RETENTION MANAGEMENT IN ENTREPRENEURIAL FIRMS – HOW TO ENHANCE EMPLOYEE COMMITMENT (SUMMARY)

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SUMMARY

RETENTION MANAGEMENT IN ENTREPRENEURIAL FIRMS – HOW TO ENHANCE EMPLOYEE COMMITMENT

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Principal Topic

The existing literature often attests young growth companies as having severe deficits in managing their human resources. These deficits usually result from a focus on the diffusion of standard HR-instruments in small and medium-sized enterprises. But due to the fact that there are of course a lot of young growth companies with highly qualified employees, one may reasonably expect that those companies operate with other incentives than established ones. Based on the theory of organizational equilibrium we identify the key incentives persuading employees to stay with a young growth company and investigate to which extent the offered incentives affect a high level of commitment. Thus, this study focuses on retention management in young growth companies and aims at analyzing which incentives provided by such companies influence a high commitment to the company and, thus, influence employees to stay with young growth companies.

Method

For this purpose, data was analyzed by means of the Partial Least Squares (PLS) approach. Based on German survey data collected among 215 highly qualified employees our analysis was conducted in two main steps. First, we tested the use of incentive schemes and the effects of deployed incentives on the data for young growth companies. Second, an exploratory group comparison between young growth companies and established companies was conducted in order to discover differences between actually provided incentives and their effects on employees' commitment within the respective companies.

Results and Implications

In order to keep staff with a solid commitment based on emotional elements like job satisfaction and involvement, young growth companies should either intensify those incentives having the strongest positive impact particularly on the affective commitment or those incentives differing from larger established companies. If young growth companies highlight their structural and social advantages and emphasize the incentives influencing the affective commitment, they can position their human resource activities favourably with only marginal expenses.

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