectations from the job, which is becoming increasingly high.

**Compensation:**

* Compensation is one of the significant challenges, ranked 100% by the respondents. According to them, it is a great challenge to satisfy millennial employees with compensation in start-ups because, as mentioned earlier, they equate the pay package of the company with some of the established and leading organisations that belong to the same industry.

The interpretations from the third part of the data are as follows:

* Face-to-face interactions with few respondents who belong to the millennial generation were conducted to understand the expectation from the jobs in start-ups. The respondents included employees and final-year post graduate students who are ready to start their careers. Schedules were used to record the responses.
* The schematic representation of the data is shown in Figure 3.1, also graphically represented in figure 3.2.
* 92% of the respondents preferred a stress-free environment, supportive peers, friendly supervisor and flexibility in work.
* 85% of the respondents preferred flexible work timings.
* Other preferences are attractive compensation, nearby work location or work location in home town.

Thus, it can be clearly observed that these factors positively synchronise with the understanding of HR professionals and employers of start-ups about the challenges of engaging a millennial employee in start-up organisations.

**CONCLUSION**

The present study was conducted to understand the significant challenges start-up organisations face in engaging millennial employees. Through interactions with some of the HR professionals, employers, employees and students, the study tries to provide an idea about the factors influencing employee engagement of Gen Y employees. Further, it also provides an idea about some potential challenges start-ups face in engaging a millennial employee. The major factors include motivating the employees, creating job satisfaction, fixing compensation and retaining the employees. The weighted averages calculated showed that work environment and job satisfaction are the most critical elements that influence the engagement of the millennial employee. The results also showed that job satisfaction and satisfying compensation are the major challenges while engaging these employees in start-ups.

**REFERENCES**

1. <https://ideas.repec.org/a/aii/ijcmss/v5y2014i3p71-79.html>

2. <https://doi.org/10.5539/ijbm.v10n3p99>

**TABLES:**

**Table 1: Responses of the participants**

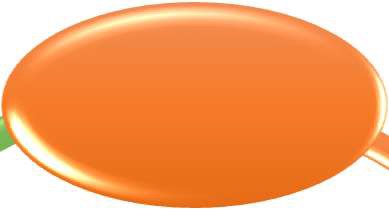
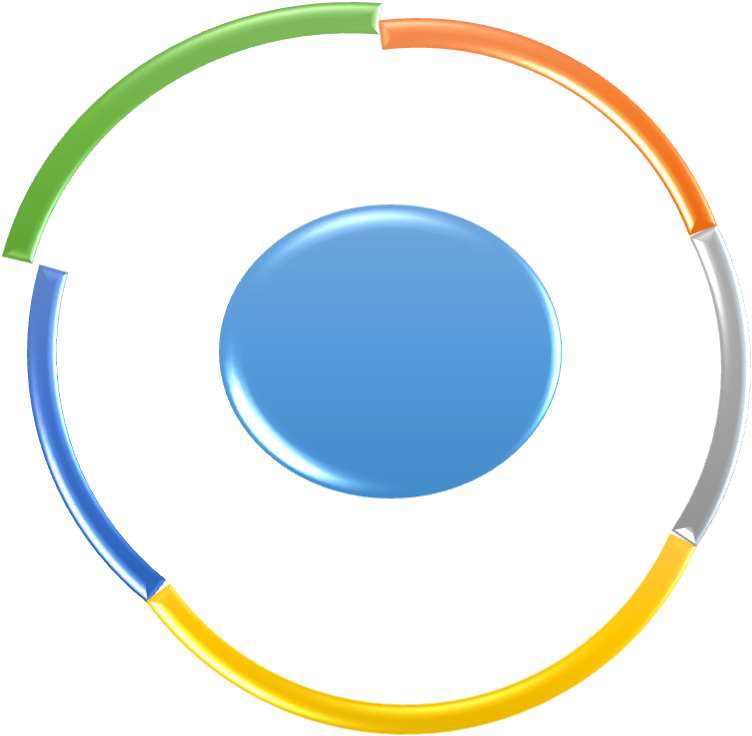
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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **CONSOLIDATED DATA** | | | | | | | | | | | | | | |
| **Part 1.** How important are these factors in engaging a millennial employee in a start-up organization? Rate out of 10 (1 being least  important and 10 being Very important) | **Responses** | | | | | | | | | | | | | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | **8** | | | **9** | **10** | **Weighted averages** | |
| Job satisfaction | 0 | 0 | 0 | 0 | 3 | 3 | 7 | 9 | | | 7 | 1 | 4.12727273 | |
| Compensation | 0 | 0 | 0 | 0 | 5 | 8 | 7 | 6 | | | 2 | 2 | 2.87272727 | |
| Rewards and Recognition | 0 | 0 | 0 | 0 | 0 | 9 | 5 | 9 | | | 6 | 1 | 3.18181818 | |
| Career development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 15 | | | 9 | 6 | 3.54545455 | |
| Work life balance | 0 | 0 | 0 | 0 | 6 | 0 | 15 | 7 | | | 1 | 1 | 2.18181818 | |
| Work environment | 0 | 0 | 0 | 0 | 0 | 5 | 14 | 7 | | | 4 | 0 | 4.78181818 | |
| Friendly supervisor | 0 | 0 | 0 | 0 | 3 | 3 | 5 | 2 | | | 1  0 | 7 | 2.52727273 | |
| Facilities and infrastructure | 0 | 0 | 0 | 0 | 6 | 0 | 13 | 9 | | | 1 | 1 | 2.14545455 | |
| **Part 2.** How challenging are these functions while engaging a millennial employee in start-up? Rate out of 10 (1 being less challenging and 10 being  very challenging) | **Responses** | | | | | | | | | | | | | |
| **1** | **2** | **3** | **4** | **5** | **6** | **7** | | **8** | **9** | | **10** | **Weighted averages** | |
| Motivation | 0 | 0 | 0 | 0 | 0 | 0 | 4 | | 7 | 14 | | 5 | 2.43636364 | |
| Retention | 0 | 0 | 0 | 0 | 5 | 0 | 8 | | 12 | 4 | | 1 | 3.21818182 | |
| Job satisfaction (Even when job involves elements  like shifts, field work etc.) | 0 | 0 | 0 | 0 | 3 | 1 | 8 | | 11 | 7 | | 0 | 4.34545455 | |
| Compensation | 0 | 0 | 0 | 0 | 0 | 5 | 12 | | 8 | 4 | | 1 | 3.94545455 | |
|  |  |  |  |  |  |  |  | |  |  | |  |  | |
| **Part 3.** Mention few factors which you feel is important if you are to work in a start-up (Only  Employees and Students). | **Responses (preferences) out of 13 respondents** | | | | | | | | | | | | | **Total Responses** |
| Attractive compensation | **9** | | | | | | | | | | | | | 13 |
| Flexible work timings | **11** | | | | | | | | | | | | | 13 |
| Flexibility with nature of the job | **7** | | | | | | | | | | | | | 13 |
| Stress-free environment | **12** | | | | | | | | | | | | | 13 |
| Work location | **8** | | | | | | | | | | | | | 13 |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Part 1:** How important are these factors in engaging a millennial employee in a startup organization? Rate out of 10 (1 being least important and 10 being Very important) | | | | | | | | |
|  | **Job**  **satisfaction** | **Compensation** | **Rewards and**  **Recognition** | **Career**  **development** | **Work life**  **balance** | **Work**  **environment** | **Friendly**  **supervisor** | **Facilities and**  **infrastructure** |
| >5 | 27 | 25 | 30 | 30 | 24 | 30 | 27 | 24 |
| <=5 | 3 | 5 | 0 | 0 | 6 | 0 | 3 | 6 |

**Table 2: Analysis of responses**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Part 2:** How challenging are these functions while engaging a millennial employee in start-up? Rate out of 10 (1 being less challenging and 10 being very challenging) | | | | |
|  | **Motivation** | **Retention** | **Job satisfaction (Even when job involves elements like shifts, field work etc)** | **Compensation** |
| >5 | 30 | 25 | 27 | 30 |
| <=5 | 0 | 5 | 3 | 0 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Part 3:** Mention few factors which you feel is important if you are to work in a start up. | | | | | |
|  | Attractive compensation | Flexible work timings | Flexibility with  nature of the  job | Stress-free environment | Work location |
| Series1 | 9 | 11 | 7 | 12 | 8 |



**Flexible work**

**timings**

**Work location**

**Employee**

**preferences in start-ups**

**Attractive**

**compensatio n**

**Stress-free**

**environment**

**Flexibility in**

**nature of job**

**Figure 1: Schematic representation of Part 3 of the questionnaire**