

Startups need better culture, compensation and career progression

A recent survey details what's getting in the way of high retention rates for startups - and what workers really want from startup working environments.

A recent survey from ISL Talent has looked into why people leave their roles at startups. In a broader context, the UK is supposedly still experiencing the 'the great resignation' as the search for better pay, flexible working and job satisfaction remains a priority across all sectors. More recently, the phenomenon of 'quiet quitting' has hit the headlines, further demonstrating a shift in people's attitude to work. This survey is therefore a rare insight into how the working environment of startups stack up against the wider jobs market, and the main frustrations workers have.

Given startups tout their authentic culture and expansive responsibility as a payoff for lower compensation than more corporate structures, it's no surprise dissatisfaction with salary and rewards is one of three central reasons for quitting. The other two - career progression and company culture - however, are more surprising.

The respondents ranged across entry level to senior roles, were split evenly across age brackets, and largely identified as men (75%).

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Company Culture

Of the 200 respondents who had recently left startups, 77% blamed poor company culture as their reason for leaving: 82% felt communication is central to company culture, while 78% said that the broader team and office environment plays a big role too. Predictably – given the post-Covid emphasis on values – 79% of respondents said that having a clear company mission and values was important.

An issue which often recurs with startups and culture is employees poor relationship with their direct manager: 71% highlighted this as a reason for leaving. This is no surprise given startup managers often have no experience.

Compensation

Unsurprisingly, salary is high up on the list of leavers' reasons for quitting, with 72% of respondents citing dissatisfaction with their salary and rewards. The most important part of a rewards package — for 92% of respondents — is salary. Holiday allowance comes in at second with pensions taking third priority.

A telling stat here is that 76% of respondents would ditch all other rewards on offer to secure a higher salary.

Career progression

In what is the biggest blow for startups, 79% of those surveyed said they left their role because they were dissatisfied with how their career was progressing. When broken down, the particular issues emphasised were the importance of a development plan with clear targets, as well as receiving ongoing feedback and regular reviews. Also important was the opportunity for quality and plentiful learning and development opportunities.

So what do workers want?

The report also asked what their other priorities were in looking for new roles. It

found that flexible and hybrid working remains critical to an organisation's ability to retain tech startup talent. 83 per cent of respondents stated that regular flexible working was their highest priority (13% increase from 2020).

Also of note, and indicative of a growing trend for fully autonomous working – 72% stated their preference for no set working hours in a result-focused environment.

Article by MADDYNESS UK