Handling Disruptions in a Start-up through the Humane Touch

[1]Dr. Suruchi Mittar, [2]Deepak Mendiratta

[1]Director- Learning & Development and Culture - Appster, Gurgaon, India.
[2]Head-HR - Appster, Gurgaon, India.

Abstract: Human resource is considered as the nucleus of all development processes of the economy. HRM has been known from ages but deteriorating social conditions, increased competition and rapid technological advancement has now necessitated its rediscovery. This single endless re-source if utilized properly can do wonders in converting a start-up firm to a fully grown-up firm. By acquiring coherent human resource, enhancing their skills, stimulating them for high performance and assuring their continuous commitment and loyalty towards an organization, the organizational objectives can be best attained. The study reveals that by employing indigenous HR personnel or setting up HR department and practicing good HR activities from the very be-ginning stage of any start-up will lead to its survival and sustainability in long run.

I. Introduction

Today not only business goals define start-ups but also the way they react in bad times represents whether the firm is still a start-up or a grown-up. It is only the human resource factor that matters during each phase of life cycle of an organization. Most start-ups fail to manage the aspects of business and therefore go wrong in their planning. They compromise on HR team and while trying to save their initial expenses they end up with hiring inefficient employees. Thus, affect the long term progress of the firm. HR helps an organization in achieving short as well as long term goals. It is not at all mandatory for start-ups to invest in an HR department but initially HR personnel can be employed to handle the needs and mismatch in an organization. This can later on be expanded into a department when the capital resources are sufficient.

II. Literature Review

All over the world start-ups have played and are continuing to play significant roles in growth, development and industrialization. In the new knowledge economy technology based start-ups are higher in number than non-high tech companies. These start-up companies have high rate of mortality. Hence it is important to frame the appropriate strategies for long term survival (Centre for International Trade in Technology, 2007). A number of studies have noted importance of human resource activities in the success or failure of a firm (Terpstra & Olson, 1993). Human resource factors form one of the most significant areas for success of a company (Itami & Roehl, 1987; Castanias & Helfat, 1991; Spender, 1993; Lei & Hitt, 1995; Conner & Prahalad, 1996). Cooper, Gimeno-Gascon, & Woo (1994), Carter, et al. (1994), as well as Nucci (1999) wrote that business survival and success is related to human resource as well as the financial factors at the initial start-up stage. A study of new businesses by Bamford, Dean, & McDougall (1996) identified acquiring competent human resources was critical for a venture's success or failure because HR practices influence and may determine if a firm does well in developing its product/service offer.

There are differences between large and small companies, but Hornsby and Kuratko (1990) found that concern for the most important future human resource issues is not affected by firm size. However, Chandler & McEvoy (2000) point out that there are few studies identifying and validating HR practices in small firms and even less research focusing on the relationship between strategy, HR management and the success of small businesses. A study of small companies by Chandler & McEvoy (2000) identified the positive effects of HR practices. These included practices that increased employee skills and motivation, which resulted in improving productivity. Size and resource capacities make an impact as Hornsby and Kuratko (1990) found that recruiting, motivating, and retaining employees are the biggest problems for small firms. Many researchers in their work have analyzed that manufacturing and services industries were also undergoing low organizational performance due to absence of HR department and practices. Good HR practices had a great impact on their organizational performance. For an Industry to function and perform and yield financial results, it invariably depends on factors like men, machine, material, money and market. Men or human resource being the epicenter of any and every industrial activity is of paramount importance. An effective and competitive human resource is the key to the strength of organizations in facing the challenges of business today. An efficient and effective human resource will produce quality, productive individuals that will eventually minimize the problems that are related to human resource such as job dissatisfaction, absenteeism, or turnover of employees (Mittar & K. Mathew, 2014). Comparative HRM issues are gaining momentum because of the firms entering into a more dynamic

world of international business and also due to the rapid globalization of world markets. Both practitioners and academics in the field of HRM are becoming aware of the need to examine and understand the HRM system suitable to different parts of the world. Finding relevant HRM policies and practices for different types of organizations (for example, public/private sector, manufacturing/service sector) around the globe has now formed their interest. Performance of employee as well as organization revolves around HRM practices. In the words of Pfeffer (1994), having good HRM is likely to generate much loyalty, commitment or willingness to expand extra effort for the organization's objectives. The more HR practices are in place, the more the employees remain motivated to work effectively and efficiently, and have lesser intention to leave the organization (Mittar, Saini, & Aggarwal, 2014).

III. Strategy Used For Developing HR Department at Appster

Understanding the latest human trends can really make a difference for start-ups. The success or failure of any organization depends upon the quality of people it hires. HR strategy needs to be developed with the business strategy. The optimal and rational HR strategy helps the management to get a clear picture of what to expect from the firm and its employees. The article by (Dewhurst, 2012) focuses on methods multinational companies can use to attract talent in emerging markets. It states increased competition for talent by local companies in emerging markets is making it more difficult to acquire and retain talent and talks about the need for more role models in global leadership roles to persuade highly talented local people to join and stay at their business and comments on the need for global businesses to enhance their brand as an employer. (Mittar, Saini, & Aggarwal, 2014). Here are the simple and flexible HR strategies that one of the App Development Start-up company i.e. Appster opted in 2011 to fit its business needs and requirements:-

1. Business Objectives

The very first key factor for a start-up is to formulate the business objectives. It involves deter-mining the organization's needs, strategies and philosophies. Appster defined its objective to be the key player in mobility and started defining itself. The journey started with five member organization and challenges started with its own challenges. One may feel that HR policies are best suited to the corporate giants but not having one can potentially wreak havoc on a new business as well. Despite of a huge pool of on the shelf HR policies available on internet it was best to customise a policy that truly reflected the integrity and values of our business. As a young start we looked in to trends in labor market, competitive management, core values, revenue generation, and growth.

2. Mission To Hire The Best Talent

Defining the mission statement for your organization and for your people is another step to-wards the growth of a start-up. Before you started diving into the talent pool that is drawing ever closer thanks to the rise in remote working. Setting clear job descriptions and establishing competency models to have transparent guidance and support enabled us to effectively hire and manage staff. We have developed a robust recruitment process at Appster on the foundational pillars of our four promises. It begins with a systematic understanding of the job requirements and role, keeping in mind the manpower forecasting done for that quarter and the financial year, subsequently. The Job descriptions are based on the candidate persona developed on the roles & responsibilities associated with respective positions. Our journey started to align people in an open culture. There was a huge pool of aspiring individuals available. Selecting a suitable candidate that fits the job well enough is a peculiarly tricky task. It was one of the biggest challenges facing the startup businesses in this digital age. Setting clear job descriptions and establishing competency models to have transparent guidance and support will enable you to effectively hire and manage staff once they are in the business.

3. SWOT Analysis Of Employees

As we started moving the varied geographies of the globe, we were always contemplating and exploring the manpower in terms of internal strengths and weaknesses along with the external opportunities and threats that helps the management to strive right number and right kind of workforce at right time at right location. It had to fulfill the obligation for the benefit of organization as well as individual. We were particular with our people and were aware that our organisation was growing. We moved into inside -out and outside-in approach. We went in to the details of benchmarking the compensation for our employees from the key players of the industry. We thought of introducing employee friendly policies

4. Organization Culture

There is a lot of difference between the culture prevailing in two different companies and it is important for each employee who is joining the company must understand the culture to be able to have a suitable fit. A strong culture can have a lasting effect and provide sustenance to an organization. It gives a sense

of pride and identity to individuals and teams. However, the values and culture associated with an organization need to be appropriate and well segmented. As the business was growing the needs of the business were changing and we had to take a call between hiring more and firing existing or develop our existing people and fill the gaps. The vision of the management was clear by hiring the senior person for L&D and we started making the change in the culture by nurturing our own people. The interventions were directly aligned with the business needs. The NPS scores started rising, customer satisfaction looked well, happiness scores of the employees went high. The instruments of culture building included Town halls, Technical trainings, behavioural trainings, HR connects, one-on-one, leadership training, client communication trainings, organizational-renewal exercises and other various organization development interventions which transformed the culture from a fit perspective to strong culture perspective.

5. Critical People Issues

Employees are an asset to any organization. But there are certain issues among staff and organization that can critically impact the organization's health. The information developed in analysis of business objectives and SWOT analysis of workforce should be utilized to overcome this. As weaknesses of employees can be overcome by using the proper strategies on the basis of the priority of an issue, the task before the human resource management is to solve the issues and create an environment of peace and harmony. As the organisation was growing, people were entering the organisation from all cultures, different environments and different perspectives. Aligning each one to APPSTER's four promises was not a difficult task but surely a challenging one. We tried resolving issues with great feedback mechanism, by using different tools and programmes like ask the Leader etc wherein the employees had the option of not disclosing their names. These various mechanisms helped us to understand the critical issues and we took corrective decisions to handle them.

6. HR Action Plan

HR is supposed to provide continuous manpower to a firm either by developing the existing one or by recruiting the new people. The role is not limited to this. Once the people are employed they need to train over the skills required for the assigned job, they should be the part of business objectives, company's mission, organization culture. It is the HR who does the SWOT analysis to solve the critical issues faced by people as well as the firm. The firm's HR strategy involves the implementation and evaluation of action plan. Appster, one of the fastest growing app development companies has opted all the initial HR strategies and is blooming all the way from then to now. We have a crisp reward and recognition policy, team connects, stand ups, book club, and other engagement programmes like table tennis, carom etc. We are concerned with employees' wellness. We have a food facility which is provided in the form of breakfast and lunch. We have an office space which is not only creatively designed but a space which intrinsically motivates the employees to work. Besides this the company is regularly investing in the HR department. HR has risen from one HR personnel to a complete HR department and also established Learning & Development and Culture department. The company has not left any stone unturned and has trained its employees all the way in its journey. Thus, sets an example for all the start-ups to develop their own HR unit.

IV. Conclusion

Start-ups have gained much importance in both developed and developing nations. But they are still facing the issues which have hampered their growth. Absence of HR practices is one of the major issues. But by implementing proper HR department and by following the strategies the firms can really grow well. Using good HR practices have a tremendous influence on business outcome. Any practice dealing with enhancement of competencies, commitment of employees and building organizational culture can be considered as an HR practice. The perfect recruitment, selection, training, assigning job responsibilities, organization culture, performance appraisals and many more HR activities comes under the HR personnel or HR department. There are many examples where start-ups have built and utilized the HR department and are surviving beautifully by turning into a grown-up large firm.

References

[1]   Dewhurst, M. (2012). How multinationals can attract the talent they need.
[2]   Khatibi, A. P., Saleki, R., Seyed, Z., & Manafi, M. (2012). 'The effect of HR Practices on Perceived Employee Performance: A study of Iranian Hospitals.
[3]   Mittar, S., & K. Mathew, S. (2014). HR factors influencing employee performance in GMF in Delhi-NCR.
[4]   Journal of Business and Economics , 249-259.
[5]   Mittar, S., Saini, S., & Aggarwal, A. (2014). Human Resource Management Practices for Employee Retention in Apparel Export Houses in Delhi NCR. Scottish Journal of Arts, Social Sciences and Scientific Studies , 3-22.
[6]   Bamford, C. E., Dean, T. J., & McDougall., P. P. (1996). Initial founding conditions and new firm performance: A Longitudinal Study Integrating Predictions from Multiple Perspectives. .
[7]   Frontiers of Entrepreneur ship Research , pp. 465-479.

[8]   Carter, N. M., Stearns, T. M., Reynolds, P. D., & Miller, B. A. (1994). New Venture Strate-gies:Theory Development with an Empirical Base. Strategic Management Journal , pp. 21-41.

[9]   Castanias, R., & Helfat, C. (1991). Managerial resources and rents. Journal of Management , 155-171.

[10] Centre for International Trade in Technology, I. I. (2007). A PILOT STUDY ON TECHNOLOGY BASED START-UPS. New Delhi: Department of Scientific & Industrial Research, Govt. of India.

[11] Chandler, G. N., & Mcevoy, G. M. (2000). Human Resource Management, TQM and Firm.

[12] Entrepreneurship: Theory and Practice , pp. 43-58.

[13] Conner, K., & Prahalad, C. (1996). A resource-based theory of the firm:Knowledge ver-sus opportunism. Organizational Science , 477-501.

[14] Cooper, A. C., Gimeno-Gascon, F. J., & Woo., C. Y. (1994). Initial Human and Financial Capital as Predictors of New Venture Performance. Journal of Business Venturing , pp. 371-395.

[15] Hornsby, J. S., & Kuratko, D. F. (1990). Human resource management in small business: Criti-cal issues for the 1990's. . Journal of Small Business Management , pp. 9-18.

[16] Itami, H., & Roehl, T. (1987). Mobilizing invisible assets. Harvard University Press.

[17] Lei, D., Hitt, M., & Bettis, R. (1996). Dynamic core competencies through meta learning and strategic context. Journal of Management , 549-569.

[18] Nucci, A. R. (1999). The Demography of Business Closings. Small Business Economics , pp. 25-39.

[19] Terpstra, D. E., & Oison, P. D. (1993). Entrepreneurial start-up and growth: A classification of problems. Entrepreneurship Theory and Practice. International Small Business Journal , pp. 5-20.