

Direct Manager-Employee Relationship and Job Satisfaction in Start-Up Businesses

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Abstract. Start-up businesses, characterized by lean structures and limited resources, necessitate multifaceted roles for managers, often leading to informal human resource responsibilities. This research explores three key questions: how manager-employee relationships are formed in start-ups, what job satisfaction entails in such environments, and the relationship between the quality of these interactions and employee job satisfaction. Given that start-ups often lack formal HR structures, strong relational foundations are critical for engagement and organizational stability. The study employs a qualitative approach, utilizing semi-structured interviews with participants from various Indonesian start-ups. NVivo software facilitated coding and thematic analysis, grounded in Leader Member Exchange (LMX) theory and Job Satisfaction theory by McShane and Von Glinow. Findings reveal that quality relationships are defined by trust, respect, and obligation, with trust emerging from employees' confidence in managerial competence, while respect is shown through acknowledgment and fairness. Job satisfaction is influenced by job characteristics, supportive work environments, and emotional experiences. Despite heavy demands, employees experience high satisfaction when interpersonal support is prevalent. A strong connection between LMX and job satisfaction suggests that relational quality can mitigate structural limitations, ultimately enhancing employee well-being in early-stage organizations. This research offers insights for strengthening relational practices, highlighting the significance of manager-employee relationships in influencing job satisfaction.

Keywords: manager-employee relationship; LMX; job satisfaction.

INTRODUCTION

Startups in Indonesia has been growing rapidly and turned the country to a dynamic centre for digital economy and entrepreneurship in Southeast Asia (Santoso et al., 2024). According to Judijanto (2024), the growth is contributed by 3 main factors such as high internet penetration to open the market access for a digital startup, support from the government through various policies and programs that are startup-friendly, and last the rise of interest from investors. One of the sectors that is growing rapidly amongst the startup ecosystem is e-commerce, alongside with fintech, edutech and healthtech. This is due to the high internet penetration and the changes of consumer behaviour which help makes e-commerce as the backbone of Indonesia's startup (Judijanto, 2024). This existence of e-commerce also helps with the growth of retail industry because consumer nowadays prefers to shop in both offline and online channel, but still prefers to shop in online channels such as e-commerce.

In a report done by Tech in Asia (2024), the retail industry is projected to keep on growing 5% per year until 2029 despite of economic growth being slowing down. Food and beverages (F&B) retail is the second highest segment in sales value according to a research by Kompas in 2024, that indicates a steady demand in the industry. Therefore, it is to be expected that retail F&B industry startups will still grow after this.

An HR department is a specialized unit within an organization responsible for managing the employee lifecycle which includes the recruitment process, training, performance management, compensation, workplace culture, and compliance with labor laws. In startups, the HR department plays a strategic role of human resources management to achieve its business objectives to enable employees to optimally contribute to organizational

performance. This includes a talent management, employee development, and fostering a work culture that encourages innovation for a sustainable growth (Syabilla et al., 2024).

Human resources (HR) is the organizational function and strategic approach about managing people in a company or organization to maximize their performance & make them align their contributions with organizational goals (Dessler, 2020). The function of HR itself is to cover all the policies and activities that are aimed to managing people, from hiring and compensation, to the extent of ensuring employee well-being. Broadly, the HR field is divided into Human Resources Management (HRM) and Human Resources Development (HRD). Both are distinctive, but meant to complement each other as they help organization or company to manage and develop their talent.

Human Resources Management (HRM) is the overall process of hiring, training, appraising, and compensating while also managing their workplace relationships, ensuring employee's health and safety, and fairness concerns (Dessler, 2020). HRM overall involves all management decisions and actions that could affect the nature of relationship between the organization and their employees (Kaufman, 2015). The goal of HRM is to make sure that organization has a competent, motivated, and engaged employees which ultimately contribute to achieving the organizational goals and creating a productive & pleasant work environment (Anita et al., 2024). Throughout the years, HRM practices has evolved from purely administrative function and responsibility, to a strategic business partner that is able to make people management align with their organizational goals (Collings et al., 2021). This new practice is called Strategic Human Resource Management (SRHM). Shifting into SHRM includes critical function of human capital such as talent management, workforce planning, and performance optimization, to enhance the organizational adaptability, innovation capacity in the current market dynamic (Breaz, 2024).

While HRM in general focuses more on the general management & administrative responsibility (Kaufman, 2015), Human Resources Department (HRD) focuses on the ways to improve both individual and organizational performance through growth, skills and capability building of employees to differentiate from HRM. HRD initiates several activities to support employee's learning and behavioural change, that aimed to building skills and resilience for current and future organizational demands (Richman, 2015). This can be achieved through training, career development, organizational development, and other performance improvement initiatives (Werner, 2017.) Many businesses such as startups and small and medium-sized enterprises (SMEs) in their earlier phase of growth operate without a dedicated HR due to the limited resources and informal organizational structures (Chaudhary et al., 2024). According to the list by Inc. Magazine, an American business media company in 2022, only 35% of 100 startups in the lists have a dedicated HR support. Unlike large corporations that typically maintain separate departments for HRM and HRD, smaller firms face resource constraints that make it challenging to establish specialized HR units. Often, they simply do not have the financial or human resources to support a full HR department (Moake et al., 2021). Early-stage companies tends to focus on the core business functions first such as product development, sales, and operations. They will only adding a dedicated HR support to their roster after experiencing a growth in their business, because they prioritize growth and market validation over administrative function.

When an organization missing a formal HR department, this can lead to direct founders and managers to “wear many hats” and take multiple roles, such as HR-related roles (Moake et al., 2021). This means managers hold the importance of shaping the work environment and employee experiences. Recent studies shows that this phenomenon with absence of HR in startups has happened globally. Boudlaie et al., (2022) explained the phenomenon in two startups in Iran, where they found that both startups are not organized formally, therefore there will be a manager that will be incharge to executive affairs such as recruitment and being the HRM at the same time. This will likely to continue until the startup becomes a stable company and can hire more people that has the capability to be in the position. With the absence of dedicated HR staff, managers inevitably takeover HR responsibilities, therefore influencing job satisfaction and company growth. Research done with 150 current & ex employees of Indonesian startups business by Thamrin et al., (2024) shows that human resource management have the influence on the continuity or discontinuity of a startup business. With a weak human resource management, the business development can stagnate and tend to stop because of the poor atmosphere of internal and external networks, product outputs become less desirable, high turnover, less teamwork, which all can become loses for the company. A study in Indian startups also conducted by Nikam (2023) shows that startups’ tendency to deprioritize HR processes such as structured feedback and career development limits their ability to retain and motivate employees to perform.

This shows that while going without formal HR support may be efficient in the short term, it can present serious long-term implications for employee experience, particularly in areas related to job satisfaction. Job satisfaction itself is a person’s evaluation of their job and work context and is linked to the employee’s job performance towards the organization (McShane & Von Glinow, 2010). It encompasses how content employees feel with their work, considering both the rewarding and challenging elements of their role. Achieveing a high job satisfaction means a positive outcome for the employee and the organization, including higher productivity, better performance, and lower intentions to leave the company. While on the contrary, low job satisfaction can lead to negative consequences such as increased turnover and burnout, undermining morale and performance (García-Cabrera et al., 2023). Therefore, it is important to maintain a high job satisfaction. For the organization that doesn’t have the role of HR to support those, it becomes the responsibility of the managers to provide the channel for communication, support, and conflict resolution aside of their regular work. This can be demanding and may lead to variability in the employee experience. If some managers excel in fostering good relationships while others do not, employees will have uneven levels of job satisfaction.

Given that prior research has demonstrated a positive correlation between workplace relationships and job satisfaction (García-Cabrera et al., 2023), it becomes crucial to understand how this correlation manifests in a company with no formal HR department. This background sets the stage for the present study: to investigate the role of direct manager–employee relationships in shaping job satisfaction within a business that operates without a formal HR department like Everyday Company.

This thesis focuses on a digital retail startup in Indonesia called Everyday Company, established in 2023 and based in Jakarta, which offers a variety of coffee and matcha products, from basic beans and powders to professional-grade tools. Its primary goal is to enhance

modern consumers' daily rituals through curated, design-forward, and functional beverage products, positioning itself in the lifestyle and specialty beverage segment with both proprietary and third-party brands. Everyday Company features three main brands: TD, which sells brewing tools; 7T, specializing in premium Indonesian coffee beans; and SS, offering high-quality matcha powder in response to growing global consumer interest, as noted by a 2025 BBC report. By tiering products and curating selections, the company caters to novice and experienced brewers with accessible items under IDR 200,000 and premium options. Everyday Company promotes intentional living, sensory exploration, and design-driven experiences, facilitating access to high-quality beverage tools while engaging customers through social media. As of 2025, the company operates with a compact team of 15, including 13 full-time staff and 2 interns, utilizing a hybrid work system and maintaining a lean structure led by a CEO, with four functional units and a Project Manager handling HR-related tasks. Each department comprises 2–3 team members, reflecting the company's agile setup.

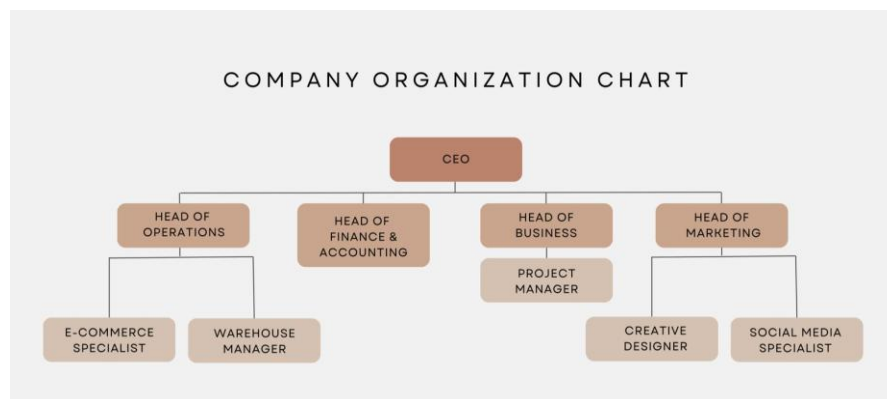


Figure 1. Everyday Company Organization Chart

Source: Internal company document (2025)

This research centers on Everyday Company, a digital retail startup based in Jakarta, Indonesia, established in 2023, which specializes in a range of coffee and matcha products. Everyday Company aims to enhance daily rituals through curated, design-forward beverage products, operating within the lifestyle and specialty beverage segment with proprietary and third-party brands. It features three main brands: TD, focused on brewing tools; 7T, offering premium Indonesian coffee beans; and SS, specializing in high-quality matcha powder in line with rising global trends, as reported by BBC in 2025. The company promotes intentional living and accessible product experiences, catering to both novice and experienced brewers. As of 2025, Everyday Company operates with 15 employees—13 full-time and 2 interns—utilizing a hybrid working model and a lean, agile structure managed by a CEO overseeing four key functional units, including operations, finance, business development, and marketing. Due to the lack of formal HR, managers also fulfill HR responsibilities, potentially leading to challenges in employee management, role clarity, and development, making the quality of interpersonal relationships vital for organizational health.

The business problem stems from Everyday Company's informal working culture and lack of hierarchy, which, while enhancing agility, results in reliance on informal management for HR functions. This absence of structured systems for managing employee concerns risks "organizational silence," leading to decreased engagement and motivation, ultimately affecting

job satisfaction. Stakeholders involved include employees, who depend on their managers for support, and managers, who serve dual roles without formal HR training, risking inconsistent practices. Project Managers, acting as informal HR coordinators, may struggle to address employee issues amid operational demands. The CEO's role is critical, as their approach shapes workplace culture and influences employee engagement. This research aims to evaluate the current informal structure, providing insights for both Everyday Company and other similar startups. A problem identification strategy utilizing root cause analysis will help uncover underlying issues impacting job satisfaction and employee-manager dynamics.

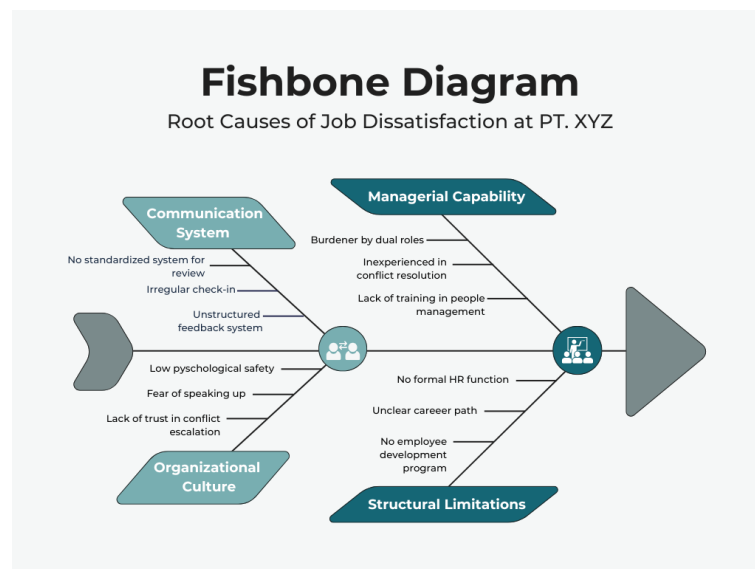


Figure 2. Fishbone Diagram of Problem Identification

Source: Researcher's analysis based on interviews and field observation (2025)

This research aims to address three primary questions: first, what defines the direct manager-employee relationship in start-up businesses; second, what constitutes job satisfaction within these environments; and third, what is the potential relationship between manager-employee relationships and job satisfaction? The scope of this study includes analyzing the dynamics of direct manager-employee interactions and job satisfaction experienced in start-ups, specifically exploring how these relationships impact overall job satisfaction. Additionally, the research seeks to provide actionable recommendations for enhancing job satisfaction within start-up organizations.

METHOD

The research design provided the framework for structuring and executing the study, guiding the selection of methods suitable for the research objectives and context. Due to Everyday Company's small scale, consisting of 15 employees (13 full-time and 2 interns), a qualitative research design was selected to explore the intricacies of manager-employee relationships and job satisfaction (Creswell & Creswell, 2018; Bouncken et al., 2025). With no formal HR function, qualitative methods suited this context-specific investigation. Data collection used semi-structured interviews, which combined open-ended questions and follow-up prompts to gather in-depth perspectives (Patton, 2015). The interviews involved all full-

time employees, including the owner, managers, and staff, ensuring diverse viewpoints on the manager-employee dynamic. Interview goals included understanding employees' perceptions of managerial support, how these relationships affected role clarity, and how the absence of formal HR impacted their workplace experiences. Thematic analysis was employed using NVivo 14 to identify patterns in employees' experiences related to managerial support and job satisfaction, following Braun and Clarke's six steps. This methodology provided insights into the quality of relationships at Everyday Company and their implications for employee satisfaction and engagement.

RESULTS AND DISCUSSION

Analysis

This sub-chapter will present an analysis based on the primary data such as interviews collected by the author. The primary data is sourced from interview session from Everyday Company and to uncover common patterns across the start-up context, the author also conducted interviews with additional two start-ups under the pseudonym Global Innovation Agency and Connverge. Global Innovation Agency operates with a formal HR function, while Connverge, similar to Everyday Company, functions without one. The analysis applies a cross-case thematic approach focused on two core variables: (1) the quality of manager-employee relationships, interpreted through Leader-Member Exchange (LMX) theory, and (2) employee job satisfaction, interpreted through Herzberg's Two-Factor Theory. Drawing from coding, interview excerpts, and theoretical interpretation, this chapter identifies general patterns that emerge across lean-structured startups, particularly those operating without formal HR departments.

Everyday Company is a Jakarta-based digital retail start-up established in 2023 that specializes in coffee and matcha products, ranging from premium Indonesian coffee beans and high-quality matcha powders to professional brewing tools. Operating in the lifestyle and specialty beverage segment, the company aims to elevate daily beverage rituals through thoughtfully designed and functional products that combine quality, accessibility, and aesthetic appeal. As of 2025, Everyday Company maintains a compact team of 13 full-time employees and operates with a lean, agile structure that emphasizes cross-functional collaboration across operations, finance, business development, and marketing divisions. The absence of a formal HR department has led to HR-related functions such as recruitment, onboarding, and performance support handled primarily by managers and the project manager. While this structure enables flexibility and efficiency, it also creates challenges in maintaining consistency, fairness, and employee well-being, making the quality of manager-employee relationships central to sustaining job satisfaction and organizational health.

Table 1. Respondents Demography from Everyday Company

No	Name	Age	Position	Education	Length of Working
1	E1	24	Creative Designer	S1	5 months
2	E2	32	Brand Manager	S1	1 year 2 months
3	E3	25	E-commerce Specialist	S1	9 months
4	E4	34	Project Manager	S1	6 months
5	E5	26	Project Officer	S1	11 months

No	Name	Age	Position	Education	Length of Working
6	E6	24	Lead Operational Admin	S1	1 year
7	E7	32	Business Owner & CEO	S2	1 year 5 months
8	E8	17	Staff Packer	SMK	1 month
9	E9	24	Business Operation & E-Commerce Manager	S1	1 year
10	E10	24	B2C Specialist	S1	1 month
11	E11	26	E-commerce Specialist	S1	3 months
12	E12	24	Procurement Staff	S1	9 months
13	E13	18	Staff Packer & Host Live	SMK	8 months

Source: Primary data, interview results (2025)

Global Innovation Agency is an creative consulting start-up based in Jakarta, founded in 2022. According to the company's website, they provide a full-service strategic marketing management service which includes digital transformation, branding, creative strategy, content creation and performance marketing. Combining all of their service would be one of their specialties called 360 marketing planning. As of early 2025, the company has grown into 70 full-time employees spreaded across 5 main departments such as creative consulting department, social media & digital marketing department, website development & maintenance department, HR & financial department, and Public Relations (PR) department. While since 2022 their HR functions such as hiring & performance review are mostly done by founder & managers, now they established the HR function by having one HR manager to tackle HRD & HRM activities for the company.

Table 2. Respondents Demography from Global Innovation Agency

No	Name	Age	Position	Education	Length of Working
1	G1	24	Creative Content Writer	S1	3 years
2	G2	33	Content Marketing Manager	S1	1 year 5 months
3	G3	26	Business Consulting	S1	3 years
4	G4	27	Studio & Production Manager	S1	3 years 5 months
5	G5	25	HR Manager	S1	5 months

Source: Primary data, interview results (2025)

Connverge is a Jakarta-based edutech start-up established in 2023 that serves as a collaborative platform connecting early-stage founders & innovators with emerging technology talents to develop real, test-ready digital products. The company aims to strengthen Indonesia's innovation ecosystem by facilitating partnerships between visionary entrepreneurs and skilled young professionals, enabling the transformation of ideas into functional prototypes through experiential learning. Operating within the intersection of education and technology, Connverge provides structured mentorship, technical guidance, and project management support to ensure that each collaboration yields sustainable and market-relevant outcomes. By offering tech talents opportunities to engage in real-world projects, the company not only enhances their professional competencies and portfolios but also accelerates their career readiness in the digital industry, thereby contributing to both individual growth and the broader advancement of Indonesia's technology sector. Since they're also a fairly new start-up,

Connverge still have this lean & agile company structure. Most of the HR function such are being done by founders and managers in the company.

Table 3. Respondents Demography from Connverge

No	Name	Age	Position	Education	Length of Working
1	G1	26	Founder & CEO	S1	2 years
2	C2	25	Product Manager	S1	1 year
3	C3	19	Business Development	S1	3 months

Source: Primary data, interview results (2025)

This research investigates the dynamics of Leader-Member Exchange (LMX) and its influence on job satisfaction in start-up businesses. The analysis explores key elements of LMX such as trust, respect, and obligation, and their impact on the work environment, emotional experience, and job satisfaction. Trust between managers and employees is foundational for high-quality LMX relationships, with mutual respect and transparency in decision-making further strengthening these relationships. Respect is linked to emotional experiences of gratitude, which in turn drive job satisfaction, as employees feel valued and acknowledged. Obligation, on the other hand, fosters a collaborative work environment and enhances psychological safety, which is crucial in resource-constrained environments. The findings suggest that high-quality LMX not only influences job satisfaction but also creates a positive feedback loop, where satisfaction encourages further investment in relationship quality. This relationship works both ways: employees who experience high-quality LMX report higher satisfaction, which in turn motivates them to deepen their commitment to the organization. Conversely, low-quality LMX relationships create cycles of dissatisfaction and disengagement. The study concludes that maintaining strong manager-employee relationships is key to improving job satisfaction in start-ups, especially those operating with minimal formal structures.

Business Solution

Based on the analysis done in Chapter II, it is founded that the 3 start-ups that is the object of this currently relies heavily on the CEO or a manager for decision-making and HR related functions such as also doing performance feedback or hiring new employee. The interview shows overall, in the start-ups setting that there's no formal performance feedback or evaluation process, mostly done with the initiative of managers, so employees receive little structured guidance. This also caused communication between managers and staff is inconsistent, also unclear roles and responsibilities. As a result, this can impact the relationship between employees and managers. Employees may be unsure of expectations, while managers often have to handle conflicts informally and without clear process or system.

Therefore the objectives of the business solution are to preserve the existing high-trust, respect, and obligation dynamics between managers and employees, reduce communication friction and prevent manager overload through more systematic processes, and establish scalable HR practices that lay the foundation for formalization without sacrificing the startup's flexibility. Business solution will be explained using to act as a solution of the issue to this

problem, which is how to continue improving the existing relationship of manager and employees.

Structured Feedback and Check-In System: Implementing a structured feedback and check-in system directly addresses employee demands for comprehensive evaluations and satisfaction check-ins. By replacing unplanned feedback with a regular schedule, this system improves clarity and communication, addressing identified issues while supporting trust within the leader-member exchange (LMX) framework. Regular check-ins, such as brief weekly or monthly performance meetings, foster two-way feedback and enhance team dynamics (Ogunja et al., 2025). Additionally, introducing 360-degree feedback tools and quick pulse surveys can ensure that employees' voices are heard, reinforcing the trust-respect dynamic and improving job satisfaction (Guenther et al., 2025).

Proper Organizational Structure and Role Clarity: Everyday Company currently lacks a formal organizational structure, leading to unclear job descriptions and overlapping responsibilities. Employees reported confusion regarding their roles, which can hinder job satisfaction, as illustrated by a staff member's experience of unexpected role changes. To mitigate these issues, Everyday Company should develop and communicate clear role definitions to reduce ambiguity and conflicts. According to Lan et al. (2025), clarity in roles enhances proactive engagement and minimizes stress, which is foundational for building trust. Implementing simple standard operating procedures (SOPs) and position-based expectation guides can clarify responsibilities and streamline interactions, ensuring that all employees understand their roles and contributions.

Recognition & Development Loop: To foster intrinsic motivation and emotional connection, a Recognition & Development Loop should be established. This includes weekly knowledge-sharing sessions, peer recognition, and personal development tracking. By promoting informal praise and continuous learning, Everyday Company can enhance aspects crucial for job satisfaction. Regular verbal recognition and allocating time for team bonding activities will reinforce a high-trust relational culture.

Interim HR Role: Given the absence of a dedicated HR function, appointing a trusted individual, such as a project manager, as an interim "people coordinator" is essential for addressing employee needs, particularly in a startup environment characterized by pressure and multi-role demands. This role would manage onboarding, feedback systems, and conflict mediation, ensuring that employee concerns are addressed effectively. As noted by the CEO, a formal HR presence is crucial for supporting managerial duties and fostering a respectful culture. Once the company exceeds the 20-30 employee mark, formalizing HR functions will be vital for maintaining organizational efficiency (Lee, 2021; SHRM, 2024).

The implementation plan will be structured using the 5W+1H framework to provide a clear, actionable guide for Everyday Company. This approach ensures that suggested solutions align with the company's lean and agile nature, facilitating effective execution while fostering a supportive workplace environment.

What: The Solution Components to be Implemented

The business solution consists of four interconnected components designed based on the analysis on three start-ups:

- A. Structured Feedback and Check-In System: to formalize and ensure consistent communication by conducting recurring sessions where managers and employees can review goals and performance together.
- B. Role Clarity Framework: to reduce ambiguity and manage workload stress by documenting and communicating each person's duties.
- C. Recognition & Development Loop: To institutionalize intrinsic motivators and team cohesion.
- D. Interim HR: To create a central, neutral point of contact for people-related functions.

Who: Stakeholder Identification and Responsibilities

A successful implementation of the business solution will be shared among leaders & team members.

- A. CEO/Business Owners
Communicate the company mission and objectives, endorse the business solution as a plan, and appoint the interim HR.
- B. Managers
Conduct regular one-on-one meetings and feedback sessions with their direct reports, clarify each team member's role and goals, and give employee the recognition & make sure employee's development are alongside of their role and goals. By this, managers are staying consistent with their high involvement and support with their employees, which maintains a high quality LMX that already exists in start-ups environment such as Everyday Company .
- C. Interim HR
A designated individual, preferably the project manager, will handle basic HR staffs, such as coordinating basic onboarding, compiling the feedback data, providing a neutral conflict mediation path, and eventually developing an actual roadmap for HR function formalization.
- D. Employees
Participate actively in feedback sessions and clarify any role ambiguities with managers. Employees will also help refine role documents by asking questions and suggesting improvements based on their experience.

Where: The Context of Implementation

The implementation will take place within Everyday Company's unique operational context as a start-up, which have a small team, no formal HR function, and employees often do multitask outside of their main job responsibilities. Therefore, this solutions must be done in a lightweight yet systematic way. For example:

- A. Feedback sessions might be in form of brief standing meetings rather than formal sit-downs.
- B. Role clarity can be achieved with simple documents (even a one-page summary per role) shared in the existing cloud-based project management platform which is Asana.
- C. Recognition & Development Loop: can be done as a recurring practices in the daily working environments such as putting in praises after meeting targets, weekly knowledge sharing, and mentoring.

- D. The HR interim role acknowledges that fewer employees require fewer procedures like a study by (Boudlaie et al., 2022), but still provides structure to informally-managed teams in start-up like Everyday Company. By embedding these practices in everyday operations, even startups with 5-15 people can benefit, preparing them for more growth without losing agility.

When & How: A Phased Implementation Plan

To avoid overwhelming the lean team in Everyday Company, therefore the author created a phased, agile rollout rather than a single large-scale launch. The "How" is included in a 12-month, three-phase timeline.

Table 4. Implementation Plan

Phase	Timeline	What (Action Items)	How (Implementation Method)
Phase 1: Foundation	Month 1-3	1. Appoint & announce Interim HR. 2. Launch 1:1 Check-In System. 3. Launch Conflict Mediation Path. 4. Launch Recognition Rituals.	1. CEO formally assigns duties to the Project Manager. 2. HR Proxy develops a simple 1:1 template and managers begin weekly check-ins. 3. Interim HR communicates their role as a neutral mediator. 4. Integrate "shout-outs" into existing weekly team meetings.
Phase 2: Systematization	Month 4-6	1. Develop Role Clarity Framework. 2. Implement Simple SOPs. 3. Launch Growth Tracker & Sharing. 4. Launch 1st Employee Voice Survey.	1. Managers co-develop "Expectation Guides" with each employee. HR Proxy leads workshops to map and document 2-3 high-friction cross-functional processes. 3. Implement weekly "Knowledge Sharing" sessions. 4. HR Proxy administers a short, anonymous satisfaction survey.
Phase 3: Optimization	Month 7-12	1. Launch 1st 360-Degree Feedback. 2. Formalize Team Bonding. 3. Analyze data & iterate. 4. Develop formal HR Roadmap.	1. HR Proxy facilitates a lightweight 360-feedback process for managers. 2. Plan and execute the first formal "Bonding offline" event. 3. HR Proxy & CEO analyze survey/feedback data to refine all new systems. 4. HR Proxy presents a roadmap for Year 2 (e.g., when to hire full-time HR).

Source: Primary data, interview results (2025)

Why: Justification and Stakeholder Agreement

This implementation plan is not only theoretically sound but is justified by the direct "agreement" of stakeholders as captured in the interview data. The plan is designed as a direct response to the needs expressed by all parties:

A. For Employees:

The plan addresses employees' expressed expectations for a formal HR function and their need for more structured communication. It introduces systematic processes such as comprehensive evaluations, routine feedback, and standardized SOPs, all of which employees identified as necessary to ensure fairness and consistency. These elements strengthen the foundations of trust within the organization, consistent with prior findings on the role of transparent systems in sustaining employee confidence (Wang & Ahoto, 2022).

B. For Managers:

The plan supports managers who are currently carrying an additional burden in their role as informal. By providing structured tools such as templates and SOPs, and by reallocating neutral administrative tasks (e.g., mediation, pulse surveys) to the HR Interim, the plan reduces extra task on managers and enables them to focus more effectively on leadership functions. This approach enhances their leadership role to be more effective and not more bureaucratic (Guenther et al., 2025).

C. For the CEO/Organization:

This plan directly supports the CEO's goal of sustainable organizational growth. It institutionalizes the positive LMX culture, which is currently relies on individual managers, ensuring continuity as the company grows. By strengthening intrinsic Motivators such as recognition and development opportunities, while reducing Hygiene-related issues such as role ambiguity and unclear conflict resolution, the plan is designed to increase job satisfaction (Lee et al., 2022). This also boost team resilience (Ogunja et al., 2025) and helps mitigate high turnover risks that commonly arise in unstructured startup environments.

CONCLUSION

This study reveals that in resource-limited start-up environments lacking formal HR infrastructure, high-quality direct manager-employee relationships—characterized by mutual trust, respect, and obligation under Leader-Member Exchange (LMX) theory—serve as the primary driver of job satisfaction, fostering psychological safety, role clarity, recognition, and positive emotional experiences amid daily informal interactions and multifaceted managerial roles. These relational dynamics buffer stressors, reduce anxiety during change, and amplify intrinsic rewards like belonging and discretionary effort, directly linking strong LMX dimensions to higher overall satisfaction. For future research, quantitative studies could test these qualitative findings across larger, cross-cultural start-up samples to assess the generalizability of LMX's impact on job satisfaction while controlling for variables like industry sector and growth stage.

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