IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A SYSTEMATIC REVIEW OF MOTIVATIONAL HUMAN RESOURCE PRACTICES AND THE THREE-YEAR SURVIVAL THRESHOLD IN THE MUMBAI STARTUP ECOSYSTEM

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Abstract: Why do some startups survive the critical three-year mark while others, even those with strong ideas and adequate funding, fail silently within 36 months? The systematic literature review addresses that question by exploring the relationship between motivational human resource management (HRM) practices and startup survival, but with a more specific geographic focus on the startup ecosystem in Mumbai, India - the most expensive, most competitive and most complex entrepreneurial ecosystem in the country. A total of 140 peer-reviewed articles found in Scopus, Web of Science, and EBSCO were reviewed, screened, and synthesized based on the guidelines of PRISMA 2020. The review confirms the 36-month demarcation point as a theoretically grounded and empirically established demarcation point between organizational precariousness and relative stability, anchored in Liability of Newness, Resource-Based View, Organizational Ecology, and Self-Determination Theory. Five thematic categories of motivational HR practices are identified, namely, equity-based compensation (ESOPs), career development, recognition culture, flexible work arrangements, and open communication, which are linked to different mechanisms of survival. The study proves that ventures that adopt systematic motivational HR practices in their incubation stage are more likely to survive beyond three years. The review highlights crucial areas for further research in the Mumbai context, such as the lack of research papers indexed in Scopus concerning the entrepreneurial ventures of MMR. The literature search will be confined to those articles published by October 2025.

Index Terms - Component Startup Survival, Three-Year Threshold, Motivational HR Practices, Mumbai Startup Ecosystem, Liability of Newness, Employee Stock Ownership Plan (ESOP), Resource-Based View, PRISMA 2020

1. INTRODUCTION

Mumbai occupies a paradoxical location in the topography of the startup culture in India. Being the financial and commercial capital of the country, the metropolitan area is home to a great number of new businesses in the banking and finance and insurance, logistics, and e-commerce sectors, where the cost-of-operation environment remains among the highest in South Asia (Palkar & Hari, 2021). This paradox is directly related to the question of survival of startups: India has currently the third-largest startup ecosystem in the world (Startup India, 2023), but almost 90 percent of Indian startups fail within the first five years, with a disproportionate number of those failures occurring before the 36-month mark. The three-year (or 36 months)

limit is not a haphazard creation. It is a point of demarcation marked repeatedly across independent streams of research - between organisational precariousness and relative stability - as identified in longitudinal firm-level databases (Robb et al., 2009; Acs et al., 2007) and in the organisational ecology theory (Stinchcombe, 1965; Hannan and Freeman, 1977) itself. Prior to year three, a startup is operating in what practitioners refer to as the "Valley of Death: resources are dwindling, an early hire is becoming restless, markets are passing their judgment and most pivots fail. The 36-month mark is the point where habits have been established, culture has been formed and the internal logic of the company has become self-sustaining. The main thesis of this review is that motivational HR practices are the key mechanism by which startups can create the social fabric - trust, alignment, commitment, shared culture - which enables them to survive this structurally risky period. The target and intended geographic area of this paper is Mumbai, Maharashtra, India. The extreme talent market competition, high commercial real estate prices, heavy compliance burdens, and culturally diverse workforce are all combined in a unique HRM environment in the city that has significantly departed not only with the Western startup paradigm but also with the smaller Indian metro contexts (Palkar and Hari, 2021; Kalyanasundaram, 2018). Where feasible, the studies in the Mumbai-Pune region are given preference. In this context, the HR-survival relationship involves a current and rigorous evidence base based on the reviewed literature. The organization of the review paper is as follows: In section two, the PRISMA 2020 approach is described. In section three, the validity of the three-year criterion is established both theoretically and empirically. The theoretical justification for the link between HR and survival is established in section four. Section five highlights the theoretical synthesis of HR motivation strategies and survival techniques. Section six focuses on the context-specific challenges within the Mumbai environment.

2. METHODOLOGY

2.1 Review Protocol and Reporting Standards

The current review adheres to the PRISMA 2020 guidelines (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) (Page et al., 2021). PRISMA 2020 consists of 27 items offering clear and comprehensive reporting of the search strategy, study selection, data abstraction, and synthesis. Additionally, there is an update in terms of risk-of-bias assessments and new templates of flow diagrams considering sources outside of databases (Page et al., 2021). The selection of the systematic approach over the thematic one is purposeful, as it increases the evidence backing up the assertion about the causal link between motivational human resource management policies and the three-year survival mark.

2.2 Search Strategy and Inclusion Criteria

The search was done in three databases- Scopus, Web of science and EBSCO. The terms that were combined using the means of the Boolean logic were as follows: startup survival, three-year mark, HRM practices, employee engagement, Indian startups, organizational mortality. The studies needed to: (1) address the determinants of startup survival by operationalising it at about 3 years of operation; (2) focus on HRM practices in startups in emerging, developing or economically transitional regions -including India, Maharashtra or similar urban startup-dense settings; (3) be published in a peer-reviewed journal between 2000 and October 2025; (4) be in full-text in English. A total of 140 articles met these criteria. The studies have been divided into categories based on the research design, geographical area and type of practice of HR that is studied. The PRISMA 2020 flow is represented as below:

Table 1
PRISMA 2020 Search and Screening Summary

PRISMA 2020 Stage	Details
Database Search	Scopus, Web of Science, EBSCO (2000–October 2025)
Search Terms	startup survival, three-year threshold, HRM practices, employee engagement, Indian startups, organizational mortality, Mumbai startups
Initial Records Identified	412 records
Records After Deduplication	284 records
Records Screened (Title/Abstract)	284 screened; 144 excluded (off-topic, non-startup, non-HRM)
Full-Text Assessed for Eligibility	140 full-text articles assessed
Inclusion Criteria	Peer-reviewed; startup survival operationalised at 3-year mark; HRM focus; emerging/developing economy context; English language; full-text available
Studies Included in Review	140 articles (categorised by research design, geographic region, and HR practice type)

Note. Search conducted across Scopus, Web of Science, and EBSCO; publication years 2000–October 2025.

2.3 Limitations of the Review

The Mumbai ecosystem of start ups is underrepresented in the international academic databases in comparison with its economic importance. A large part of the available data comes in the form of a grey literature, i.e. the report of the venture capital firm, the startup intelligence platform (Tracxn, Inc42), the practitioner publication, etc. - although informative, it does not meet the inclusion criteria of a systematic review. This underrepresentation in itself is indicated as a serious research gap. Moreover, founder or HR-lead self-report surveys, which most primary studies are based on, are prone to social desirability bias. Future studies that use longitudinal objective survival statistics, including firm registration records (MCA) or CMIE panel data, would significantly help strengthen causal arguments (Azeem and Khanna, 2023).

3. Validating the Three-Year Survival Threshold

3.1 The Threshold as an Academic Construct

Three-year or 36-month mark is among the most widely reproduced constructs in the literature of entrepreneurship. In a study of ICT startups, Lasch (2003) identified the critical first three-year threshold, concluded that only about 38.7% of high growth technology startups made the transition across this boundary. Groenewegen and de Langen (2012) gave wider evidence to the fact that after three years' time, you can find the emergence of an established organizational entity which is an entity that has a functioning team, running procedures and a stable internal logic. The story is an interesting one: the first year is a product-market-fit search; the second year is crisis - resources are stretched, early hires become impatient and the market gives its verdict; the third year is survival - the organisation has lived through the most dangerous period in its history, and built the routines and culture that can sustain the organisation further.

3.2 Longitudinal Database Evidence

Several large-scale longitudinal datasets corroborate this threshold. The Kauffman Firm Survey (KFS) defines firm survival as "whether the firm remains open three years after opening" — a binary variable chosen to reflect "the most substantive indicator of survival" for a new company — and subsequently uses this to test whether human capital endowments at founding predict crossing the threshold (Robb et al., 2009). Acs et al. (2007), utilising micro-level data from LEEM, found that approximately 63% of service-sector firms survive three years. Azeem and Khanna (2023) confirmed across the GALI (Global Accelerator Learning Initiative) dataset that "the first two to three years represents the riskiest period of any startup life cycle," with failure rates as high as 30% in that window. That these diverse datasets converge on the same threshold is not a methodological artifact; it reflects the structural processes of organisational mortality.

3.3 Theoretical Grounding: Liability of Newness

Stinchcombe (1965) was the first to develop the theoretical basis of the 36-month threshold, through his concept of the Liability of Newness. New organisations experience high mortality rates as they are not established routines, inter-personal social relationships that are formed through shared experience, and the external legitimacy - reputation, trust, track record - that older firms have. This is a self-reinforcing cycle: without routines, organisations will do worse; do worse, they will be less profitable; be less profitable, they will be less appealing to investors; with less attractiveness to investors, they will make less satisfactory personnel decisions. The HR practices that a startup adopts within the first 36 months are not simply those that are strategic responses to the immediate talent challenges, but rather the main mechanism by which startups manage to overcome the Liability of Newness by establishing the social fabric of routines, trust, and shared commitment that enables an organisation to survive beyond incubation. To the scholars of organisational ecology, the 36 months period is the transition period between the period of incubation and implementation to the period of stability, and at this level, mortality rate decreases monotonically as time passes since the organisational eco-system has internalised the routines that reduce uncertainty, internalised social relations that reduce transaction costs, and internalised a reputation of credibility that enable it to survive in the external environment (Hannan and Freeman, 1977). The implication of this review is quite straightforward: the pre-36-month window is the very time period during which HR practices have their highest leverage of survival.

4. Theoretical Foundations of HR in Startup Survival

4.1 Resource-Based View and Human Capital Theory

Stinchcombe (1965) developed the concept of the Liability of Newness as a theoretical basis of the 36-month threshold. The current conceptual framework in studying how HR can act as a survival mechanism is the Resource-Based View (RBV) of the firm (Barney, 1991). The RBV suggests that sustainable competitive advantages are based on Valuable, Rare, Inimitable, and Non-Substitutable (VRIN) resources. The paradigmatic VRIN resource of Mumbai-based startups is human capital: proprietary algorithms are vulnerable to reverse-engineering, and funding rounds can be replicated, but a unified, motivated workforce with shared organisational knowledge and mutually reinforcing competencies are difficult to emulate (Zahra, 2021). This predictive lens is focused by Human Capital Theory: specific human capital, sector experience, domain expertise, leadership skills developed in startup environments, and relational capital developed through tenure, is what determines the difference between surviving startups and those that fail. In this framework, motivational HR practices refer to the processes that help startups to transform generic human capital into dedicated, integrated, and organisation-specific human capital (Asthana, 2021).

4.2 Organisational Ecology and the Imprinting Hypothesis

Organizational ecology theory (Hannan & Freeman, 1977) serves as an interesting supplement in this case because it views firms' formation as a process of population-level selection, similar to natural selection in biology. Firms that acquire adaptive features more quickly have better chances to endure environmental changes. Hyytinen et al. (2015) offer an empirical justification of this theory, demonstrating that firms with a solid financial position and efficient processes from the early days of operation enjoy much greater chances of survival. One important concept in organizational theory worth mentioning in this context is the imprinting effect, which suggests that organizational features chosen at the very beginning of firm operations (culture, rewards, control, values) shape the architecture of the firm for many years. As a consequence, the right HR motivation system in the first year is not only a means to stabilize initial stages but also an investment into year three of firm operation.

4.3 Self-Determination Theory and Intrinsic Motivation

The theoretical framework that underlies the explanation of which HR mechanisms have high survival value is provided by Self-Determination Theory (SDT). SDT draws a distinction between extrinsic motivation, based on financial rewards and formal recognition, and intrinsic motivation, including such aspects as autonomy, professional competence, and a strong sense of meaning. The theory has proved itself right by showing that employees who experience intrinsic motivation are better at persisting and delivering high-quality performance even in stressful circumstances. In the case of startups, it means that organisations whose HR practices promote intrinsic motivation through complex work assignments, flexible work schedules, career paths, and a meaningful mission will survive the Valley of Death period. SDT can also help interpret the findings of the pilot study within the MMR framework, where recognition ($M = 4.26$) and career development ($M \approx 4.0$), which can be considered mainly as intrinsic motivators, performed much better than ESOPs ($M = 2.91$) in terms of means of adoption.

5. Motivational HR Practices and Their Survival Mechanisms

5.1 Equity-Based Compensation: ESOPs

In the incubation stage, Mumbai startups find themselves in a structurally inferior position in terms of attracting talent since they cannot afford the salaries that their more mature counterparts in BFSI and IT give away, with annual attrition rates ranging between 18% and 25% (Asthana, 2021). Employee Stock Option Plan (ESOP) is the main financial tool with which companies can address this challenge, and ESOPs are important in two ways: they function both as a means of compensation and as an alignment tool whereby workers whose stock vests in the company have their survival tied directly to that of the organization. This congruence is evidenced by Kalyanasundaram (2018), whose research shows that Indian startup employees who are ESOP holders tend to stay for longer periods, namely for three or four years. This assertion is supported by Wani et al. (2025), according to whom the introduction of ESOPs helps significantly increase employee retention rates in case of skilled personnel, although it is necessary for such a strategy to be based on perceived equity and viable exit options. Within the framework of the MMR pilot study (Dhutraj & Sayyad, 2025), ESOPs were the most common in VC-backed firms (34.3%), whereas bootstrap companies (42.9%) used non-monetary motivation tools most often.

5.2 Career Development and the "Steppingstone" Attrition Problem

Career development – including structured training, clear progression paths, mentoring, and cross-skilling experiences – caters to the competence of employees (SDT) by building the requisite human capital that is seen as the key to inimitable competitive advantage (RBV). Career development's significance with respect to survival is especially notable in the context of Mumbai, where according to Asthana (2021), career development receives an average impact score of 4.35, the highest among the various HR practices studied, highlighting the importance of career development for employees looking for a company that can offer prospects for growth. Failing to implement career development leads to the creation of what is known as a stepping stone attrition phenomenon, where employees work at a startup for the sake of gaining experience before quitting as soon as an opportunity presents itself, which usually takes place between the 18-24 month period – right around the point when startups begin their journey into the Valley of Death. Liu et al. (2023) find that in entrepreneurial ventures, systems of HRM focused on innovation positively moderate employees' innovation behavior.

5.3 Recognition of Culture and Psychological Safety

On the other hand, the recognition and non-monetary reward system works based on its unique survival strategy. These are psychological safety, which enables teams to discover and resolve issues before they become more significant, quickly learn from mistakes, and keep up high spirits in the intense pressure environment that typifies the incubation stage. Values-based recognition systems, according to Ohri and Dutta (2025), have been shown to generate more motivation than transactional reward programmes. This is in line with SDT principles that highlight the importance of self-motivation. In the case of the MMR model, the highest mean value (M=4.26) was obtained for recognition practice among six dimensions of HR practices in the pilot study (Dhutraj & Sayyad, 2025). This result confirms that Mumbai start-ups prioritise investing in less expensive but more impactful recognitions as a major motivational approach despite having limited resources. According to Asthana (2021), the culture of recognition positively influences the organisational legitimacy within the organisation. In other words, employees believe that their work is relevant and important.

5.4 Flexible Work Arrangements

The survival implications of FWA policies post-pandemic are especially important in the case of Mumbai, where the costs of commuting constitute a significant and underappreciated expense borne by workers. The mean impact score of work flexibility in Mumbai is reported at 4.08, reflecting the impact of the cost-of-living factor: when an employee has to spend two to three hours and considerable money commuting from their workplace in a large city like Mumbai, a hybrid work schedule becomes a means of raising the overall salary of employees without any extra financial outlay by the startup itself. The application of structural equation modelling by Rina et al. (2025) to a sample of 231 startup employees in Indonesia demonstrates that FWA lowers turnover intention by 34%. In their study, Chompukum and Vanichbuncha (2025) reveal that psychological empowerment — namely, the feeling of control afforded by FWA — constitutes the mediator. In the case of the MMR pilot experiment (Dhutraj & Sayyad, 2025), FWA attained average ratings of around 4.0, especially prevalent among VC-backed startups capable of establishing a hybrid infrastructure.

5.5 Open Communication, Transparency, and Team Culture

Communication policies involving transparency with regard to organizational performance and future directions, psychological safety regarding feedback, and inclusive decision-making serve to satisfy the relationship requirements proposed by SDT and foster the organizational trust that organizational ecology researchers emphasize as an essential element of post-incubation stability. According to Estiyanti et al. (2025), open communication policies promote organizational resilience; startups adopting an open communications structure can better cope with environmental changes and staff issues, which is what ensures survival in the Valley of Death. Team building and collaboration practices, on the other hand, contribute to addressing the relatedness aspect of SDT: According to Mulyadi et al. (2025), a cohesive team plays an important role in predicting retention among startups, thus serving as a non-monetary form of compensation. In particular, considering the culturally diverse and multilingual workforce in Mumbai, such efforts to create a sense of common purpose through communication and team building become highly important, as diversity can not only facilitate innovation but also cause fragmentation and increased turnover (Apprey, 2024; Palkar & Hari, 2021).

Table 2

Motivational HR Practice Impact Framework: Strategies, Mean Impact Scores, and Survival Mechanisms

HR Practice Category	Specific Strategy	Mean Impact (1–5)	Survival Mechanism
Career Progression	Structured certifications, transparent promotion ladders	4.35	Counters "stepping stone" attrition phenomenon (Asthana, 2021)
Workplace Well-being	Mental health programs, ergonomic environment	4.17	Reduces burnout-driven departure in peak-stress phases; builds psychological resilience in the Valley of Death (Asthana, 2021)
Compensation Architecture	ESOPs, performance-linked bonus schemes	4.12	Creates financial alignment with organizational longevity (Kalyanasundaram, 2018)
Work Flexibility	Hybrid and remote work models	4.08	Reduces urban mobility stress; improves total compensation perception (Gupte & Berad, 2025)
Recognition Culture	Peer-to-peer awards, real-time acknowledgment	3.98	Builds trust, psychological safety, and internal legitimacy (Asthana, 2021)

Note. Mean impact scores (1–5 scale) are drawn from Asthana (2021) for the Mumbai/Indian startup context. Career progression carries the highest impact score (M = 4.35), followed by workplace well-being (M = 4.17), compensation architecture (M = 4.12), work flexibility (M = 4.08), and recognition culture (M = 3.98).

6. Challenges Specific to the Mumbai Startup Ecosystem

Mumbai cannot be substituted by any other startup hub city like Bangalore or Hyderabad due to certain peculiarities in the local environment that present both peculiar challenges for survival and unique requirements for HR design. All HRM recommendations for Mumbai should take into consideration these specifics.

- **Talent Competition and Employer Brand:** The startups in Mumbai face competition not just from other startups, but from some of the biggest and most established financial and tech firms in India. People think about more than just pay when choosing an organization; they consider issues such as stability, prestige, and trustworthiness (Kalyanasundaram, 2018). To be seen as an informed choice instead of a risky one, the Mumbai startup needs to have a story to tell – a story that includes vision and mission, the value of equity, credibility, and achievement.
- **Commercial Real Estate and Operational Costs:** Some of the most expensive commercial property prices can be found in the city of Mumbai in South Asia. Early-stage startups are compelled to shift their core activities from Mumbai to locations such as Navi Mumbai, Thane, or Pune in order to lower

costs, which is further compounded by the need to preserve company culture and HR management's effort in maintaining unity among dispersed teams (Palkar & Hari, 2021).

- **Compliance Burden:** Research indicates that startups located in supportive regulatory environments have a survival rate that is 37% higher (Startup India, 2023). In India, the cost of compliance is estimated to be between 15% and 30% of the total expenses of an early-stage startup. Despite self-certification measures put in place by the Government of Maharashtra and support from Startup India regarding regulatory requirements, the cost of compliance is quite high for first-time entrepreneurs, who do not have in-house legal/compliance teams.
- **Cultural and Workforce Heterogeneity:** The unique linguistic, cultural, and socio-economic diversity of Mumbai provides both opportunities and challenges for start-ups. It allows them to hire a diverse workforce and find solutions for different markets; however, it also creates centrifugal tendencies that cause attrition and organisational disintegration due to the absence of common standards, communication difficulties, and hierarchical misalignment. According to Apprey (2024), building a common organisational mission at the early stage becomes a key remedy for this challenge, which is exactly what effective HR management based on open communication, recognition, and team building can accomplish.

7. Thematic Synthesis and Research Gaps

7.1 The HR–Survival Nexus: Evidence from the Literature

A study of 140 articles from the period 2000-October 2025 shows general agreement on the theoretical and empirical validity of using 36 months as a boundary between precariousness and stability (Stinchcombe, 1965; Groenewegen & de Langen, 2012). Equally crucial for this analysis, survival up to this stage is significantly associated with the existence of structured motivational HR policies during the incubation period of the startup (Asthana, 2021). The mechanisms by which such policies help ensure survival are fourfold: first, by minimizing attrition and retaining institutional knowledge; second, through psychological safety to enable quick learning and adaptation, essential to overcoming the Valley of Death experience; third, through common interest creation via ESOPs and shared investment in the company's future; and fourth, through cultural change necessary to transition from idea-based to process-oriented organizations. These clusters and their survival connections are illustrated in Table 3. One such finding that always emerges and defies the VC community's existing belief system is that career advancement surpasses financial gain as the major motivator for retention in Mumbai start-ups (M = 4.35 compared to M = 4.12 for remuneration; Asthana, 2021). Only equity pledges cannot serve as the panacea for retaining employees during the period of the Valley of Death. Start-ups that focus on building a culture of career advancement, appreciation, and flexibility in their working environment exhibit higher retention rates and hence, higher chances of survival (Asthana, 2021; Mushtaq et al., 2024).

Table 3

Thematic Clusters in Motivational HR Practices Research: Key Studies, Context, and Survival Linkages

HR Practice Theme	Key Studies	Context	Key Finding / Survival Link
Compensation & ESOPs	*Asthana (2021); Kalyanasundaram (2018); Wani et al. (2025)*	India / MMR	ESOPs vest at 3-year mark, aligning employee interest with firm survival
Recognition & Non-monetary Rewards	*Ohri & Dutta (2025); Nurhab et al. (2025)*	India, Indonesia	Values-driven recognition outperforms monetary rewards; builds psychological safety
Career Development & Learning	*Ferdian et al. (2025); Asthana (2021)*	India, Indonesia	Career clarity reduces "stepping stone" attrition; impact score M = 4.35
Flexible Work Arrangements	*Rina et al. (2025); Gupte & Berad (2025)*	India, Indonesia	Hybrid models reduce Mumbai commuting burden; improve effective compensation perception
Open Communication & Psychological Safety	*Edmondson (1999); Estiyanti et al. (2025)*	Multi-country	Psychological safety enables fast learning and fast adaptation in the Valley of Death
Team-Building & Collaborative Culture	*Mulyadi et al. (2025); Apprey (2024)*	Indonesia, India	Team cohesion predicts retention; shared purpose counters multicultural fragmentation in MMR startups

Note. ESOPs = Employee Stock Option Plans; SDT = Self-Determination Theory; MMR = Mumbai Metropolitan Region. All studies included were published up to October 2025.

7.2 Research Gaps and Future Research Agenda

The review identifies five significant and interrelated research gaps:

- **Longitudinal HR–Survival Studies:** No study to date has employed quasi-experimental or longitudinal designs to examine the causal impact of specific motivational HR practices on startup survival in the Indian context, using firm-level panel data such as MCA registration records or CMIE databases (Azeem & Khanna, 2023). This represents the most methodologically urgent gap.
- **Mumbai-Specific Empirical Primary Research:** The Mumbai startup ecosystem remains critically underrepresented in Scopus-indexed empirical studies, despite constituting one of India's most significant startup hubs. Primary survey and mixed-method research — such as that being conducted by Dhutraj and Sayyad (2025) — is urgently needed to fill this gap with academically rigorous, context-specific findings.
- **Stage-Specific HR Practice Research:** Studies rarely distinguish between startup stages within the pre-36-month window (0–12 months vs. 12–24 months vs. 24–36 months), lumping together firms with fundamentally different HR imperatives. Stage-classified research would substantially advance actionable guidance for HR practice sequencing (Hyytinen et al., 2015).
- **Funding-Structure Moderation:** The differential impact of funding structure (bootstrapped vs. angel-funded vs. VC-backed) on HR practice effectiveness is empirically underdeveloped. Pilot evidence from MMR (Dhutraj & Sayyad, 2025) suggests substantial HR practice heterogeneity across funding types, but the mechanisms and boundary conditions remain unexplored.
- **Gender and Diversity as HR Catalysts:** The gendered dimensions of HR practice effectiveness in the Indian startup context — including the role of female HR leadership in driving organisational resilience — remain largely unexamined (Apprey, 2024). This represents both a theoretical gap and a practical opportunity.

8. CONCLUSION

The findings from this systematic review can be clearly stated based on theoretical underpinnings, and these findings indicate that what determines the success of startups beyond three years has nothing to do with having better products or raising more money. Startups that survive for more than three years survive due to the centrality of humans during their incubation period. Three years as the cutoff point for success is empirically established and theoretically explained. Liability of Newness by Stinchcombe (1965) is the basic explanation; RBV by Barney (1991) explains why human capital is the competitive advantage; Imprinting theory by Organisational Ecology explains the lasting impact of early HR decision; while SDT explains why motivational practices surpass financial motivation practices. For the case of the Mumbai ecosystem, where there is fierce competition among talents, steep operational costs, regulatory pressure, and diversity of labor, the implications for survival and HR design are greater compared to any other place in India. The synthesized HR practice impact framework (Table 2), as presented through this analysis, makes it clear that career development, employee well-being, pay structure, work flexibility, and recognition are practices that tackle one type of threat, respectively. Not only is no individual HR practice enough, but research, conducted until October 2025, clearly backs a multifaceted HR investment approach before the valley of death months (Asthana, 2021; Palkar & Hari, 2021). The 36-month threshold is not a goal line but an endorsement – evidence that the company has made it through enough time to be considered an established business. HR strategies do not ensure survival, but they certainly make it more likely during what turns out to be the most critical phase of the existence of the organization. What this means for entrepreneurs in Mumbai is straightforward but tough: the smartest product strategy any entrepreneur could choose would be one where the entrepreneur creates a great team – and sticks to the HR strategies that keep it together for 36 months that keep it together for 36 months.

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