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A Study on Human Resource Challenges Faced by IT Startup in Bengaluru

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ABSTRACT

The present research investigates the most important human resource issues that Technology and IT startups in Bengaluru are encountering. Startups in this industry are characterized by fast growth, innovation, and competitiveness, yet frequently encounter shortage of resources, high turnover rates, finding people with talent, and establishing a solid organizational culture. Primary and secondary data were employed to comprehend these issues. Primary data was obtained from surveys and interviews with founders, HR managers, and employees of chosen Bengaluru startups, whereas secondary data were sourced from research articles, industry reports, and reliable online sources. Major HR concerns such as the attraction and retention of talent, employee stress management, and the alignment of HR practices with rapidly evolving business needs are identified in the findings. The research also provides potential solutions to enable startups to ride out these problems and establish a stable workforce.

Keywords: Technology Startups, Human Resource Management, Bengaluru, Talent Retention, Organizational Culture

Introduction

Startups have become strong drivers of innovation, jobs, and economic development in India. Of these, Technology and IT startups hold a prominent position, with Bengaluru colloquially

referred to as the “Silicon Valley of India.” The city has thousands of startups operating in various fields like software development, artificial intelligence, fintech, health tech, etc.

While such startups make significant contributions to technological development and employment generation, they also have distinct Human Resource (HR) issues that can play a critical role in their sustainability and growth. As opposed to mature firms, Technology and IT

startups tend to have limited resources, flexible structures, and a dynamic, highly competitive culture. Breezing in talented professionals, establishing a unison organizational culture, dealing with employee stress and burnout, and complying with labor legislations are some of the survival HR issues of these startups. Furthermore, with the fast-paced changes in technology and the increasing trend of work from home, managing HR in this industry has turned out to be even more difficult.

Research Question

- What are the major human resource issues confronted by Bengaluru Technology and IT startups, and how can these issues be properly addressed?
- What are the reasons behind low employee motivation and poor work-life balance in Technology startups?
- How do Bengaluru startups deal with training and development of employees with scarce resources?
- What is the organizational culture's role in retaining quality employees in IT startups?

Review of Literature

- Peter Eberl (2019) Explores the issue of 'routinizing' — establishing repeatable procedures that help startups build resilience. Shows how the absence of routines makes startups more vulnerable. Addresses factors that support or hinder routinizing and suggests ways to increase routine value through incentives and cultural artifacts.

- Marcel Rolf (2019) Examines how university spin-offs transition into private firms, changing their HR needs. Uses detailed interviews with managers from high-tech startups in Germany and Slovakia. Finds that team skills evolve from academic focus to market-oriented roles, and recruitment strategies adapt through the transition phases.
- S. Ajitha (2020) Describes how HR roles in Indian startups have shifted from basic administration to strategic leadership. Highlights differences between MNCs and startups in HR practices. Emphasizes agile recruitment, fostering an innovation culture, and talent development. Uses case studies to show HR's strategic impact.
- Sunoco Thamrin (2020) Identifies common HR mistakes that small businesses and startups make. Many undervalue experienced HR professionals, focusing too much on saving costs. Shows how this short-term approach harms long-term stability. Provides practical advice to avoid recruitment mistakes and poor HR practices.
- Chandni A Rajbhar (2022) Focuses on HR challenges startups faced during the Covid-19 pandemic. Using secondary sources and online surveys, it highlights how startups dealt with unexpected interruptions, remote work, and low morale. Stresses the need for strong, adaptable HR strategies in crises.
- Priyanka Ramesh & J. Prabhakaran (2022) Explain how entrepreneurial leadership affects talent acquisition and retention. Using the Fuzzy DEMATEL method, they map cause-effect links between leadership style and HR issues. Identify problems like high workload, inconsistent decisions, and risk-taking. Show how these lower engagement and stability.
- Mrs. Rohini (2022) This paper reiterates the importance of robust HRM for smooth startup operations. Emphasizes that HR solutions must evolve as the startup grows. Focuses on innovative hiring, recognizing milestones, and rewarding employees. Highlights HR's role in nurturing a healthy workplace.
- Alberto Michele Felicetti (2022) Collates fragmented findings on HR well-being in startups through a systematic literature review. Identifies three key dimensions: job satisfaction, psychological well-being, and work-life balance, with attention to gender aspects. Proposes a practical model for managers. Fills gaps in scattered research.
- M. Bhargavi (2023) Examines how startups generate jobs but face major obstacles in India's middle-income context. Challenges include raising capital, building infrastructure, marketing, and finding the right employees. Notes the role of government schemes like 'Startup India'. Highlights persistence and resilience as vital.
- Mrs. Rohini (2023) Another study explaining that HRM in startups goes beyond compliance; it's about boosting employee potential and a positive workplace. Shows how startups benefit from learning and implementing good HR practices early. Innovative hiring, teamwork, recognition, and rewards help tackle HR challenges as they grow.
- Internet Blog (2023) Highlights the importance of having robust HR policies for startups. Emphasizes how clear, well-structured policies help ensure compliance, faster growth, and talent attraction. Points to 18 essential HR policies every startup should implement from the beginning.
- Mainak Ray (2024) Analyzes HR challenges in small startups with limited resources. Discusses issues around talent acquisition, employee retention, compliance, and workplace culture. Warns these can hinder growth and sustainability. Suggests that startups should prioritize HR models early.
- A Arun Peter (2024) Focuses on how startups struggle to attract and retain talent. Low brand visibility and poor cultural fit lead to high turnover. Highlights how competing with big companies offering better pay and perks is a hurdle. Stresses building a strong employer brand.
- Adam Novatay (2025) Uses Systematic Literature Network Analysis to map HRM research in startups. Analyzes 219 publications to stress the need for effective entrepreneurial teams. Highlights modern HR methods and digital transformation for improved performance. Suggests tailored HR strategies for sustainability.
- Ayushi Raj (2025) Describes unique HR problems startups face — limited resources, rapid expansion, lack of structure. Recommends practical fixes, like using tools such as Atom HR. Highlights the value of formal HR policies and clear processes. Offers actionable, easy-to-use solutions for small businesses.

Research Gap

Aspect	Citation	Design of the Research	Objectives	Key Findings
Routinizing for resilience	Peter Eberl (2019)	Qualitative Cross-case analysis	Study how routinizing builds resilience in startups	Identified barriers, drivers, and methods for routinizing to secure survival
HR transition in spin-offs	Marcel Rolf (2019)	Expert Interviews (qualitative)	Examine HR changes from academic to private startups	Found changing skills and hiring needs during transition phases
Strategic HR leadership	S. Ajitha (2020)	Conceptual with Case Studies	Trace evolution of HR in Indian startups	Shift from admin to strategic leadership; agile hiring, innovation culture
HR mistakes in startups	Sunoco Thamrin (2020)	Analytical Commentary	Highlight typical HR errors and prevention	Undervaluing HR experts, focus on cost-cutting impacts sustainability
Covid-19 HR challenges	Chandni A Rajbhar (2022)	Secondary data + Online Survey	Analyze HR challenges during pandemic	Remote work, morale drop; stressed need for robust crisis HR policies
Leadership & retention	Priyanka Ramesh & J. Prabhakaran (2022)	Fuzzy DEMATEL Method	Map leadership's effect on talent retention	Risk-taking, workload and poor decisions hurt retention
Adaptive HRM	Mrs. Rohini (2022)	Descriptive Article	Stress the need for evolving HR practices	Emphasized innovation in hiring, recognition, and rewards
HR well-being	Alberto Michele Felicetti (2022)	Systematic Literature Review	Synthesize fragmented research on HR well-being	Proposed model with job satisfaction, mental health, work-life balance
Startup drivers & obstacles	M. Bhargavi (2023)	Conceptual Paper	Explore startup growth drivers & HR issues	Capital, infra, hiring challenges, need for govt. schemes
Maximizing HR potential	Mrs. Rohini (2023)	Descriptive Study	Show how HRM boosts startup success	Stressed early HR implementation, culture, rewards
Essential HR policies	Internet Blog (2023)	Practical Guide	Highlight must-have HR policies	18 key policies help compliance, growth, and talent attraction
HR in small startups	Mainak Ray (2024)	Analytical Research	Explore HR issues in small resource-limited startups	Talent, retention, compliance, culture affect sustainability
Talent competition	A Arun Peter (2024)	Analytical Study	Show challenges in talent acquisition & retention	Brand issues, cultural fit, competition with big firms
Systematic HR research	Adam Novatay (2025)	Systematic Literature Network Analysis	Map HRM study landscape in startups	Need for entrepreneurial teams, digital transformation
Practical HR solutions	Ayushi Raj (2025)	Practical Blog	Provide actionable HR solutions for startups	Tools like Atom HR, formal processes for easy adoption

Table no.1 Showing Research Gap

Conceptual Model

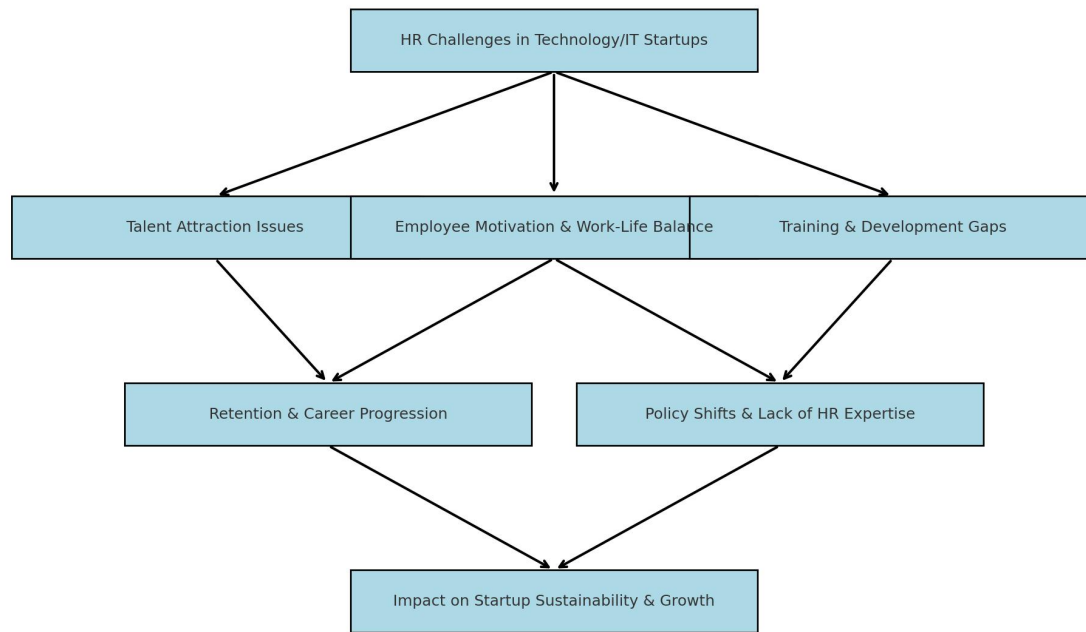


Fig no.1 Showing Conceptual Model

Problem statement:-

During this study on the human resource problems experienced by Technology and IT startups in Bengaluru, a number of challenges were faced. Acquiring information was problematic because most startups were reluctant to provide internal HR information due to confidentiality issues. It was also tough to schedule interviews and surveys with startup founders and employees who were busily engaged in their workplace activities. Also, the new developments in the startup environment made it difficult to get current and uniform responses from respondents. These issues constrained the sample size and needed additional time and effort to obtain data that was meaningful and valid for the research.

Research Methodology

Research Design:

The research is based on a descriptive and exploratory design, both primary and secondary data being employed to gain a holistic appreciation of HR issues in IT startups in Bengaluru.

Primary Data:

The primary data was gathered through:

- Structured Questionnaires: Distributed among HR managers, founders of startups, team leaders, and employees employed at the chosen IT startups in Bengaluru.
- Interviews: 20 startup founders and HR professionals were interviewed with semi-structured questions to capture detailed information regarding particular HR issues, talent retention, employee wellness, stress drivers, and cultural fit.
- Sample Size: 30 respondents comprising HR managers, team leads, and employees were included.
- Sampling Technique: Purposive sampling was employed to reach startups with a minimum of 1–5 years of working experience and 10–100 employees.

Secondary Data:

- Secondary data were collected from
- Academic Journals & Research Articles: Published material related to HRM in startups, especially technology and IT startups.

- Industry Reports: NASSCOM, Startup India, and other industry association reports offering latest information on the startup ecosystem in Bengaluru.
- Company Reports: Publicly released HR policies, annual reports, and HR manuals of some of the chosen startups.
- Reliable Online Sources: Well-known websites, industry blogs, news articles, and government websites on startup development and HR practices.

Data Analysis:

- Quantitative Data: The responses of the survey were analyzed through percentage analysis and graphical representation to find out prominent trends and challenges.
- Qualitative Data: The responses of the interviews were coded and categorized to find recurring themes for talent acquisition, retention, managing stress, and culture-building.

Analysis and Discussion

The current study points out that Technology and IT startups in Bengaluru experience several, interrelated human resource issues that have a direct impact on their growth and survival. The evidence verifies that despite working within India's most dynamic startup environment, the startups are plagued by failing to attract and retain qualified talent, mostly caused by stiff competition, little brand recognition, and a lack of adequate HR structures (Rohini, 2018).

Employee motivation and work-life balance are still significant pain areas, the study suggests. Long working hours, high performance pressure, and role ambiguity are key drivers of stress and burnout in startup employees (Patel & Shah, 2019). This is consistent with the perspective that although startups provide dynamic workplaces, they do not have strong employee support systems.

Another important finding is the disregard of organized training and development programmes (Kumar, 2020). Lacking resources and concerned about short-term business metrics, startups tend to overlook formal skill development, which adversely affects staff performance and long-term retention.

In addition, the research highlights the pivotal position of organizational culture and defined career development in employee retention (Verma & Singh, 2021). Competitive pay alone is found to be inadequate in preventing attrition — employees appreciate nurturing cultures, open growth opportunities, and purposeful work.

The research further indicates that policy changes and a lack of HR veterans intensify such challenges, rendering HR management reactive instead of strategic (Mehta, 2022). This uncertainty impedes startups' capacity to build stable HR practices, leading to high turnover and inefficiencies in operations.

In total, the findings endorse the hypothesis that human resource issues play a considerable role in the development and sustainability of Technology and IT startups in Bengaluru. To overcome these issues, startups must employ more standardized HR policies, invest in workforce development, foster work-life balance, and foster an integrated culture. This way, startups can enhance their workforce stability and achieve a competitive advantage in India's booming tech ecosystem.

Data Analysis and Interpretation (Survey Findings)

The primary data for this research was collected from **30 employees** working in various IT companies based in Bengaluru. The data was analyzed using simple statistical tools, and the results are presented below:

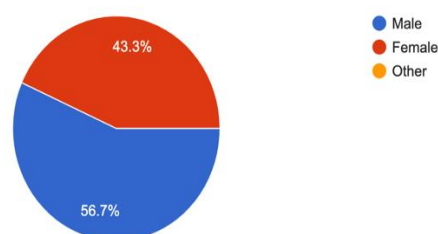


Fig no.2 Showing Gender wise Representation

Interpretation of Gender Distribution

The gender distribution of the 30 respondents reveals a moderate gender disparity among Technology and IT startup employees in Bengaluru:

- Male respondents: 56.7%
- Female respondents: 43.3%

• Other: 0% (none reported in this sample)

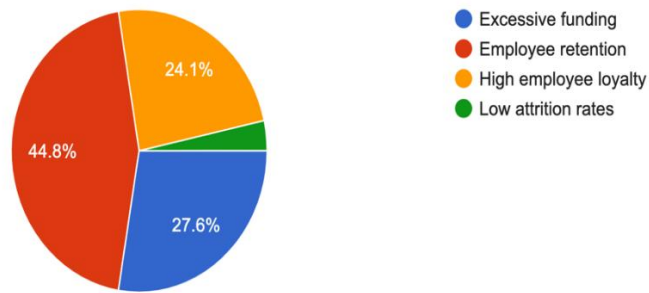


Fig no.3 Showing common HR challenge faced by startups

Interpretation:

The majority of respondents (44.8%) identified **employee retention** as the main HR challenge for startups in their early stages. This highlights that keeping skilled employees is a key concern, matching your research focus on high turnover and retention issues.

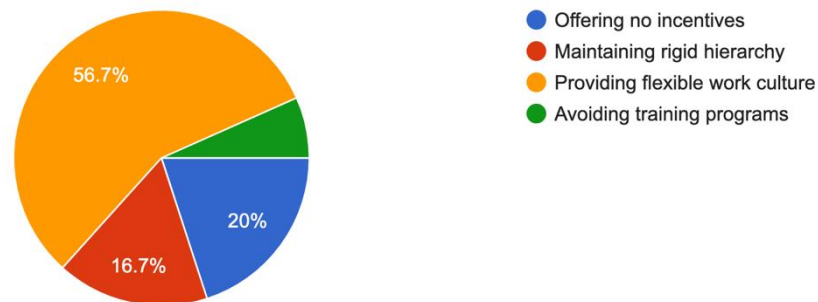


Fig no.4 Showing key strategy for startups to attract talented employees

Interpretation:

Most respondents (56.7%) believe that **providing a flexible work culture** is the key strategy for startups to attract talented employees. This shows that workplace flexibility is highly valued by talent in the startup sector, more than rigid hierarchies or lack of incentives.

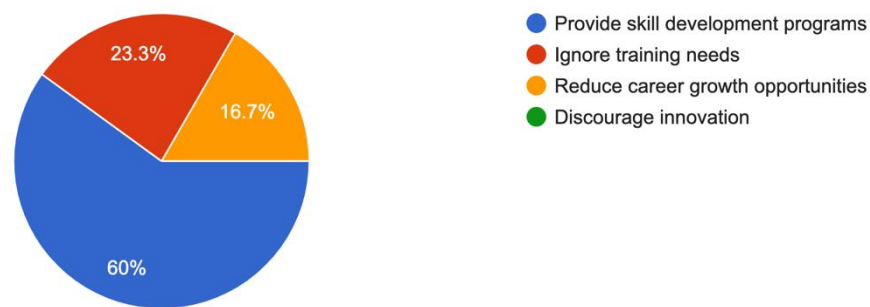


Fig no.5 Showing startups do to develop their employees

Interpretation:

Most respondents (60%) think that startups should **provide skill development programs** to help employees grow. This shows that training and upskilling are seen as crucial for employee development and retention in startups.

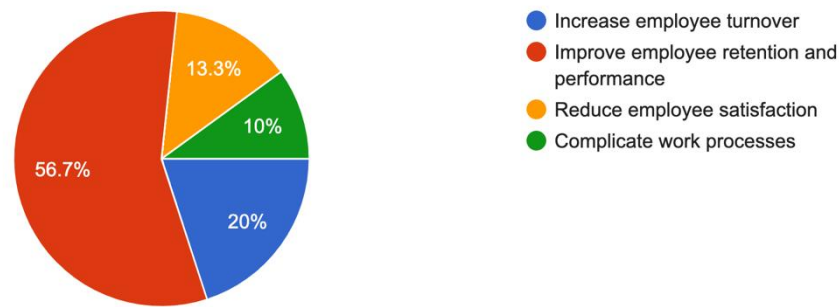


Fig no .6 sustainable HR framework helps startups to

Interpretation:

The chart shows that a clear majority of respondents (56.7%) believe that building a sustainable HR framework mainly helps startups improve employee retention and performance. This indicates that having strong HR policies and practices directly supports keeping talented employees engaged and productive.

Meanwhile, only a small portion (20%) feel it could increase employee turnover, and even fewer think it would reduce satisfaction or complicate processes. Overall, this highlights that a well-structured HR framework is widely seen as a positive driver for stability, motivation, and better results in startups.

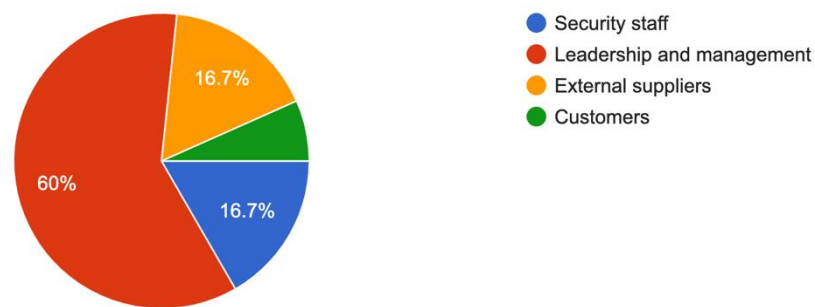


Fig no .7 biggest role in overcoming HR challenges in startups

Interpretation:

The pie chart shows who respondents believe plays the biggest role in overcoming HR challenges in startups. A majority, 60%, identify Leadership and Management as the key drivers in addressing HR issues. Security staff and External suppliers are seen as less influential, each with 16.7% of responses. Customers play the smallest role according to the data. This highlights that effective leadership is critical for solving HR challenges in startups.

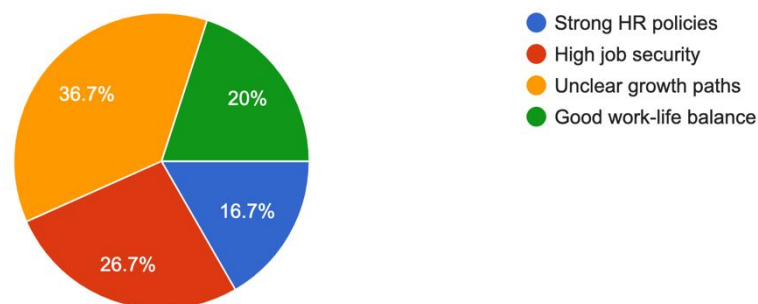


Fig.8 struggle to retain employees

Interpretation:

The chart shows reasons why startups struggle to retain employees. The largest share, **36.7%**, cites **unclear growth paths** as the main cause of retention issues. **High job security** is the next factor at **26.7%**, suggesting employees may seek more stable opportunities. **Good work-life balance** and **strong HR policies** are less significant factors here, at **20%** and **16.7%** respectively. This indicates startups must create clear career paths and secure jobs to improve retention.

Conclusion, Limitations, Implications & Future Recommendations

Conclusion

In this research, it is discovered that Bengaluru-based IT startups are confronted with serious HR issues such as talent retention, undefined career paths, weak HR policies, and high staff stress. Leadership is central to addressing these challenges. Startups should construct clear HR systems, invest in staff growth, and develop supportive work environments to remain competitive and sustainable.

Limitations

The current research has some limitations that need to be noted. First, the limited sample size of just 30 respondents limits the generalizability of the results to a broader population. Second, since the research considers only Bengaluru, the outcomes cannot necessarily reflect the position in other areas, which might have varying contexts and issues. Additionally, the study relies on self-reported data, which may carry inherent biases or inaccuracies. Time constraints also limited the depth of investigation, preventing a more comprehensive exploration of certain aspects. Finally, given the rapidly changing nature of the industry, the relevance of the findings may be impacted over time.

Implications

The research findings have a number of significant implications. For startups, it emphasizes the importance of adopting formal human resource practices and employee welfare to improve retention and productivity. For policymakers, it recommends assisting startups through training initiatives and formulating flexible HR policies that tackle their unique challenges. For scholars, this study provides useful new understanding of human resource management in Indian IT startups, providing a platform for further research. Finally, for investors, the findings reinforce the importance of strong HR practices as one of the key drivers of the overall success and viability of startups.

Future Recommendations

In future studies, it is advised that larger samples be taken from different cities to increase the generalizability of the results. Comparing human resource issues between different startup sectors may also yield further insights into sector-wide concerns and best practices. Longitudinal studies that follow up with startups over longer periods would be able to capture how HR practices evolve and change over time. Additionally, investigating the role of technological tools and artificial intelligence in strengthening HR functions could reveal innovative ways to address common HR challenges. Finally, examining how government programs and policies influence startup HR practices would offer valuable guidance for policymakers and entrepreneurs alike.

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