

The Construction of Diversified Incentive Paths for Employees Adapted to the Characteristics of Startups

Chunyan Zhang^a

Hankou University, Wuhan, China

^a121444847@qq.com

Abstract

Against the background of the changing market competition environment, start-ups face many challenges such as talent attraction, employee stability and organisational capacity improvement. Because the enterprise is in the early stage of development, the resource reserve, management system and brand influence are relatively limited, and the traditional single incentive method of relying on salary improvement is difficult to fully meet the multi-level needs of employees in terms of income security, career development, value recognition, etc. Building a diversified incentive system for employees that meets the characteristics of start-ups is conducive to improving employee motivation, enhancing team cohesion, and promoting the sustainable growth of enterprises. This article analyses the incentive management of employees in start-ups, sorts out the current problems of enterprises in incentive input, mechanism adaptation and demand matching, and puts forward a scientific implementation path in combination with remuneration incentives, growth incentives, long-term interest incentives and other systems, in order to improve the level of talent management and construction of start-ups. The stable organisational system provides reference.

Keywords

Start-up; Employee Motivation; Diversified Motivation; Talent Management; Organisational Development.

1. Introduction

With the continuous change of the innovation and entrepreneurship environment, start-ups play an important role in promoting industrial innovation and economic development. However, enterprises in the early stage of development generally face problems such as limited capital, imperfect management system and high pressure of talent competition. Employee stability and enthusiasm have become important factors affecting the growth of enterprises. According to Maslow, employees have five levels of needs: physiological, safety, social, ego, and self-actualizing. Maslow argued that lower level needs are first satisfied before the next higher level need would motivate employees. Herzberg's work categorized motivation into two factors: motivators and hygienes. Motivator or intrinsic factors, such as achievement and recognition, produce job satisfaction whereas hygiene or extrinsic factors, such as pay and job security, produce job dissatisfaction. The interest in this theory peaked in the 1970s and early 1980s. As an important part of human resources management, employee motivation can improve the degree of work input by meeting the needs of employees. However, it is difficult for start-ups to rely on high remuneration and high welfare models to attract and retain talents for a long time due to resource conditions. The traditional single incentive method gradually exposes the problem of insufficient adaptability. With the increasing demand of employees for career development, value recognition and long-term benefits, enterprises need to explore more diversified incentive paths. Based on this, this article analyses the actual difficulties faced by

the construction of the employee incentive system in combination with the development characteristics of start-ups, explores the optimisation path from the aspects of remuneration incentive, growth incentive, long-term interest incentive, etc., and provides reference for start-up enterprises to improve the level of talent management and enhance organisational competitiveness.

2. Components of a Diversified Employee Incentive System for Startups

2.1. Improving Remuneration Incentives and Basic Income Security

The remuneration system is an important channel for employees to perceive and recognise the value of enterprises, and it is also an important foundation for start-ups to stabilise the talent team. Because the enterprise is in the early stage of development, there are usually certain restrictions on the scale and profitability of capital, and it is difficult to attract talents by adopting the high remuneration model of mature enterprises for a long time^[1-3]. Therefore, start-up enterprises need to reasonably design the remuneration structure in combination with their own business conditions and job characteristics, and improve the incentive effect on the basis of controlling labour costs. Enterprises can establish a differentiated remuneration mechanism based on job responsibilities, work results and business contributions, and combine fixed salaries with performance rewards, project bonuses, special subsidies, etc., so that the employee's income level can reflect the process of personal value creation. For employees who undertake innovative tasks, market expansion or important projects, their work motivation can be enhanced through stage rewards. In addition, the remuneration rules need to be open and transparent, so that employees can clearly understand the income composition, assessment standards and reward basis, and reduce dissatisfaction caused by vague evaluation. By establishing a flexible remuneration system, start-ups can improve their ability to attract talents under limited resources and provide basic support for the stable development of the team.

2.2. Introducing Growth Incentives to Develop Employee Capabilities

Start-ups are in the stage of business exploration and organisational adjustment, and the growth space of employees is closely related to the development process of the enterprise. Compared with the relatively fixed job system of mature enterprises, employees of start-ups usually need to participate in multiple business links, accumulate experience in practice and improve their comprehensive ability. Therefore, enterprises can integrate the growth needs of employees into the incentive system and provide channels for employees to improve their ability through job rotation, project practice, training and learning, and mentor guidance. As shown in Table 1, different growth incentive methods can meet the needs of employees in terms of practical exercise, skill training and career development, and enhance the adaptability of the incentive system. For employees with development potential, enterprises can give them the opportunity to be responsible for the project, so that they can improve their management ability and problem-solving ability in actual work; for professional and technical personnel, they can provide skills training, technical exchange and innovation practice platforms to promote the improvement of professional ability. Growth motivation pays more attention to the long-term development expectations of employees, which helps to enhance employees' sense of identity with the development of the enterprise. By improving the growth support mechanism, start-ups can improve the degree of work input of employees, cultivate a team of talents that meet the development needs of the enterprise, and provide support for the sustainable growth of the organisation^[4-5].

Table 1. Implementation of Growth Incentives in Startups

Incentive method	Implementation	Incentive outcome
Job rotation	Participate in different business activities to gain practical experience.	Develop broader capabilities.
Project assignments	Take responsibility for project tasks to develop management and problem-solving skills.	Strengthen the sense of responsibility.
Training and learning	Provide skills training and opportunities for professional exchange.	Support capability development.
Mentoring	Provide guidance based on experience and support career planning.	Clarify career direction.
Innovation platforms	Encourage participation in practical innovation activities.	Stimulate creativity.

2.3. Strengthening Equity Incentives and Alignment of Long Term Interests

As start-ups gradually enter the stage of business expansion, it is difficult to sustain the enthusiasm of employees by relying on short-term compensation rewards alone. Enterprises need to explore more stable long-term incentive methods. Equity incentives, option incentives and profit-sharing mechanisms can change the interest relationship between employees and enterprises, and make employees pay more attention to the long-term value creation of enterprises. For core technical personnel, managers and business backbones with outstanding contributions, enterprises can design reasonable long-term incentive plans according to the job value and development stage, and link the personal income of employees with the growth results of the enterprise. This incentive model can enhance employees' sense of ownership, so that they can shift from completing job tasks to actively participating in the development of the enterprise^[6]. However, the implementation of the long-term benefit mechanism requires the establishment of a clear rule system, including the scope of incentive targets, the distribution of rights and interests, the cashing conditions and withdrawal arrangements, etc., so as to avoid affecting the incentive effect due to the imperfect system. Start-ups should reasonably use long-term incentive tools in combination with their own development level, so that employees can share the growth results of the enterprise and form a more stable cooperative relationship.

3. Main Challenges in Employee Motivation in Startups

3.1. Limited Resources for Investment in Employee Incentives

Start-ups are in the stage of market exploration and business accumulation. The business model, profitability and resource allocation of enterprises are still being adjusted, and talent management is often directly affected by the scale of capital. Compared with mature enterprises, it is difficult for start-ups to form obvious talent attraction advantages through high remuneration and high welfare systems, and they are prone to competitive pressure in the process of recruitment and retention. When enterprises rely too much on short-term salary adjustment to meet the needs of employees, it will not only increase operating costs, but also cause the incentive effect to decline over time. After entering start-ups, some employees pay more attention to personal development space, ability improvement opportunities and future income expectations. It is difficult to form a long-term stable work motivation by simply raising the salary level. Start-ups need to break through the traditional thinking of remuneration incentives and explore more flexible incentive methods according to their own resource conditions. For example, improve employees' sense of achievement through project rewards,

achievement sharing, learning support and development opportunities, so that limited resources can exert greater incentive value. Reasonable use of non-cash incentives can reduce the pressure on enterprise management and meet the diversified needs of employees in the career growth stage.

3.2. Limited Adaptability of Incentive Systems During Rapid Organisational Change

Enterprises in the early stage of growth usually have the characteristics of flexible organisational structure and frequent adjustment of business direction, and job responsibilities and work content may be constantly optimised with market changes. Under such circumstances, the relatively fixed performance evaluation system and promotion path in traditional enterprises are difficult to fully apply to the development environment of start-ups. Employees often need to undertake multiple tasks in actual work, not only to participate in business execution, but also to participate in process construction and model innovation. If the enterprise still adopts a single job evaluation standard, it is easy to ignore the comprehensive contribution of employees to organisational construction^[7-8]. With the expansion of the scale of the enterprise, the original management method may have problems such as vague incentive standards and insufficient evaluation feedback, which will affect the degree of trust of employees in the development of the enterprise. Therefore, start-ups need to establish a dynamic incentive mechanism according to the characteristics of organisational changes, and include the actual contribution, innovation ability and teamwork of employees in the scope of evaluation. By continuously optimising performance rules and communication methods, employees can clarify the path of reflecting their own value and form a stronger sense of participation in the process of enterprise development.

3.3. Management Challenges Arising from Different Employee Needs

The modern talent structure is gradually showing a diversified trend. The employees of start-ups not only pay attention to economic benefits, but also pay attention to work autonomy, career growth and the realisation of personal value. Due to the differences in work content, ability structure and career goals, employees in different positions have different needs for motivation methods. For example, technicians may pay more attention to the innovative environment and professional ability improvement, marketers may pay more attention to performance recognition and development opportunities, while young employees may pay more attention to the corporate cultural atmosphere and growth space. If an enterprise adopts a unified incentive plan for a long time, it is easy to have problems that the needs of some employees cannot be met, which will reduce the actual effect of incentives. Start-up managers need to strengthen their observation of changes in employee needs and understand the psychological expectations of different groups through communication, employee feedback and data analysis. On this basis, design a combined incentive plan to make material returns, development opportunities and emotional recognition form a complementary relationship and improve the connection between employees and enterprises.

4. Implementing Diversified Employee Incentives in Startups

4.1. Establishing Dynamic Incentives based on Business Development Stages

There are differences in business tasks, resource conditions and employee needs faced by start-ups at different stages of growth, and the incentive method also needs to be constantly adjusted with the development of the enterprise. Relevant research points out that different stages of the enterprise life cycle correspond to different talent management priorities. The start-up period pays more attention to team stability and core talent attraction, while the growth stage needs to promote organisational development through performance incentives and long-term

interest mechanisms. In the early stage of the establishment of enterprises, they usually face tasks such as product exploration, market verification and capital accumulation. Managers can enhance the willingness of employees to invest through development opportunities, innovative participation and team recognition. With the gradual stabilisation of the business and the increasing attention of employees to income returns and career development, enterprises can link employees' personal contributions with enterprise growth in combination with project rewards, performance incentives and equity options. Long-term mechanisms such as equity incentives and dividend incentives have become important ways for some enterprises to attract and stabilise core talents. As shown in Figure 1, start-ups need to adjust the incentive focus according to different development periods to avoid insufficient adaptation caused by the adoption of fixed models. After entering the stage of scale expansion, enterprises should also improve the position system, promotion mechanism and evaluation standards, improve the efficiency of talent management through dynamic optimisation of incentive plans, and realise the coordinated promotion of employee growth and enterprise development.

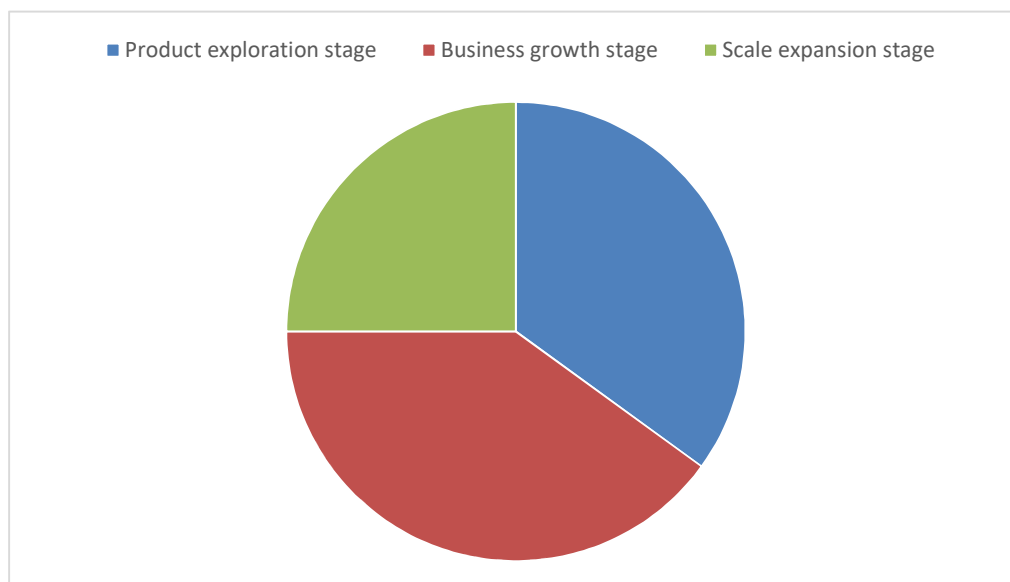


Figure 1. Distribution of Incentive Investment Across Startup Development Stages

4.2. Implementing Differentiated Incentives based on Employee Needs

With the continuous changes in the talent structure, employees' expectations for work have shifted from simply obtaining economic income to pursuing the realisation of comprehensive value. Due to the small size of personnel in start-ups, the differences in job characteristics and development goals among employees are more obvious, and it is easy to reduce the management effect by adopting a unified incentive method. Therefore, enterprises need to establish a differentiated incentive system based on the needs of employees, and formulate incentive plans that are more in line with personal development by understanding employees' career plans, ability characteristics and work expectations. For technical research and development personnel, professional training, technical exchange and participation opportunities in innovative projects can be increased to help them improve their professional level; for business development personnel, performance rewards and growth opportunities can be set in combination with market results to improve their work enthusiasm; for employees with management potential, team management can be given Reason and decision-making participation space to promote the transformation of its ability^[9]. Differentiated incentives are not simply to distinguish the treatment of employees, but to reflect the actual needs of different positions and different stages of growth on a fair basis. By accurately matching the needs of

employees, start-ups can improve the efficiency of resource utilisation and enhance employees' recognition of enterprise management methods.

4.3. Using Digital Tools to Improve Incentive Management Efficiency

Because start-ups are usually in the stage of rapid growth and the scale of management personnel is relatively small, the traditional incentive method that relies on manual records and experience judgement is prone to problems such as data dispersion and unification of evaluation standards, which affects the accurate implementation of incentives. With the help of digital management platforms, enterprises can comprehensively analyse employee performance, project completion, ability growth records and teamwork to provide data support for motivational decision-making. Taking some start-up technology enterprises applying human resources digital systems as an example, enterprises realise dynamic records of employees' contributions through online performance management, project tracking and employee feedback functions. As shown in Figure 2, after the application of digital tools, enterprises have improved in terms of performance feedback efficiency, project task completion and employee stability, indicating that data management can enhance the adaptability of the incentive system. Through the digital platform, employees can keep abreast of their own work performance and development direction, and managers can also adjust the reward method and training plan according to data changes. For start-ups with limited resources, digital management can not only reduce the cost of human management, but also improve the transparency of the incentive process, promote the transformation of employee motivation from experience judgement to data-driven, and provide support for the optimisation of enterprise talent management.

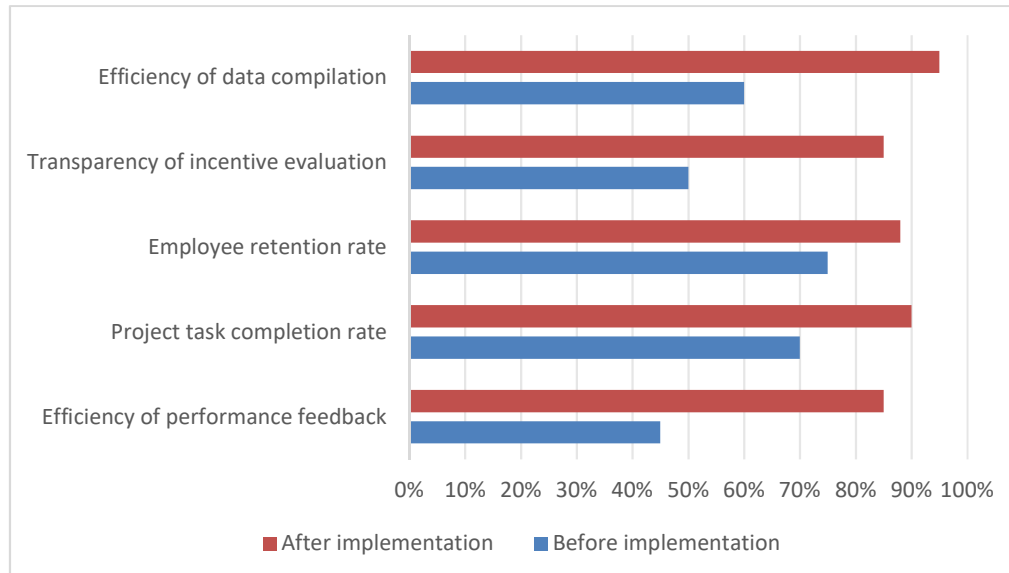


Figure 2. Employee Incentive Management Before and After the Use of Digital Tools

4.4. Improving Feedback for Continuous Optimisation of Incentives

Employee motivation is not a one-time management measure, but a long-term process that needs to be continuously adjusted according to the development of the enterprise and changes in employees. Due to the rapid changes in the business environment of start-ups, the original incentive plan may gradually decline in adaptability with market conditions, team size and changes in employee needs. Therefore, enterprises need to establish an effective feedback mechanism to understand the operation of incentives through regular communication, satisfaction surveys and performance exchanges. In the actual management process, employees' evaluation of salary level, development opportunities, working environment and

corporate culture can provide reference for the optimisation of the incentive system. Managers should avoid simply understanding the incentive results as rewards, and need to pay attention to the real experience of employees in the process of work. For example, when employees feel that growth opportunities are insufficient, enterprises can increase training and job practice arrangements; when employees have doubts about evaluation standards, they should improve the assessment rules in time^[10]. Continuous feedback can help enterprises find management loopholes, keep the incentive system flexible and adaptable, and provide stable talent support for the long-term development of enterprises.

5. Conclusion

In the process of growth, start-ups face problems such as limited resources, fierce talent competition and diversified employee needs. The traditional single incentive method is difficult to meet the sustainable development needs of enterprises. To build a diversified incentive system, it is necessary to combine the development stage of the enterprise and the actual needs of employees, combine remuneration guarantee, growth support, long-term benefit sharing and cultural identity, and form a more flexible and effective management mechanism. By optimising the incentive structure, improving the feedback mechanism and improving the level of digital management, start-ups can enhance the awareness of employee participation and improve talent stability and organisational cohesion. In the future practice, enterprises should continuously adjust the incentive strategy according to the development changes, realise the coordinated promotion of employees' personal growth and enterprise development, and provide talent support for long-term stable development.

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