



NAVIGATING UNCERTAINTY: HOW HRM PRACTICES PROPEL START-UPS THROUGH LIFECYCLE PHASES

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Summary

This study explores the evolution of Human Resource Management (HRM) practices in start-ups across different life cycle phases, focusing on recruitment, selection, training, and development. Using interpretative phenomenological analysis (IPA), eight start-up founders were interviewed to understand how HRM strategies adapt as start-ups transition from early-stage to growth. The findings highlight that recruitment in the early stages is informal, relying on personal networks and recommendations, whereas formal selection processes, including psychological assessments, emerge as companies mature. Training and development are often limited by financial constraints in early stages, but as start-ups grow, structured learning programs, mentorship, and external training resources become more prominent. The study confirms the dynamic and evolving nature of HRM in start-ups and emphasizes the increasing role of HR professionals in structured hiring and employee development. The research provides practical insights for start-up founders, HR professionals, and policymakers to enhance HRM strategies in entrepreneurial settings

Keywords: *start-ups; HRM; recruitment; training; development; life cycle phases; qualitative research.*

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1. INTRODUCTION

This study seeks to address the research question: How do HRM practices at start-ups evolve through several life cycle phases, specifically concerning recruitment, selection, and employee development? Organizational growth is frequently articulated using biological metaphors, such as life cycles, which denote specific stages of development (Phelps, Adams, and Bessant, 2007). Despite diligent research efforts, the precise number of developmental stages comprising a start-up's life cycle and the distinctive characteristics of each phase remain ambiguous. Nonetheless, it is widely acknowledged that each stage presents founders with distinct challenges and opportunities (Picken, 2017). Recent data from 2024 reveals that team-related issues are the third most common cause of start-up failure (Ruby, 2024). This emphasizes the need for examining Human Resource Management (HRM) in the context of start-ups. Human Resource Management in start-ups has unique characteristics that set it apart from HRM in large, established firms, requiring specific research focus. Start-ups often receive limited attention in HRM literature due to the perception that they lack the resources necessary for elaborate HR systems, which are deemed costly and potentially restrictive to the flexibility vital for resource-constrained small businesses (Chadwick *et al.*, 2012). This paper focuses on three essential HRM approaches in start-ups: recruitment, selection, and employee development and explores how their application evolves throughout different phases of the start-up life cycle. The study uses qualitative approach to examine HRM practices across the four principal phases of start-up evolution. This research adds to limited but expanding corpus of knowledge regarding start-up HRM practices and contributes new empirical insights relevant to both researchers and practitioners, including entrepreneurs, HR professionals, and policymakers seeking to foster the growth and success of companies.

2. THEORETICAL FRAMEWORK

2.1 Flexibility vs. Formalization in Start-up HRM

This study is based on the conceptual tension between two distinct approaches to Human Resource Management (HRM) in start-ups: the flexible, informal practices typical of early-stage businesses and the more formalized procedures required as organizations expand and become more complex. In its nascent phases, start-ups frequently prosper by utilizing flexible and informal human resource management techniques that facilitate swift innovation and rapid adaptation to change. As these companies expand, the drawbacks of informality become evident, requiring the

implementation of more formalized HR frameworks to guarantee operational efficiency and facilitate long-term growth.

Chadwick and Li (2018) highlight the advantages of formal HR systems in established organizations, especially with enhanced labour productivity. Their findings suggest that as firms evolve, the implementation of structured HRM strategies improves the alignment between human resources and strategic objectives. Chadwick, Guthrie and Xing (2016) demonstrated that the involvement of a dedicated HR executive during a company's initial public offering (IPO) correlates positively with long-term organizational sustainability, underscoring the need of professional HR leadership in navigating significant transitions.

These examples collectively illustrate that human resource management in start-ups must evolve, shifting from the adaptability of informal practices to the stability and consistency afforded by formal frameworks. Understanding this process is essential for comprehending how start-ups modify their strategies for recruitment, selection, and staff development across different stages of their life cycle. This changing HRM dynamic is especially pertinent when analysed within the framework of start-up life cycle models, which will be addressed in the next section.

2.2 Start-up Life Cycle Models

Understanding how HRM evolves in start-ups requires first examining the distinct phases of the start-up life cycle. Many early-stage entrepreneurs often overlook key steps required to grow from a small start-up into a business capable of sustaining consistent, profitable growth. The journey of an entrepreneurial venture is typically segmented into four stages—start-up, transition, scaling, and exit—each marked by distinct challenges that the founding team needs to address (Picken, 2017). Although these frameworks may differ in the number of stages identified, they generally converge on this progression. These models usually begin with the initial creation of the company and culminate in either achieving organizational maturity or encountering failure (Phelps, Adams and Bessant, 2007). As start-ups progress through the life cycle stages, they typically evolve from founder-led ventures into professional, market-oriented organizations characterized by formalisation, delegation, and decentralisation (Van De Woestyne, Dewettinck and Van Bruystegem, 2010).

The start-up phase describes the transition of turning a business idea into a concrete product or service and represents the birth of an organisation and the first phase in the life cycle of an organisation (Van De Woestyne, Dewettinck and Van Bruystegem, 2010). It typically lasts between six months and one year, and up to two years for some companies. During this time, the founding team moves from the development of the initial idea to the first paying customers and is in a period where they face a high level of risk

(Ulč and Mandel, 2021). Given its unique characteristics, Van De Woestyne, Dewettinck and Van Bruystegem (2010) refer to the start-up phase as the creativity phase in their study, as this is the period when the founding team focuses on the development of the product or service. The main task of the founders and the start-up team in this phase is to successfully develop the product or service to achieve market acceptance or so-called 'product-market fit'. At the same time, the creativity phase is linked to unique characteristics of the informal organisational structure, which is very uncomplicated during this period due to the relative small size of the company. The founders have a decision-making and supervisory role over the work of a small number of employees. Communication between team members and founders is completely informal and personal, while the organisation of work is loosely structured and fast-changing (Van De Woestyne, Dewettinck and Van Bruystegem, 2010).

Despite their small size, start-ups recruit staff based on business needs, often bypassing traditional recruitment processes common in larger firms. In fact, start-ups lack any form of formalisation, structure and clarity in recruiting and training staff, performance appraisals or reward systems (Van De Woestyne, Dewettinck and Van Bruystegem, 2010). The focus is primarily on developing a core product or service and establishing and developing a shared vision that fosters a sense of belonging among all team members and prepares them for the challenges of the next phases of the company's life cycle (Picken, 2017).

According to Picken (2017), the transition phase starts when a start-up company has established itself in the market with a developed product or service and has achieved market acceptance, which was the main task for the founding team during the start-up phase. Once this goal is achieved, the company starts to attract a larger number of customers and consequently production is expanded to meet the growing demand for the developed product. During the start-up phase, the company is small enough for the founder(s) to control all aspects of day-to-day operations, and business decisions are made intuitively without following formalized procedures and rules.

However, this is not the case during the transition phase. This is a period of change that requires development of an effective infrastructure for project management and the management of customer relationships, operations, and finance. Such changes make intuitive decision making no longer sufficient or effective (Wasserman, 2001b). The transition period serves as a crucial bridge between the loose and informal structure of the firm towards a more structured and disciplined form needed for rapid expansion into new markets (Van De Woestyne, Dewettinck and Van Bruystegem, 2010). As the complexity and scale of the business increase, the informal activities typical for the start-up phase start to hinder the effectiveness of the business (Kotey and Slade, 2004). New people need to be recruited who cannot be managed solely through informal

communication, so the business starts to require moderately formalized ways of communicating between team members that go beyond the tone of 'friendly communication'. In addition, new hires are not motivated solely by their intense commitment to the company and the product, as is the case for employees in the start-up phase. During this period, clear roles for each individual employee need to be established to support the transition into the next phase of the life cycle (Van De Woestyne, Dewettinck and Van Bruystegem, 2010).

In the **scale-up phase**, the company's activities focus on expanding the business in order to maintain profitability and, where possible, to generate above-average economic returns on the resources used (Paschen, 2016). The scale-up is based on a validated business model that has been developed and tested in the previous phases of the life cycle (Paschen, 2016). The objective of this phase is rapid expansion, leading to competitive scale and enabling the establishment of a leading market position (Picken, 2017). The funds raised by the company in this phase, either through operations or from investors, serve to support further growth and can potentially help to acquire a competitor for scale-up purposes or to provide liquidity (Paschen, 2016). These changes also affect the role of employees in the organisation. There is a move away from generalists, who covered a wide range of tasks, towards the recruitment of specialists who have expertise in specific areas. These specialists bring in-depth knowledge and skills that enable the company to carry out specialised tasks more efficiently and effectively (Van De Woestyne, Dewettinck and Van Bruystegem, 2010).

The **maturity phase** is characterized by a slowdown in the growth and expansion of a company. During this phase, the company focuses on maintaining its competitive advantage in the market, with cost control and team productivity playing a crucial role in achieving greater profitability through cost reduction (Nascimento, 2017). The primary goal in this phase is to enhance production efficiency and reduce costs, yielding economic benefits. While the company retains its departmental structure, its systems and processes become more formalized and bureaucratic compared to earlier phases. Simultaneously, the company aims to combine different offerings, gain efficiencies, and modernize existing structures (Phelps, Adams and Bessant, 2007). The maturity phase may also lead to an exit, often through a successful IPO, private placement, merger, or acquisition. An effective exit strategy is often essential for realizing the company's created value, offering returns for both entrepreneurs and investors. This step often marks the successful culmination of the entrepreneurial journey (Picken, 2017).

2.3 HRM practices in start-ups

With the start-up context in mind, this section explores how HRM in start-ups differs from traditional HRM approaches. In today's global and highly competitive

markets, and with new technologies constantly evolving, innovation plays an important role in the survival of start-ups. This is because innovation facilitates the acquisition of market power, improves operational efficiency, achieves product or service differentiation and enhances organisational knowledge (Marullo *et al.*, 2018). In this regard, various studies highlight the role of employees as a key source of innovation in small organisations and suggest that deliberate managerial interventions and coordination are needed to align the interests of managers with those of employees (McGuirk, Lenihan and Hart, 2014).

Nevertheless, start-ups are often overlooked in the literature on HRM, as the prevailing assumption is that such companies cannot afford complex HRM systems. Indeed, these systems are often associated with additional costs and reduced flexibility, which are more likely to negatively affect the day-to-day operations and planned performance of resource-constrained small businesses such as start-ups (Chadwick *et al.*, 2012). Start-ups typically have fewer financial and managerial resources to support a dedicated HR professional. Consequently, people management in start-ups tends to be informal and difficult to study in a systematic and structured manner (Heneman and Tansky, 2004). Similarly, entrepreneurship research has largely neglected the issue of HRM because of its association with bureaucratisation and formalised structures, which are thought to conflict with the agile, growth-oriented nature of start-ups (Snell, Shadur and Wright, 2002).

However, Keating and Olivares (2006) emphasize that people management issues are crucial to understanding the organisation of a start-up. The literature increasingly recognises that while innovation may be the product of the founder's brilliant mind, the process of development, production and distribution depends on the effective design and management of human resources. According to Muñoz-Bullon, Sanchez-Bueno and Vos-Saz (2015), employees work to realise the founder's vision, shape the business direction and lead projects to improve performance through change initiatives. HRM is particularly important for companies seeking to grow, as it is the employees who sustain start-ups, create new opportunities and markets, and shape the overall impact of innovation (Keating and Olivares, 2006).

Abo Keir (2019) argues that HRM in start-ups should not be equated with HRM in large corporations, as there are key differences in the working conditions between start-ups and established companies. The lack of resources in start-ups can affect employees' sense of job security, which in turn creates additional pressure. For this reason, the author suggests that the workforce in start-ups should be treated differently. HRM in start-ups performs a variety of tasks that are crucial for their successful growth, which depends heavily on the quality of human resources within the company. Moreover, Rutherford, Buller and McMullen (2003) highlight that HRM practices should be more tailored to the

specific needs of each company to increase the impact of the individuals on the business. The primary mechanism of company growth is the human capital, which resides in individual employees and the shared relationships they form. Start-ups can achieve higher levels of growth and survival through superior HR targeting (Benedickson *et al.*, 2017). These distinctions highlight the need for more nuanced research on how HRM evolves in start-ups, particularly across different life cycle stages.

2.4 HRM Practices by Function: Recruitment, Selection, and Development

2.4.1 Recruitment and Selection

The following subsections summarize what existing literature reveals about recruitment, selection, and training in start-ups. Regardless of the size of the company, the recruitment process involves two activities of the HR: recruitment and selection. Recruitment is the process of identifying potential employees with the necessary knowledge, skills, abilities and personal qualities to perform the job successfully. Especially for start-ups, according to Cardon and Stevens (2004), this poses a major challenge as they lack resources and legitimacy in the market. Studies show that start-ups tend to take an informal approach to recruitment and selection, preferring low-cost recruitment methods that can be directly supervised and implemented by the founder(s). The hiring decision and process in such firms is most often ad hoc or on an as-needed basis (Barrett and Mayson, 2007).

Due to limited resources, start-ups often rely on personal connections and networks such as family, friends, acquaintances, to recruit new team members. They frequently use referrals or select candidates personally known to the founder as primary recruitment sources. Research by Kotey and Slade (2004) confirms the claim that recommendations are the most common form of recruitment in small organisations.

The findings indicate that as a company grows, the use of more formal recruitment methods, such as recruitment agencies or advertising vacancies, becomes more prevalent. This shift occurs because informal sources for identifying potential employees are often exhausted and can no longer meet the company's growing development needs.

After recruiting potential employees, the selection process begins. Armstrong (2014) describes this as a process of evaluating candidates' fit and ability to perform the role. Typically, selection involves several methods, including analysing of CVs and applications, conducting interviews and administering various tests, such as professional and psychological assessment. Research shows that companies in the early stages of development tend to opt for simpler and less costly selection methods. The most widely used selection methods are informal interviews between candidates and founder(s) and trial work. According to Poljasevic and Petkovic (2013), such selection methods can pose

the greatest threat to objective selection in start-ups, as the founders who implement these methods are usually not trained in the HR field and in most cases rely on their intuition. During the growth phase, companies often start to use other selection techniques to reduce subjectivity in the selection of candidates for this reason. As a result, the objectivity of the candidate selection increases, interviews become more standardised, and questions are specifically designed to assess candidates' qualifications. To achieve this, growing companies often begin outsourcing these activities to specialised agencies or hire a specialised HR professional within the company (Kotey and Slade, 2004).

2.4.2 Training and Development

The increasing complexity of the work environment, the scope of responsibilities, the constant evolution of technologies and intense competition require companies to invest time and money in continuously improving the skills and competences of their employees (Padmaja *et al.*, 2020). Training and development are important functions of HRM that enhance employees' skills, knowledge, and behaviour. Moreover, skilled employees provide a competitive advantage for a company- an advantage that cannot be easily imitated by competitors (Hatten, 2012). According to Samuel and Chipunza (2009), various forms of training contribute to higher levels of employee loyalty and a sense of belonging, which in turn increases retention rates. This claim is supported by a study conducted by Choi and Dickson (2009), which demonstrated that organisations providing adequate training and showing care for their employees positively influence their decision to remain with the company for a longer period.

Although training is an important aspect of HRM for many start-ups, research shows that formalised training is less likely to be provided (Storey, 2003). One reason, as noted by the author is the underestimation of the benefits of training by the employer or the company founders, who are often unaware of its advantages, effects, and the available training methods (Patton, 2004). Another reason is associated cost, which is typically prohibitive for small companies in the early stages of life cycle. Designing and implementing effective training and employee development systems require substantial upfront investment, while the benefits of training and development often materialize only in the future (Hatten, 2012). Bannock (2004) emphasizes that, regardless of a company size, employee training and development should be approached systematically. Managers must perform a training needs analysis and establish a thorough plan that will underpin choices on employee training. Nevertheless, start-ups and small to medium-sized firms frequently neglect comprehensive needs analysis, opting instead for ad hoc decision-making in this area.

The majority of start-ups do not employ formal training and development practices, instead offering informal, ad hoc training based on the needs of a given period. According to Wapshott and Mallet (2015), the most common forms of such training and development are:

- induction of new employees
- learning on the job.

In the area of work-based learning as a form of training and development in start-ups, Wapshott and Mallet (2015) point out that the ad hoc nature of such training presents challenges for researchers attempting to understand this specific practice. Work-based learning, as an informal form of training, is often difficult to recognize as traditional employee training and development. Employees' knowledge and skills are improved while working, but this process is typically viewed as a part of the daily work routine rather than a structured training.

According to O'Regan, Stainer and Sims (2010), mentoring is another important form of training and development in small enterprises. This approach focuses on addressing the needs of both employees and the company. While training is often targeted at new employees, it is also a vital component for the development of experienced team members (Benedickson *et al.*, 2017). Training and development are equally important for company founders or managers, who are often considered to possess only modest entrepreneurial skills and require additional training. Such programmes should cover a wide range of topics, including finance, accounting, marketing, and sales as newly acquired knowledge in these areas can significantly enhance their ability to make sound business decisions (O'Regan, Stainer and Sims, 2010).

These findings reflect a broader pattern in which HRM evolves from informal, founder-led practices to more structured systems as start-ups scale—underscoring the conceptual tension between flexibility and formalization discussed earlier.

3. RESEARCH METHODOLOGY

3.1 Research Design and Sample

This study employs an Interpretative Phenomenological Analysis (IPA) approach (Smith & Osborn, 2003) to examine the evolution of three fundamental HRM practices, namely recruitment, selection, and employee development, during the start-up life cycle. IPA is especially appropriate for examining the lived experiences of individuals and their interpretations of major processes or occurrences in their professional life. This technique facilitates a comprehensive analysis of how founders interpret and manage evolving HRM requirements as their enterprises advance through several developmental

phases. The approach highlights the distinctiveness of individual narratives while also recognizing patterns across examples. The interpretation of researchers is influenced by participants' narratives and by a reflective consideration of their own positions and preconceptions throughout the analysis process.

Eligibility for participants required the following criteria: (1) founder status with active involvement in daily management; (2) direct engagement in the formulation or supervision of personnel-related practices; and (3) classification of their start-ups within one of the four principal life cycle stages: start-up, transition, scaling, or maturity. The majority of enterprises in the sample were established between 2017 and 2022, primarily in the sectors of technology, services, or manufacturing. An exception was a company founded over a decade ago that continues to identify as a start-up because of its focus on innovation, growth mentality, and aspiration to expand, criteria aligned with the definitions outlined by the European Startup Monitor (Bormans, Privitera and Novo Devani, n.d.).

The sample was designed to optimize variation across stages of organizational growth. Table 1 indicates that the final group had three founders from start-up phase firms, two from transition phase firms, two from scaling phase firms, and one from a maturity phase firm. This distribution facilitated the identification of both common and distinct HRM tendencies as start-ups progress over time. The incorporation of founders possessing diverse degrees of formal HRM expertise enabled the analysis to encompass both intuitive, founder-driven methodologies and nascent frameworks influenced by more systematic methods.

3.2 Data Collection and Analysis

Data collection was carried out via semi-structured interviews, which are particularly appropriate for IPA as they enable participants to steer the dialogue while affording the interviewer the chance to explore emerging themes more thoroughly (Smith & Osborn, 2003). In July 2023, the study team reached out to prospective participants through email and conducted all interviews remotely via Microsoft Teams. Before the primary study, two pilot interviews were conducted to evaluate the clarity and coherence of the interview guide. One question was eliminated due to uncertainty, based on input from these pilots. The preliminary interviews were excluded from the final analysis but were utilized to enhance the data collection instrument.

Interviews were unstructured, enabling founders to articulate their experiences in their own terms and provide examples from their business environments. Follow-up questions were dynamically adjusted to investigate pertinent areas more thoroughly, in alignment with IPA's idiographic emphasis. All interviews were documented with

participant consent, and confidentiality was guaranteed. The duration of interviews varied between 50 and 80 minutes.

After each interview, the audio recordings were reviewed a minimum of twice, as advised in IPA, to increase familiarity with the content and facilitate the emergence of initial insights (Alase, 2017). Verbatim transcriptions were generated to enable meticulous analysis and comprehensive interaction with the data.

The data analysis followed the iterative and inductive methodology characteristic of IPA. Preliminary notes were recorded to document descriptive, linguistic, and conceptual observations. The notes were subsequently transformed into emergent themes for each interview, maintaining the complexity and specificity of each participant's narrative. After completing individual case investigations, patterns across instances were examined by grouping relevant themes. Visual mapping techniques and tabular matrices were employed to categorize emerging concepts, facilitating the recognition of common and diverse experiences across participants. These themes were not predetermined but instead evolved spontaneously through iterative investigation. As patterns emerged, associated concepts were organized into visual diagrams and coded matrices. The procedure facilitated cross-case comparisons while honouring the uniqueness of each founder's experience. In accordance with IPA principles, this interpretive framework allowed the researchers to transcend superficial patterns and uncover profound meaning structures inside the narratives.

During the analysis, reflexivity was maintained by consistently evaluating how the researchers' opinions could influence interpretation. The study aimed to remain anchored in participants' meaning-making by strictly following IPA principles, while providing interpretative insights into the evolution of HRM practices throughout the start-up life cycle. Table 1 delineates the allocation of the eight interviewees among four life cycle stages—start-up (3), transition (2), scaling (2), and maturity (1)—alongside supplementary information like gender, role, and interview duration. This split was deliberately crafted to guarantee diversity in organizational development phases and improve the clarity of the sampling technique.

Table 1. Interviewees by Company Life Cycle Phase

Interviewee	Life cycle phase
Interviewee 1	Start-up phase
Interviewee 2	Start-up phase
Interviewee 3	Start-up phase
Interviewee 4	Transition phase
Interviewee 5	Transition phase
Interviewee 6	Scaling phase

Interviewee 7	Scaling phase
Interviewee 8	Maturity phase

Source: Own work

However, like with any qualitative investigations, it is imperative to recognize potential biases. All participants were founders, providing retrospective, experience-based insights influenced by their own engagement in HRM. This insider perspective enhanced the data but may have also contributed bias, especially when founders possessed prior HR knowledge or held strong opinions on people management. To address this, the study included open-ended questions and refrained from leading suggestions to facilitate genuine, participant-driven responses.

4. FINDINGS

This chapter outlines the study's findings, which sought to examine the progression of essential Human Resource Management (HRM) practices throughout several phases of the start-up life cycle. The research emphasizes three important categories of Human Resource Management: recruitment, selection, and employee training and development. Throughout the sample, these behaviours were shown to evolve in non-linear and context-dependent ways, shaped by the distinct challenges and resource constraints characteristic of each phase of organizational growth. The findings are organized into three categories, each reflecting a specific HRM practice. Each segment utilizes detailed, firsthand narratives from the eight interviewed founders, demonstrating the evolution of their people management practices over time.

4.1 Recruitment Practices

The study confirms that **recruitment and selection** are crucial activities for start-ups; however, their role varies significantly depending on the company's life cycle stage. As companies grow, their approaches to recruitment and selection evolve. Interviewee 8 illustrated this point: "Throughout our history, we've oscillated in our recruitment approaches." While some start-ups began hiring almost immediately, others waited until a core product or service had been developed. For instance:

- "We started hiring about a year after the company was founded." (Interviewee 1)
- "We hired our first student about four months after starting." (Interviewee 6)
- "We began hiring immediately." (Interviewee 5)

- "We started hiring a year after founding when we actively sought a salesperson." (Interviewee 4)

The study confirms that initial recruitment in start-ups heavily relies on personal connections and recommendations. Interviewee 8 highlighted this: "Our first hires were all through colleagues. My co-founder and I worked at another firm and brought over our first employee for accounting." Similarly, Interviewee 4 echoed this sentiment: "At the beginning, we found people through personal connections."

Interestingly, some companies partnered with universities to identify potential hires. Interviewee 3 shared: "We offered internships through a cognitive science program, which led to the hiring of two interns." Similarly, Interviewee 6 noted: "We often recruit specialized personnel through collaborations with the veterinary faculty."

The study confirms that selection processes evolve over time. Initially, they tend to be informal and unstructured, as described by Interviewee 5: "It was chaotic; anyone interested could join, and we'd see who added value over time." Similarly, Interviewee 6 recalled an equally unstructured interview process.

As start-ups transition in later phases, these recruitment processes become more structured and formalized. Interviewee 4 described their current approach to new hire selection: "The department head conducts the first selection, then the co-founder and I ensure a team fit, deciding collectively." Formal tests and multi-round interviews also become common. Interviewee 3 noted: "We devised formal tests to determine suitability quickly." Interviewee 6 added: "We now use structured job descriptions, psychological tests, and multi-round interviews with external partners."

Cultural fit was emphasized as a critical factor, even more so than in corporate environments or larger firms. Interviewee 5 stated: "If you fit into our culture and add value, we'll proceed further [with hiring]."

Additionally, finding specialized talent necessary for company growth posed challenges for our study participants. Interviewee 4, in a transition phase, noted: "We're now seeking experienced personnel." Similarly, Interviewee 1 highlighted the difficulty of sourcing technical talent: "Finding programmers in e-mobility through traditional ads is difficult."

These insights underscore the dynamic nature of recruitment and selection in start-ups, demonstrating how hiring strategies adapt to company growth and the specific needs of each life cycle phase.

4.2 Selection

Similar to recruitment, selection processes were seen to vary considerably over the start-up life cycle. The first selection process was generally unstructured, lacking formal evaluations or defined roles. Interviewee 5 described their early approach as: "It

was chaotic; anyone interested could join, and we'd see who added value over time." Interviewee 6 recalled: "In the early days, our interview process was basically just a conversation."

Eventually, the majority of corporations implemented more methodical protocols. Interviewee 4 described their present procedure: "The department head conducts the first selection, then the co-founder and I ensure a team fit, deciding collectively." Interviewee 3 stated: "We devised formal tests to determine suitability quickly." In scaling or mature-stage organizations, the adoption of structured job descriptions, psychological evaluations, and external collaborators has become increasingly prevalent, as articulated by Interviewee 6: "We now use structured job descriptions, psychological tests, and multi-round interviews with external partners."

Cultural fit consistently remained an essential objective for founders across various stages. Interviewee 5 emphasized: "If you fit into our culture and add value, we'll proceed further [with hiring]." Despite the formalization of selection processes, the significance of shared values and team cohesion continued to be important in recruiting decisions.

These patterns underscore the non-linear progression of selection procedures in start-ups. During first phases, informal interviews prevail; however, subsequent stages incorporate standardized instruments and more defined evaluation standards. Nevertheless, individual discernment and congruence with company culture remain significant throughout.

4.3 Employee Training and Development

Training and development are crucial in start-up companies due to their unique work dynamics. Interviewee 5 highlighted the contrast with larger corporations: "In a start-up, you solve problems as a team, facing new challenges daily, which forces constant learning and growth in taking responsibilities." However, early-stage start-ups often struggle with limited resources for formal training. Interviewee 1 acknowledged this constraint: "We don't have funds for training." Similarly, Interviewee 3 noted their intention to address this in the future: "We plan to allocate funds for training next year."

As start-ups grow, work dynamics and responsibilities increase, fostering continuous employee development. Interviewee 6 described their approach to hiring students with no prior experience, allowing them to learn on the job with guidance from leaders and mentors: "In the beginning, we employed students with no experience, and they could try out different fields and thus somehow learn. Basically, it was education here, so they could also learn something while working, in addition to us, as leaders, passing on knowledge and mentoring them."

Feedback plays a crucial role in employee development. Interviewee 3 emphasized the importance of HR in providing constructive feedback without it being perceived as personal criticism: “The only potential danger is that they don’t perceive criticism as a critique of their personality or as a sign that they are bad. It is basically just an ability that they need to work on a bit more. This is precisely why it is important to have an HR professional who deals with this.”

As new challenges continuously arise in start-ups, employees must develop team-based solutions, increasing their responsibilities and requiring an expanded skill set. Another key theme that emerged was **mentorship**, which, according to our participants, plays a significant role in employee development and is often supported by start-up incubators. Interviewee 4 explained: “We involve the entire team in mentorship sessions to maximize learning.” However, some start-ups limit mentorship to founders, as Interviewee 1 noted: “External mentors are mainly for us, co-founders.” Yet, there is a growing trend toward involving employees in these opportunities, as Interviewee 2 stated: “Both founders and employees participate in mentorship for skill enhancement and networking.”

Start-ups also seek alternative training methods, such as online courses and internal programs, which are cost-effective and tailored to their specific life cycle phase. For example, Interviewee 7 mentioned using Coursera for project management training, while Interviewee 4 highlighted Udemy courses for employees needing to upskill. Interviewee 6 noted that the company finances books and courses upon employee request, providing flexible learning opportunities.

Additionally, career development potential varies by role, making transparent communication essential between founders and employees. While some positions offer strong growth opportunities, others are more limited. Interviewee 8 acknowledged this challenge: “Not every position [at our company] offers extensive career development opportunities. We support employees seeking opportunities elsewhere if growth is limited.”

The findings highlight the flexible and resourceful characteristics of staff growth in start-ups. Training progresses from informal mentoring to formalized programs as organizations mature, emphasizing continual learning, cultural alignment, and adaptability.

5. DISCUSSION

In the theoretical framework, this study explored the key differences in recruitment and selection processes between the early and growth stages of start-up

development, emphasizing the informal approach prevalent in the initial phases. The research confirmed this progression, highlighting the shift from early-stage hiring based on personal connections and informal interviews to more structured approaches managed by dedicated HR professionals. Poljasevic and Petkovic (2013) similarly noted the use of formalized tests in candidate selection—a method employed by some of the companies in our study. Specifically, two companies in our sample use formal and psychological tests, administered with the help of external partners, to enhance the effectiveness of their hiring processes.

Training and development showed a similar evolution. Storey (2003) found that formal training is less common in start-up environments, a finding supported by this research, which attributes the lack of structured training in early-stage companies primarily to financial constraints. However, as start-ups transition into growth stages, formal training methods begin to emerge, with companies increasingly allocating resources to fund educational opportunities for employees. This shift highlights a significant evolution in training practices as financial capacities expand and organizational needs become more complex.

Another important finding is the importance of mentorship in start-ups, both for founders and employees. The role of mentorship is well-established in the literature. For example, O'Regan, Stainer and Sims (2010) highlight its significance in developing human capital within start-ups. The research supports prior findings, indicating that companies utilize both internal and external mentorship to augment employee skills and knowledge, with an increasing tendency of incorporating employees rather than restricting mentorship to founders.

The study highlights the evolving characteristics of recruiting, selection, and training in start-ups, transitioning from informal practices to more formalized methodologies as organizations develop. This transformation is propelled by increased financial resources, shifting organizational requirements, and the growing importance of professional HR management for fostering sustainable corporate growth.

6. IMPLICATION AND FUTURE RESEARCH DIRECTIONS

The qualitative approach of the study facilitated a comprehensive and phenomenological understanding of HR practices in start-ups, illuminating their evolving characteristics as companies go through several life cycle stages. Nonetheless, the limited sample size and singular emphasis on Slovenian start-ups impose some limitations. Future research may address these gaps by expanding the sample size across different life cycle phases to provide a more comprehensive analysis of HR practices in start-ups.

A more focused examination of particular areas where start-ups have an important role may provide refined insights into sector-specific challenges and HR approaches. A multi-country study might explain national variations in how start-ups modify their HR practices to meet changing organizational demands, thereby enhancing the comprehension of the elements influencing recruiting, selection, and employee development across various cultural and economic landscapes. This study establishes a foundation for additional investigation into the developing HR practices of start-ups, highlighting the necessity for flexible and innovative tactics as organizations expand.

7. CONCLUSION

This study sought to examine the progression of essential Human Resource Management (HRM) practices, namely recruitment, selection, and employee development, across the life cycle stages of start-up firms. The study utilized Interpretative Phenomenological Analysis (IPA) to clarify the lived experiences of eight Slovenian start-up founders, revealing how these experiences are shaped by the changing requirements, problems, and resources linked to organizational growth.

The findings suggest that HRM practices at start-ups do not follow a linear or continuous path. Instead, they adjust in response to changes in organizational size, structure, and strategic goals. Informal, founder-centric methodologies dominate the early stages, whereas more structured and systematic techniques emerge as start-ups grow and progress. The importance of adaptation, cultural alignment, and mentorship is crucial in HRM decision-making.

This study enhances the growing body of literature on HRM in entrepreneurial contexts, highlighting the need for more investigation into how start-ups evolve and professionalize their human resource management systems over time. Thus, it offers both empirical insights and theoretical frameworks for forthcoming research in this dynamic topic.

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NAVIGACIJA KROZ NEIZVJESNOST: KAKO HRM PRAKSE POKREĆU START-UPE KROZ FAZE ŽIVOTNOG CIKLUSA

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Sažetak

Ova studija istražuje evoluciju praksi upravljanja ljudskim resursima (HRM) u start-upima kroz različite faze životnog ciklusa, s naglaskom na regrutaciju, selekciju, obuku i razvoj zaposlenika. Korištenjem interpretativne fenomenološke analize (IPA), provedeni su intervjui s osam osnivača start-upa kako bi se razumjelo kako se HRM strategije prilagođavaju tijekom prijelaza iz rane faze u fazu rasta. Rezultati pokazuju da je regrutacija u ranim fazama neformalna, oslanjajući se na osobne mreže i preporuke, dok u kasnijim fazama tvrtke usvajaju strukturirane procese selekcije, uključujući psihološke procjene. Trening i razvoj su često ograničeni financijskim resursima u početnim fazama, no kako start-upi rastu, strukturirani programi obuke, mentorstvo i vanjski resursi za razvoj postaju sve prisutniji. Studija potvrđuje dinamičnu i evoluirajuću prirodu HRM-a u start-upima te naglašava sve veću ulogu HR stručnjaka u strukturiranom zapošljavanju i razvoju zaposlenika. Istraživanje nudi praktične uvide za osnivače start-upa, HR profesionalce i donositelje politika s ciljem poboljšanja HRM strategija u poduzetničkom okruženju.

Ključne riječi: *start-upi; HRM; regrutacija; trening; razvoj; faze životnog ciklusa; kvalitativno istraživanje.*