

# Exploring employee retention strategies in Indonesian startups: A qualitative study of human resource management practices

Mulyadi Mulyadi<sup>1</sup>, Sumardin Sumardin<sup>2</sup>, Dewi Permata Sari<sup>3</sup>, Sabri Sabri<sup>4</sup>, Sudioanto Sudioanto<sup>5</sup>

Ibnu Sina University, Batam, Indonesia<sup>1,2,3,4,5</sup>

[mulyadi@uis.ac.id](mailto:mulyadi@uis.ac.id)<sup>1</sup>, [sumardin@uis.ac.id](mailto:sumardin@uis.ac.id)<sup>2</sup>, [dewi.permata.sari@uis.ac.id](mailto:dewi.permata.sari@uis.ac.id)<sup>3</sup>, [sabri@uis.ac.id](mailto:sabri@uis.ac.id)<sup>4</sup>,

[sudioanto06@gmail.com](mailto:sudioanto06@gmail.com)<sup>5</sup>



## Article History

Received on 03 June 2025

1<sup>st</sup> Revision on 12 July 2025

2<sup>nd</sup> Revision on 24 July 2025

Accepted on 06 August 2025

## Abstract

**Purpose:** Startups in Indonesia have experienced rapid growth over the past decade but face significant challenges in retaining talent due to organizational dynamics and evolving employee expectations. This study explores employee retention strategies implemented by Indonesian startups by examining current human resource management practices.

**Methodology:** A qualitative approach was employed, using semi-structured interviews with HR leaders and decision-makers from ten high-growth startups in Jakarta, Bandung, and Surabaya.

**Results:** The study identified key retention strategies including meaning-driven work culture, flexible work arrangements, equity-based compensation, and individualized career pathways. Startups that aligned HR initiatives with intrinsic motivation and employee well-being reported higher retention rates. Founder-led engagement, agile feedback loops, and cross-functional mobility were also notable as innovative HR practices in the startup context.

**Conclusions:** Retention in Indonesian startups is significantly enhanced through HR strategies that prioritize intrinsic motivators and employee well-being, particularly in competitive talent environments.

**Limitations:** The study's qualitative nature and geographic focus on three cities may limit broader generalization across Indonesia's diverse startup ecosystem.

**Contribution:** This study offers practical insights into effective HR strategies for talent retention in emerging market startups, emphasizing founder involvement and adaptive HR innovations.

**Keywords:** *Employee Retention, Startups, Human Resource Management, Equity-Based Compensation, Founder-Led Engagement, Employee Well-Being*

**How to Cite:** Mulyadi., Sumardin., Sari, D. P., Sabri., & Sudioanto. (2025). Exploring employee retention strategies in Indonesian startups: A qualitative study of human resource management practices. *Annals of Human Resource Management Research*, 5(3), 593-603.

## 1. Introduction

Indonesia's digital economy has experienced significant growth over the past ten years, providing fertile ground for the expansion of technology-driven start-ups. Based on the e-Conomy SEA 2023 report by Google, Temasek, and Bain & Company, the country's digital economic value was estimated at USD 82 billion in 2023, with projections indicating that it could reach USD 109 billion by 2025. One of the main drivers of this growth is the surge in the number of startups, which in 2024 will reach more than 2,500 listed companies in various sectors, such as fintech, edutech, agritech, and healthtech. This phenomenon has placed Indonesia as the largest startup ecosystem in Southeast Asia, even ranking in the top five globally (Bouras, 2024).

In line with this growth, Indonesia's startup ecosystem continues to expand, positioning the country as a leading hub for technological innovation in Southeast Asia. According to the 2023 Global Startup Ecosystem Report by Startup Genome, Jakarta is listed among the top 40 fastest-growing startup ecosystems globally, particularly noted for its strong market connectivity and significant funding growth. Factors such as increasing Internet penetration, the availability of venture capital, and government support through programs such as 1000 Digital Startups and BEKRAF have created a conducive environment for startup birth and expansion. By the beginning of 2024, there will be more than 2,500 active startups in Indonesia, with dominance in the fintech (22%), edutech (13%), healthtech (10%), and digital logistics (9%) sectors (Marsan et al., 2022).

However, startups in Indonesia are not only developing quantitatively but also exhibit distinctive structural complexity. In contrast to established corporations, startups are generally in the early stage or scale-up phase, which is characterized by limited resources, a business model that is not yet fully stable, and the multitasking role that employees must play. This condition gives rise to fluid organizational dynamics, a flat hierarchy, and a work culture that is highly adaptive to change (Marliani & Merisa, 2024). Meanwhile, the main attraction of working at a startup for the younger generation lies in the flexibility, innovation, and opportunity to "make a direct impact" within the organization. However, work stress levels, high target pressure, and uncertainty in the direction of the company are challenges in retaining employees (Almaida & Purnomo, 2021; Jensen, Patel, & Messersmith, 2013).

Furthermore, the unique characteristics of Indonesian startups are influenced by local social and economic contexts. Many startups have emerged in response to social problems such as financial access, educational gaps, and health service inequality. This has led most startups in Indonesia to adopt an impact-driven innovation approach, which is a combination of profit orientation and social mission. However, HR challenges remain a key issue limiting the scale of a company's sustainability (Ekasari, Dharmawan, Rismawan, Munizu, & Abdurrohman, 2024). Based on a survey by the Mandiri Institute, more than 65% of startups stated that difficulties in retaining quality talent are the main obstacles to medium-term expansion. Therefore, an in-depth study of employee retention strategies in the Indonesian startup environment is becoming increasingly relevant, not only for academic interests but also for the formulation of national digital industry policies.

Theoretically, the issue of employee retention within the startup organizational environment can be analyzed through the Social Exchange Theory approach, which emphasizes that employee commitment arises as a result of a fair reciprocal relationship between individuals and organizations (Setiawan, Hasanah, Wardani, & Supratikta, 2025). In addition, the Job Embeddedness Model Mitchell, Holtom, Lee, Sablinski, and Erez (2001) offers an important framework that includes three main dimensions that affect employee retention intentions: attachment to work (fit), social connections in the workplace (links), and the consequences of leaving work (sacrifice). In the context of startups, where work structures are often unstable and career paths are not always clear, these dimensions cannot always be optimally met.

Furthermore, changes in the generation of the workforce have changed the landscape of expectations towards organizations. A Gallup study showed that 60% of millennials and Gen Z place purpose, well-being, and work flexibility as the main indicators in choosing and retaining a job. In the context of startups, where a dynamic and informal work culture is the hallmark, this expectation is a challenge because not all companies have the infrastructure or resources to meet these demands (Gallup, 2021). This is reinforced by Minzlaff and Palmer (2021), who indicate that young employees consider quitting their jobs in two years if they feel they lack clear meaning and career development.

Although many previous studies have highlighted the importance of retention strategies in the context of large corporations or multinationals, research focusing on retention practices in Indonesian startups is still very limited, especially from a qualitative, exploratory approach. Quantitative research tends to provide a broad statistical picture, but it cannot delve into how HR practices are performed in real terms in the field, especially in unique and contextual startup ecosystems. This study aims to fill this gap by exploring the lived experiences and HR strategies applied by Indonesian startups to retain talent in a

highly dynamic environment. The novelty of this research lies in its qualitative exploration of startup-specific retention strategies within the Indonesian context, an area that has been underrepresented in the literature.

Therefore, this study aims to address gaps in both the literature and practical applications by exploring how employee retention strategies are implemented in Indonesian startups. Specifically, this study examines how meaning-based work, non-traditional compensation models, workplace flexibility, and managerial innovation contribute to employee loyalty in uncertain and fast-paced environments. Adopting a qualitative methodology, this research is based on in-depth interviews with human resource managers from ten startups located in three major Indonesian cities: Jakarta, Bandung, and Surabaya. Accordingly, this study is guided by the following research question: What human resource management strategies are effectively implemented by Indonesian startups to retain their key employees? The findings are expected to contribute empirically to the academic discourse on HR management and serve as a practical reference for startups aiming to develop more adaptive and sustainable employee retention strategies. The novelty of this study lies in its contextual focus on Indonesian startups a rapidly evolving and underexplored segment— using a qualitative approach to uncover retention practices that are culturally and structurally distinct from established corporate environments.

## **2. Literature review and hypothesizes development**

### ***2.1. Employee Retention***

Employee retention refers to an organization's ability to retain highly competent employees over a long period. Retention is considered an indicator of HR management success because it is closely related to organizational efficiency, knowledge continuity, and team stability (Wahyudi, Syauki, Sunaeni, Judijanto, & Irfan, 2023). High employee turnover rates can incur both direct (recruitment and retraining) and indirect costs (loss of team productivity and morale), which ultimately impact business performance (Allen, Bryant, & Vardaman, 2010). Several theories underlie the understanding of retention, most notably Social Exchange Theory and Job Embeddedness Theory

Social Exchange Theory (Cropanzano, Anthony, Daniels, and Hall (2017) emphasizes the importance of fair reciprocal relationships between employees and organizations. This theory explains that employees tend to stick around if they feel support, fairness, and trust from their organization. In addition, Job Embeddedness Theory (Kurtessis et al. (2017) underscores the importance of three dimensions of employee attachment to the organization: fit (conformity of values and roles), links (social relationships), and sacrifice (losses incurred if they leave the organization).

While both theories offer valuable insights, their application in the Indonesian startup context requires deeper contextualization. Startups often lack formal structures and stability, which may alter the perception of reciprocity (in social exchanges) is perceived. Similarly, job embeddedness in startups may rely more on founder relations, team dynamics, and the mission-driven nature of the work rather than institutional benefits. Hence, in volatile and less structured environments, such as early stage startups, these theories may manifest in more informal, emotionally driven, and innovation-centered forms.

### ***2.2. Retention Strategies in the Context of Startups***

Employee retention in the context of startups has its own characteristics that distinguish it from large companies and public sector organizations. Startups, especially in the early stage and scale-up phases, tend to have a flat organizational structure, limited resources, and a dynamic business direction. Under these conditions, a retention strategy based solely on financial compensation is insufficient. Studies conducted by Batt and Colvin (2011) and Hom, Lee, Shaw, and Hausknecht (2017) show that in volatile work environments such as startups, work meaning factors, participatory leadership, and self-development opportunities are the main factors that drive retention. Furthermore, the results of a study by (Men, Qin, & Mitson, 2025) in Asia Pacific stated that startups that successfully retain employees usually have the following characteristics: collaborative work culture, open communication, flexible working hours, and direct involvement of the founder in building relationships with the team. These

factors are increasingly relevant to the shifting preferences of millennials and Gen Z, who tend to prioritize purpose, life balance, and impactful work experiences (Herliani & Priscilla, 2025).

### ***2.3. Research Gaps in the Context of Indonesian Startups***

Despite the rapid growth of the startup sector in Indonesia, existing literature on employee retention predominantly focuses on large corporations and state-owned enterprises. However, there is limited understanding of retention strategies in Indonesian startups, particularly from a qualitative, context-rich perspective. While Indonesia now hosts over 2,500 active startups, more than 65% report difficulties in retaining key talent as a major constraint on scaling up.

Moreover, many HR practices in startups remain informal, founder-driven, and not grounded in evidence-based strategies. Existing models often neglect the cultural, generational, and structural realities of Indonesia's digital workforce. Therefore, there is a critical need to explore how Indonesian startups design adaptive, experience-based retention strategies that respond to both internal challenges and external labor market trends.

## **3. Methodology**

### ***3.1. Research Design***

This study uses an exploratory qualitative approach to explore the employee retention strategies implemented in Indonesian startups (Stevens & Wrenn, 2013). The qualitative approach was chosen because it allows researchers to explore in-depth insights into contextual and dynamic human resource management practices and capture the subjective perspectives of HR actors in a complex startup environment (Stevens & Wrenn, 2013). This study has a descriptive and interpretive design, focusing on understanding the process and meaning behind the retention strategies applied (Basnyat & Clarence Lao, 2020).

### ***3.2. Location and Participants***

The research locations were chosen in three major Indonesian cities that are the centers of the startup ecosystem: Jakarta, Bandung, and Surabaya. This location was selected based on the high concentration of startups and the diversity of rapidly growing digital industry sectors in the region (Kézai & Skala, 2024). The research participants consisted of ten startups selected through purposive sampling, with the criteria of early stage to scale-up startups that already had an HR division or an active human resource manager. In each startup, an in-depth interview was conducted with HR leaders or decision-makers who were directly responsible for employee retention policies. The selection of respondents aimed to obtain representative and relevant data on HR practices at the strategic level.

The ten participating startups represented a diverse range of industries, including fintech, edutech, healthtech, and digital logistics. The respondents were evenly distributed in terms of gender (five male, five female) and ranged in age from 29 to 47 years. Most of the HR leaders interviewed had more than five years of experience managing talent in start-up environments. Thematic saturation was achieved after the eighth interview when no new substantive insights emerged; however, two additional interviews were conducted to confirm the thematic stability and reinforce the consistency of the emerging findings.

### ***3.3. Data Collection Instruments and Techniques***

Data were collected through semi-structured interviews, which allowed for an in-depth exploration of issues while remaining focused on the research focus. The interview guide was prepared based on a literature review related to retention strategies, including aspects of compensation, organizational culture, career development, work flexibility, and HR innovation in start-ups. Interviews were conducted face-to-face and online (virtual meetings) with an average duration of 60-90 minutes per session. All interviews were recorded with the participants' consent and transcribed verbatim for further analysis.

### **3.4. Data Analysis**

The interview data were analyzed using thematic analysis in accordance with the approach of Braun and Clarke. The analysis process included the stages of data familiarization, coding, theme identification, theme review, and theme definition and naming (Braun & Clarke, 2006). To improve the validity of the data, the source triangulation technique was used by comparing information between respondents from different startups, and member checking was performed by reconfirming the initial findings with some participants. In addition, the researcher applied critical reflection (reflexivity) to minimize subjective biases during the analysis process.

## **4. Results and discussion**

### **4.1. Profiles of Respondents and Startups Researched**

This research involved ten technology-based startups located in Jakarta, Bandung, and Surabaya, with the age of the companies ranging from 2–7 years. Most startups focus on fintech (40%), edutech (30%), healthtech (20%), and digital logistics (10%). The respondents were HR leaders and founders who were directly responsible for human resource policies and retention strategies.

### **4.2. Key Themes of Employee Retention Strategy**

Based on the thematic analysis of the interview transcripts, four main themes of employee retention strategies implemented in Indonesian startups emerged.

#### **4.2.1. Purpose-Driven Organizational Culture**

Most of the startups we researched strongly emphasized the importance of building an organizational culture that not only focuses on achieving business goals but also instills the values of meaning and social impact in every work activity. This is reflected in the way they communicate the company's vision and mission to all employees so that every individual can feel that their work has a greater purpose than just financial gain. For example, an HR leader from a fintech startup said, "We always remind employees that our work is not just a business, but contributes to the financial inclusion of the community that has not been touched by conventional banks" (Interview, Code D1 – August 6, 2024). This statement illustrates how social values are the main foundation of a startup's work culture. By instilling a strong social meaning, companies can foster employees' sense of pride and emotional attachment to the organization, which in turn increases loyalty and intrinsic motivation.

This phenomenon is in line with the findings of Gallup, which show that Millennials and Gen Z prioritize social meaning and contribution in choosing and maintaining a job. They are not only looking for jobs that provide income but also for those that can have a positive impact on the wider community. In the context of Indonesian startups, which are full of challenges and high dynamics, this meaning-based organizational culture is one of the key factors that distinguish startups that can survive and develop from those that fail to retain talent (Gallup, 2021). Furthermore, this social goal-oriented culture also facilitates the creation of a collaborative and supportive work environment in which employees feel valued not only as workers but also as agents of social change. This opens up space for the development of authentic creativity and innovation because employees are driven by values they find meaningful. Thus, building a work culture rooted in social meaning serves not only as a retention strategy but also as a key driving force in the overall sustainability and growth of startups.

#### **4.2.2. Equity-Based Compensation and Incentives**

In contrast to large companies that generally rely on competitive base salaries as their primary form of compensation, the startups we researched tended to adopt a more innovative and strategic approach to compensation. They combine the base salary with the provision of company shares (equity shares) or stock options as part of a remuneration package for employees, particularly core employees or those in strategic roles. These schemes serve as a long-term financial incentive and a highly effective retention tool for maintaining employee loyalty and commitment amid rapidly changing business dynamics.

A startup founder in the edutech sector clearly explained how this practice of giving shares has a positive impact on employee motivation and attachment: "Giving shares to core employees helps them feel like they own a company, not just an ordinary employee. This makes them more motivated to survive,

contribute optimally, and grow with the company." (Interview, code C1, June 24, 2024). This statement reflects the concept of psychological ownership, which has been the foundation of theory in human resource management. According to Kim, Li, and So (2024), psychological ownership occurs when an individual feels that an object or organization belongs to them psychologically, even though ownership has not been fully transferred. In the context of startups, the granting of shares or stock options provides employees with a strong sense of ownership; therefore, they not only work for a salary but also invest emotionally and long-term in the company's success.

Furthermore, this practice helps address retention challenges that startups commonly experience, such as financial uncertainty and the risk of business failure. With shares as part of the compensation, employees feel that they have a piece of the "cake" of success if the company grows rapidly in the future. This is an additional motivation that encourages them to survive and contribute optimally while fostering a strong sense of solidarity and a strong spirit of togetherness in the organization. As such, a share-based compensation scheme is not only about financial incentives, but also about psychological strategies that strengthen employee attachment and loyalty—an approach that is highly relevant and effective in a dynamic startup environment where there is fierce competition in recruiting and retaining top talent.

#### *4.2.3. Flexibility and Work-Life Balance*

Work flexibility, both in terms of setting working hours and the location of the workplace, emerged as a crucial strategy implemented by many startups in this study. Working conditions in startups, known for their high pressure, strict targets, and often erratic working hours, make the need for flexibility even more urgent. Startups realize that providing space for employees to manage their time and workplace is not only about providing comfort but also a fundamental need to maintain a balance between professional and personal life.

Most of the startups we interviewed have implemented flexible working and remote work policies as a direct response to the demands of the times and the expectations of today's generation of workers. This policy allows employees to choose when and from where they work, as long as they meet their targets and maintain effective communication. Flexibility like this is considered to reduce the stress levels that usually accompany deadline pressure and long working hours while maintaining overall productivity. An HR manager from a healthtech startup said, "We believe that giving employees the flexibility to manage their working time helps reduce stress and increase productivity" (Interview, C2 – June 24, 2024). This statement emphasizes that flexibility is not only about accommodating the personal needs of employees but also an effective strategy for organizations to maximize the potential of their human resources. In a fast-paced and innovation-demanding environment, such as startups, maintaining employees' mental health and work-life balance is the key foundation for them to contribute optimally in the long run.

These findings are in line with a Ramadhan and Rahmawati (2024) report which underlines that work flexibility is one of the main factors influencing employees' decisions, especially millennials and Gen Z, to stay at a company. The younger generation now prioritizes quality of life and work-life balance over financial factors. The flexibility provided by the company can create a supportive and adaptive work climate to individual needs, thus fostering higher loyalty and commitment. Thus, the implementation of flexible and remote work policies in startups is not just a trend but a strategic need that can address the challenges of employee retention while improving employee productivity and well-being holistically.

#### *4.2.4. Career Development and Continuous Learning*

One of the key factors that distinguishes successful startups in terms of employee retention is the implementation of a personalized and sustainable career development program. These programs not only focus on technical training or general competency improvement but also adjust to the needs, needs, and aspirations of each individual. This includes various initiatives, such as regular internal training, mentoring by seniors or team leaders, and cross-functional job rotation opportunities that allow employees to gain broader experience and insights (Amegayibor, 2021). A respondent from an

educational technology startup explained this strategy straightforwardly, "We provide a clear career path and also provide employees with the opportunity to learn new things on an ongoing basis. The goal is so that they do not feel stagnant and remain motivated to grow with the company," (Interview, Code D2 – August 6, 2024). This statement underscores the importance of a sense of progress and growth in daily work as a key source of motivation that can encourage employees to stay.

This approach is particularly relevant to the theory of job embeddedness proposed by Agustin, Soegiarto, and Fahira (2024), which emphasizes that employees' decision to stay in an organization is influenced by how much they feel "fit" or fit into their job and work environment, as well as the availability of meaningful development opportunities. When employees feel a strong connection and an opportunity to grow, they tend to have a high emotional attachment to the organization, which ultimately increases loyalty and reduces their intention to leave. In addition, mentoring and cross-functional rotation programs provide a new dimension in career development, where employees not only hone specific skills but also expand their internal networks and cross-field understanding. This reinforces a sense of attachment and commitment while preparing them for greater roles in the future. In the context of a dynamic and fast-changing startup, adaptability and multidimensional insights are valuable assets for employees and companies. Personalized and sustainable career development is not only a strategy for improving competencies but also a vital means of building long-term relationships between employees and the organization, which contributes significantly to successful retention in the startup environment.

Table 1. Key Themes of Employee Retention Strategies in Indonesian Startups

Theme	Description	Supporting Source
Purpose-Driven Culture	Emphasizing mission and social impact to foster emotional attachment	Gallup (2021), Interview D1
Equity-Based Compensation	Providing shares/stock options to build psychological ownership	Kim et al. (2024), Interview C1
Work-Life Flexibility	Flexible time and remote work to reduce stress and improve well-being	Ramadhan & Rahmawati (2024), C2
Career Development & Learning	Personalized learning paths, mentoring, and cross-functional roles to support growth	Agustin et al. (2024), Interview D2

#### 4.3. HR Innovation for Startups

In addition to adopting common retention strategies such as equity-based compensation, meaningful organizational culture, work flexibility, and career development, this study identifies some human resource management innovations that are distinctive and characteristic of Indonesian startups. These innovations demonstrate how startups adapt HR practices to their unique dynamic, fast-paced, and challenging characteristics. Agile Feedback Loops are one of the standout innovations. In practice, startups implement a mechanism for providing regular feedback that is both formal through regular performance evaluations and informal through daily communication. This approach ensures effective two-way communication between management and employees, allowing employee problems and aspirations to be identified and responded to promptly. In this way, employees feel heard and valued, while management gains direct insight into improving the work environment and HR development strategies. This is in line with the agile principle that emphasizes quick response and continuous adaptation, especially in the context of startups that often face rapid changes (Amajuoyi, Benjamin, & Adeusi, 2024).

Founder-Led Engagement is another unique innovation that shows the direct involvement of startup founders in building organizational culture and relationships with employees (Tzabbar & Margolis, 2017). Founders not only play the role of strategic leaders but also actively interact with the team through various forums, informal discussions, and social activities. This engagement strengthens employees' emotional bond and sense of belonging to the company, which is often a driving factor for loyalty and intrinsic motivation. This approach also results in high transparency and trust, reducing the hierarchical distance commonly found in large companies. Employees feel valued and have the

opportunity to convey ideas or complaints directly to the leadership, creating a more open and inclusive work climate.

In addition, Cross-Functional Mobility is an important strategy for overcoming burnout and expanding employee competencies. Startups encourage their employees to try out different roles or departments, allowing them to gain multidimensional experience and understand the entire business process more thoroughly (Sauermaun, 2018). This approach not only enhances employees' skills and insights but also strengthens their attachment to the company, as they feel they have the opportunity to grow across the board. With the rotation of functions, employees also become more flexible and ready to face various challenges, which is crucial in a fast-changing and uncertain startup environment (Maidy & Dirbawanto, 2022). Overall, these innovations show how startups do not just follow conventional HR practices but innovate with a more personalized, adaptive, and collaborative approach. This approach not only strengthens employee retention but also creates a dynamic and development-oriented work environment, which is key to a startup's long-term success in a highly competitive market.

#### **4.4. Discussion**

The results of this study strongly reinforce the findings of previous studies that affirm that employee retention strategies in the startup environment cannot only be viewed from a financial perspective. Studies such as Allen et al. (2010); Batt and Colvin (2011) have shown that retention is strongly influenced by non-financial factors, such as intrinsic motivation, organizational culture, and employee well-being. This study confirms that, in the context of Indonesian startups, organizational culture rooted in the meaning of work (purpose-driven culture) and the simultaneous implementation of equity share schemes can build a strong sense of belonging among employees. This sense of belonging is very important because it is a psychological mechanism that helps employees feel attached and committed to the organization, especially in the face of uncertainty and high pressure, which are typical characteristics of startups.

Furthermore, the work flexibility applied by startups in this study is an adaptive response that is highly relevant to the characteristics and expectations of millennials and Gen Z, who now dominate the workforces. Kurniawan and Shaleh (2024) underline that the balance between personal and professional life and attention to mental health are the main factors that determine the decision of the younger generation to stay in an organization. By providing flexibility in terms of time and location, startups succeed in creating an environment that not only supports productivity but also maintains the psychological well-being of employees. This is also a preventive strategy against burnout and turnover, which have been serious challenges in the startup sector.

In addition, personalized and multidimensional career development approaches, such as mentoring programs and cross-functional rotations, add new dimensions to retention strategies. This approach not only enriches employees' competencies and skills but also strengthens their attachment to the company, as they feel valued and continue to be given opportunities to grow and develop. In the context of fast-changing startups full of uncertainty, adaptive and sustainable career development is crucial for organizations to retain the best talent and encourage innovation.

This study also found several human resource management innovations that are distinctive and unique to Indonesian startups, such as founder-led engagement and agile feedback loops. The founder's active involvement in communication and the formation of a work culture directly enriches the emotional connection and trust between employees and leaders, which are rare in large, bureaucratic companies. Open and ongoing feedback practices allow quick responses to employee needs and concerns, thereby increasing transparency and job satisfaction. These two innovations show how startups can adapt unconventional but highly contextual HR practices according to the characteristics of a dynamic and frequently changing work environment.

Overall, the findings of this study enrich the understanding of employee retention best practices at startups, especially in emerging markets such as Indonesia. The resulting strategic model is not only relevant for local startups but can also be adapted by other startups that face similar challenges in



retaining quality talent amid fierce competition and rapid change. Thus, this study makes an important contribution to the development of human resource management science and sustainable business practices in the digital era.

## 5. Conclusions

This study reveals that employee retention in Indonesian startups requires a holistic and multifaceted approach that goes beyond traditional, financial incentives. Key strategies include fostering a purpose-driven organizational culture, offering equity-based compensation (such as stock options), enabling work-life flexibility, and supporting personalized career development. These non-monetary factors significantly enhance intrinsic motivation, psychological ownership, and emotional attachment, which are crucial for long-term employee commitment, especially among millennial and Gen Z workers. From a theoretical perspective, this study enriches existing frameworks, such as Social Exchange Theory and Job Embeddedness Theory, by demonstrating how they operate within the dynamic and resource-limited startup context. The findings highlight how startups embed social reciprocity, value alignment, and perceived sacrifices into their HR practices, which directly influences retention outcomes. This contributes to the broader discourse on the contextualization of Western-based theories in emerging market environments such as Indonesia.

Practically, this research provides startups with actionable insights for designing more sustainable retention strategies. Emphasizing founder involvement, agile performance feedback, flexible scheduling, and meaningful work experiences offers a blueprint for building adaptive, transparent, and highly engaged organizational cultures. These findings are particularly valuable for startups navigating high turnover challenges and seeking to retain critical talent during rapid growth. The novelty of this study lies in its in-depth, qualitative examination of local startup ecosystems, an area that remains underexplored in both Indonesian and global HR literature. Future research could build on these findings by employing longitudinal or mixed-methods approaches to examine how these retention strategies evolve over time or by comparing their effectiveness across sectors and startup maturity levels. This study provides a more comprehensive understanding of sustainable human capital development in emerging economies.

## Acknowledgment

The author sincerely thanks the human resource leaders and decision-makers at Indonesian startups who generously shared their time, experiences, and valuable insights during the interviews. Their participation and openness greatly contributed to the smooth progress and success of the study. The author also expresses gratitude to the colleagues and advisors who provided constructive feedback throughout the preparation of this article.

## References

- Agustin, Y., Soegiarto, D., & Fahira, K. T. (2024). The Pathway to Employee Retention: The Impact of Work Stress, Workload, and Organizational Culture with Job Satisfaction as a Mediator. *Implementasi Manajemen & Kewirausahaan*, 4(2), 160-182. doi:<https://doi.org/10.38156/imka.v4i2.494>
- Allen, D. G., Bryant, P. C., & Vardaman, J. M. (2010). Retaining Talent: Replacing Misconceptions With Evidence-Based Strategies. *Academy of Management Perspectives*, 24(2), 48-64. doi:<https://doi.org/10.5465/amp.24.2.48>
- Almaida, A., & Purnomo, S. (2021). Pengaruh Stres Kerja dan Motivasi Kerja terhadap Kepuasan Kerja pada Satuan Polisi Lalu Lintas Polrestabes Makassar. *Studi Ilmu Manajemen dan Organisasi*, 2(1), 19-32. doi:<https://doi.org/10.35912/simo.v2i1.363>
- Amajuoyi, P., Benjamin, L. B., & Adeusi, K. B. (2024). Agile Methodologies: Adapting Product Management to Rapidly Changing Market Conditions. *GSC Advanced Research and Reviews*, 19(2), 249-267. doi:<https://doi.org/10.30574/gscarr.2024.19.2.0181>
- Amegayibor, G. K. (2021). Training and Development Methods and Organizational Performance: A Case of the Local Government Organization in Central Region, Ghana. *Journal of Social, Humanity, and Education*, 2(1), 35-53. doi:<https://doi.org/10.35912/jshe.v2i1.757>

- Basnyat, S., & Clarence Lao, C. S. (2020). Employees' perceptions on the relationship between human resource management practices and employee turnover: A qualitative study. *Employee Relations: The International Journal*, 42(2), 453–470
- Batt, R., & Colvin, A. J. (2011). An Employment Systems Approach to Turnover: Human Resources Practices, Quits, Dismissals, and Performance. *Academy of management Journal*, 54(4), 695-717. doi:<https://doi.org/10.5465/amj.2011.64869448>
- Bouras, N. (2024). The Startups Ecosystem in Algeria: A Dynamic and Booming Landscape. *Revue algérienne d'économie et gestion*, 18(2), 64-77.
- Braun, V., & Clarke, V. (2006). Using Thematic Analysis in Psychology. *Qualitative research in psychology*, 3(2), 77-101. doi:<https://doi.org/10.1191/1478088706qp063oa>
- Cropanzano, R., Anthony, E. L., Daniels, S. R., & Hall, A. V. (2017). Social Exchange Theory: A Critical Review with Theoretical Remedies. *Academy of management annals*, 11(1), 479-516. doi:<https://doi.org/10.5465/annals.2015.0099>
- Ekasari, S., Dharmawan, D., Rismawan, P. A. E., Munizu, M., & Abdurohim, A. (2024). The Influence of Development and Use of Technology and The Economic Environment Situation on The Growth of Start-Up Companies in Indonesia. *Innovative: Journal Of Social Science Research*, 4(3), 7382-7390. doi:<https://doi.org/10.31004/innovative.v4i3.11286>
- Gallup. (2021). State of the Global Workplace. Retrieved from <https://bendchamber.org/wp-content/uploads/2021/12/state-of-the-global-workplace-2021-download.pdf>
- Herliani, & Priscilla, Y. G. (2025). Faktor–Faktor yang Mempengaruhi Perilaku Kerja Gen Z Terhadap Kinerja Karyawan. *Jurnal Manajerial*, 12(1), 19-43. doi:<https://doi.org/10.30587/jurnalmanajerial.v12i01.8362>
- Hom, P. W., Lee, T. W., Shaw, J. D., & Hausknecht, J. P. (2017). One Hundred Years of Employee Turnover Theory and Research. *Journal of applied psychology*, 102(3), 530-545. doi:<https://psycnet.apa.org/doi/10.1037/apl0000103>
- Jensen, J. M., Patel, P. C., & Messersmith, J. G. (2013). High-Performance Work Systems and Job Control: Consequences for Anxiety, Role Overload, and Turnover Intentions. *Journal of management*, 39(6), 1699-1724. doi:<https://doi.org/10.1177/0149206311419663>
- Kézai, P. K., & Skala, A. (2024). Remarks on the Location Theories of Startups: A Case Study on the Visegrad Countries. *Regional Science Policy & Practice*, 16(9), 1-20. doi:<https://doi.org/10.1016/j.rssp.2024.100063>
- Kim, H., Li, J., & So, K. K. F. (2024). Psychological Ownership Research in Business: A Bibliometric Overview and Future Research Directions. *Journal of Business Research*, 174, 1-18. doi:<https://doi.org/10.1016/j.jbusres.2024.114502>
- Kurniawan, A., & Shaleh, A. R. (2024). Generation Z: Person Organization-Fit, Life Balance and Psychological Empowerment for Work Totality. *Psikoborneo: Jurnal Ilmiah Psikologi*, 12(4), 470-475. doi:<http://dx.doi.org/10.30872/psikoborneo.v12i4.17605>
- Kurtessis, J. N., Eisenberger, R., Ford, M. T., Buffardi, L. C., Stewart, K. A., & Adis, C. S. (2017). Perceived Organizational Support: A Meta-Analytic Evaluation of Organizational Support Theory. *Journal of management*, 43(6), 1854-1884. doi:<https://doi.org/10.1177/0149206315575554>
- Maidy, E., & Dirbawanto, N. D. (2022). Analisis Penerapan Rotasi Kerja dalam Pengembangan Kinerja Karyawan PT Bank Central Asia Tbk - KCU Medan. *Journal Of Social Research*, 1(8), 877-886. doi:<https://doi.org/10.55324/josr.v1i8.178>
- Marliani, R., & Merisa, N. (2024). Budaya Organisasi dan Dinamika Organisasi. *Jurnal Pelita Nusantara*, 1(4), 518-523. doi:<https://doi.org/10.59996/jurnalpelitanusantara.v1i4.335>
- Men, L. R., Qin, Y. S., & Mitson, R. (2025). Engaging Startup Employees via Charismatic Leadership Communication: The Importance of Communicating “Vision, Passion, and Care”. *International Journal of Business Communication*, 62(3), 562-582. doi:<https://doi.org/10.1177/23294884211020488>
- Minzloff, K., & Palmer, S. (2021). Why Coaching is a Key Component to Engaging and Retaining Millennial Employees. *Coaching Psychology International*, 14(1), 6-15.
- Mitchell, T. R., Holtom, B. C., Lee, T. W., Sablinski, C. J., & Erez, M. (2001). Why People Stay: Using Job Embeddedness to Predict Voluntary Turnover. *Academy of management Journal*, 44(6), 1102-1121. doi:<https://doi.org/10.5465/3069391>

- Ramadhan, N. R., & Rahmawati, S. (2024). Pengaruh Fleksibilitas Kerja Terhadap Kepuasan Kerja Karyawan Hybrid Working Generasi Z dan Milenial pada PT XYZ. *Jurnal Manajemen dan Organisasi*, 15(3), 336-347. doi:<https://doi.org/10.29244/jmo.v15i3.59303>
- Sauermann, H. (2018). Fire in the Belly? Employee Motives and Innovative Performance in Start-Ups Versus Established Firms. *Strategic Entrepreneurship Journal*, 12(4), 423-454. doi:<https://doi.org/10.1002/sej.1267>
- Setiawan, A., Hasanah, T., Wardani, A. K., & Supratikta, H. (2025). Analisis Teoritis Komitmen Karyawan: Kajian Komprehensif Strategi Pengembangan Loyalitas Organisasi. *Multidisciplinary Indonesian Center Journal (MICJO)*, 2(1), 1-8. doi:<https://doi.org/10.62567/micjo.v2i1.328>
- Stevens, L., & Wrenn, C. (2013). Exploratory (qualitative) research. *Concise Encyclopedia of Church and Religious Organization Marketing*, 53
- Tzabbar, D., & Margolis, J. (2017). Beyond the Startup Stage: The Founding Team's Human Capital, New Venture's Stage of Life, Founder-CEO Duality, and Breakthrough Innovation. *Organization science*, 28(5), 857-872. doi:<https://doi.org/10.1287/orsc.2017.1152>
- Wahyudi, A. S., Syauki, A. Y., Sunaeni, Judijanto, L., & Irfan, M. (2023). Strategies for Enhancing Employee Retention: A Qualitative Study on Modern Human Resource Management Practices. *International Journal of Science and Society*, 5(5), 566-573. doi:<https://doi.org/10.54783/ijssoc.v5i5.917>