

A Study on the Impact of Employee Perception on the Success of IT Startups

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The above candidate has carried out research for the Masters thesis under my supervision.

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Signature of the Supervisor

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ABSTRACT

Setting up and running new IT based businesses become more challenging and frustrating for entrepreneurs, investors and employees because of the instability of internal and external environments. Not like well- established organizations, usually the stakeholders of startups share a different state of risk factors among them. This study demonstrates how the perception of employees impacts on success of startups. Eight constructs (Confidence and trust in the owner or partners (CTOP), Confidence and trust in the organisation (CTO), Interest in the employees' future (IEF), Fair remuneration and benefits (FRB), Actively seeking employees' ideas and opinions (ASIO), Communicating information and needs in the organisation (CINO), Train employees to solve problems (TESP), Recognising employees' involvement and accomplishments (REIA)) have been used to derive the perceived value of employees. Four constructs (Growth, Profitability, Investment on R&D, Customers Satisfaction) are used to measure the success of IT startups.

The main hypothesis of this model is proven in this research study in which perception of employees is positively related to success of IT startups. Some factors such that Confidence and trust in the owner or partners (CTOP), Confidence and trust in the organisation (CTO), Interest in the employees' future (IEF) and Interest in the employees' future (IEF) have respectively higher correlation to the perception of employees in IT startups. Similarly profitability (PRO) and growth (GR) indicates a higher correlation to determine the success of startups.

The main constructs identified in this research has correlated to its related constructs while below attributes has been statistically proven that has no correlation to its related constructs these are; CINO_AI (Access to the org Information), FRB_IB (Incentives/ Bonuses), CTOP_DE (Determination of owner), CTOP_E (Experience of owner), CTOP_SS (Social skills-networking with the targeted audience), SIO_JI (Job involvement) and CTOP_SK (Skill and knowledge of owner).

Keywords: Perception of Employees, Success of IT startups, Confidence and trust in the owner or partners (CTOP), Profitability (PRO) and Growth (GR), Partial Least Squares (PLS)

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LIST OF ABBREVIATIONS

ASIO	Actively seeking employees' ideas and opinions
AVE	Average Variance Extracted
B4B	Business for Business
CA	Cronbach's Alpha
CINO	Communicating information and needs in the organisation
CR	Composite reliability
CTO	Confidence and trust in the organisation
CTOP	Confidence and trust in the owner or partners
CUS	Customer Satisfaction
EPS	Employee Perception Scale
FRB	Fare remuneration and benefits
FDI	foreign direct investment
GDP	Gross Domestic Product
GR	Growth
IEF	Interest in the employees' future
IPM	Integrated Performance Measurement
IT	Information Technology
LV	Latent variable
MV	Manifest variable
OLS	Ordinary least squares
PLS	Partial least squares
PRO	Profitability
REIA	Recognising employees' involvement and accomplishments
R&D	Research and development
ROA	Return on assets
SMEs	Small Medium Enterprises
SLASSCOM	Sri Lanka Association of Software and Service Companies
SITS	Success of IT startup

SEM

Structural Equation Modeling

TESP

Teaching employees to solve problems