

Entrepreneurial Leadership and Its Challenges in Talent Acquisition and Retention for Startups

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ABSTRACT

Entrepreneurial leadership is crucial for the growth and success of startups, yet it also presents several challenges in talent acquisition and retention. This study examines these challenges using the Fuzzy DEMATEL method, which analyzes complex cause-and-effect relationships. Key challenges identified include risk-taking, overemphasis on innovation, inconsistent decision-making, lack of structured processes, and high workload expectations, all of which negatively affect employee retention and engagement. The Fuzzy DEMATEL analysis reveals causal relationships between these challenges and their impact on organizational stability. The study involved 56 respondents, including CEOs, founders, and HR managers of IT startups in Chennai. The findings emphasize the need for entrepreneurial leaders to balance innovation and risk-taking with stable HR practices to enhance talent acquisition and retention. The study offers practical recommendations for addressing these challenges, helping entrepreneurial leaders create a supportive work environment that fosters long-term employee commitment and it contributes valuable insights to the field of entrepreneurial leadership and talent management in startup contexts.

Keywords: Entrepreneurial leadership, employee retention, startup, Fuzzy DEMATEL.

1.Theoretical background

1.1 Entrepreneurial Leadership Style in Startups

Entrepreneurial leadership is defined by qualities such as innovation, risk-taking, proactivity, and adaptability, making it particularly suited for startups. This leadership style has gained significant attention due to its potential to drive growth and innovation in emerging businesses (Joel & Oguanobi, 2024). Entrepreneurial leaders possess the ability to identify and seize opportunities, adjust to changing conditions, and create a vision that aligns with the fast-paced and ever-evolving nature of startups. Such leaders are known for their strong decision-making abilities and their capacity to motivate their teams to take calculated risks. Entrepreneurial leadership is vital for managing the uncertainties and resource limitations commonly faced by new ventures (Gupta et al., 2004). These leaders are often responsible for shaping the company's culture, fostering innovation, and encouraging employees to work towards ambitious goals despite limited resources. The proactive nature of entrepreneurial leaders allows them to identify emerging market opportunities and capitalize on them, giving their startups a competitive advantage (Dess & Lumpkin, 2005).

Entrepreneurial leaders in startups are expected to demonstrate a high degree of flexibility and resilience in both their leadership style and their response to external challenges (Aldianto et al., 2021). They frequently take on multiple roles, from visionary strategists to hands-on managers,

guiding the organization toward its goals (Bullough & Renko, 2013). This approach fosters a dynamic and fast-moving work environment, it also presents unique challenges in effectively managing teams and resources, especially as the company grows. Despite the many benefits, entrepreneurial leadership also involves certain risks. The strong emphasis on innovation, quick decision-making, and autonomy can create a stressful environment that is difficult for employees to navigate (Shepherd et al., 2015). The challenge of balancing visionary leadership with practical implementation becomes more pronounced, particularly when the team is diverse and the company is scaling rapidly. These insights formed the research questions as,

RQ1. How does entrepreneurial leadership influence talent acquisition in startups?

RQ2. What are the key challenges faced by entrepreneurial leaders in retaining talent within their startups?

RQ3. Which challenges are the most influential (cause) in impacting talent acquisition and retention in startups?

1.2 Challenges of Entrepreneurial Leadership Style on Talent Acquisition and Retention

While entrepreneurial leadership fosters innovation and growth, it also presents several challenges in talent acquisition and retention, often due to traits such as risk-taking, a focus on innovation, and a hands-on approach. One key challenge is the entrepreneurial leader's tendency to take bold risks, which can create an uncertain environment for employees (Yan et al., 2024). This unpredictability can deter potential talent, as employees may prioritize stability and job security. The uncertainty surrounding the company's future can lead to concerns about job stability, ultimately affecting recruitment and retention (Reid et al., 2018). Another issue arises from the overemphasis on innovation. Although critical for startups, pushing constant innovation can lead to unrealistic expectations and burnout among employees. The relentless drive for new ideas and results can overwhelm employees, especially if they lack the necessary resources or support to keep up. This stress can negatively impact long-term commitment and employee engagement. Inconsistent decision-making is another challenge in entrepreneurial leadership (Rae, 2017). The desire for quick results often leads to hasty decisions, which may not be well thought out. This can cause confusion and frustration among employees, who may struggle with unclear directives and changing priorities. Such inconsistency can erode employee morale and hinder retention, as employees seek more stable environments with clearer roles (Sarasvathy & Berglund, 2010).

Visionary leadership is vital for guiding the company, it can sometimes overshadow practical execution. Entrepreneurial leaders often focus on big-picture goals, which may frustrate employees tasked with implementing these ideas. When the gap between vision and execution becomes too wide, employees may feel disconnected from the company's mission, leading to disengagement and turnover (Chung & D'Annunzio-Green, 2018). The lack of structured HR practices in many entrepreneurial startups also affects talent acquisition and retention. Without formal systems for recruitment, onboarding, and career development, startups may struggle to effectively manage their workforce (Osborne & Hammoud, 2017). Employees may feel undervalued or lack growth opportunities, resulting in dissatisfaction and higher turnover. High workload expectations are another common challenge in entrepreneurial settings. The pressure to achieve rapid results can lead to employee burnout, as they may feel overburdened with expectations (Renko et al., 2015). This can increase turnover rates, especially as employees seek better work-life balance or less demanding roles.

Limited delegation is another issue that can hinder talent retention. Entrepreneurial leaders, often deeply involved in day-to-day operations, may be reluctant to delegate tasks, which can restrict employees' professional growth (Fadhil et al., 2023). This lack of autonomy and opportunity for development can result in frustration and employees seeking roles with more responsibility elsewhere. Micromanagement tendencies can undermine employee satisfaction (Yulivan, 2022). While necessary in the early stages, micromanagement stifles creativity and reduces autonomy, leading to decreased job satisfaction and higher turnover. Sustaining employee engagement in the fast-paced startup environment is also challenging (Koryak et al., 2015). The rapid changes within startups can cause disengagement if not carefully managed. Without clear communication, feedback, and development opportunities, employees may feel disconnected from the company's goals, leading to decreased motivation and higher turnover rates (Celestin & Vanitha, 2020). Resistance to traditional HR practices further complicates retention efforts. Many entrepreneurial leaders prefer informal, flexible approaches, but this can lack the structure needed to support employee development. Without standardized processes for recruitment and performance evaluation, startups may struggle to attract and retain top talent (Yang et al., 2019).

A focus on short-term goals instead of long-term employee development can also harm retention. When entrepreneurial leaders prioritize immediate results over employee growth, workers may feel undervalued and seek better opportunities elsewhere, reducing overall retention (Newman et al., 2018). Challenges such as limited emotional intelligence and inadequate rewards and recognition can worsen retention issues. Leaders lacking emotional intelligence may fail to understand or address employee concerns, negatively affecting morale.

These challenges emphasize the need for entrepreneurial leaders to strike a balance between innovation and risk-taking while providing the support and stability employees need to thrive. Addressing these issues is crucial for attracting and retaining top talent, which is essential for the long-term success of any startup.

Table 1. Challenges of Entrepreneurial Leadership Style in Talent Acquisition and Retention.

S.No	Code	Challenge(s)	Description	Literature Review(s)
1	C1	Risk-Taking Approach	Entrepreneurial leaders often take bold risks, which can create uncertainty for potential and existing employees, impacting talent acquisition and retention.	Reid et al., 2018
2	C2	Overemphasis on Innovation	A focus on constant innovation may lead to unrealistic expectations and burnout, discouraging long-term employee commitment.	Rae, 2017
3	C3	Inconsistent Decision-Making	Rapid decision-making without thorough analysis can lead to confusion and dissatisfaction among employees.	Sarasvathy & Berglund, 2010
4	C4	Vision Over Execution	Leaders may prioritize visionary ideas over practical execution, causing frustration in employees who struggle with unclear objectives.	Darling & Beebe, 2007
5	C5	Lack of Structured	Entrepreneurial styles often lack	Chung &

		Processes	established HR practices, leading to inefficiencies in recruiting and retaining employees.	D'Annunzio-Green, 2018
6	C6	High Workload Expectations	Employees may feel overburdened due to high expectations set by entrepreneurial leaders, resulting in turnover.	Osborne & Hammoud, 2017
7	C7	Limited Delegation	Entrepreneurs often prefer to handle tasks themselves, limiting employee autonomy and professional growth opportunities.	Renko et al., 2015
8	C8	Micromanagement Tendencies	Entrepreneurial leaders may over-involve themselves in daily operations, reducing employee satisfaction and engagement.	Yulivan, 2022
9	C9	Difficulty Sustaining Engagement in	The fast-paced and dynamic nature of startups may lead to employee disengagement if not managed carefully.	Fadhil et al., 2023
10	C10	Resistance to Traditional HR Practices	Entrepreneurial leaders may undervalue structured HR systems, affecting recruitment strategies and retention efforts.	Moustaghfir et al., 2020
11	C11	Focus on Short-Term Goals	Leaders may prioritize immediate results over long-term employee development, reducing retention rates.	Koryak et al., 2015
12	C12	Limited Emotional Intelligence	A lack of emphasis on empathy and understanding can impact team morale and retention.	Celestin & Vanitha, 2020
13	C13	Inadequate Rewards and Recognition	Entrepreneurial leaders may overlook the importance of acknowledging employee contributions, leading to dissatisfaction.	Yang et al., 2019
14	C14	Cultural Misalignment	Employees may find it challenging to adapt to the fast-evolving culture driven by entrepreneurial leadership styles.	Hamdan, 2018
15	C15	Difficulty Balancing Flexibility and Structure	Leaders often struggle to find the right balance between offering flexibility and maintaining organizational structure.	Newman et al., 2018

3. Methodology

3.1 Sampling and Data Collection

The sampling for this study involved 56 respondents, including CEOs, founders, and HR managers of IT startups based in Chennai. These individuals were selected because of their direct involvement in decision-making processes related to talent acquisition, retention, and leadership practices within their organizations. The respondents were chosen to ensure that the sample accurately represented

the leadership dynamics and human resource management practices of startups in the IT sector. Data collection was carried out using a structured DEMATEL questionnaire that assessed various challenges associated with entrepreneurial leadership, focusing on factors affecting talent acquisition and retention. The responses were then subjected to Fuzzy DEMATEL analysis to examine the cause-and-effect relationships between the identified challenges. This method allowed for a nuanced understanding of the interdependencies and their impact on organizational performance and employee retention in the startup environment.

3.1 Fuzzy DEMATEL Analysis

Fuzzy DEMATEL (Decision-Making Trial and Evaluation Laboratory) is a sophisticated technique used to explore and represent the cause-and-effect relationships among various factors within complex systems, particularly when there is uncertainty or vagueness. By using fuzzy logic, the method transforms qualitative judgments and subjective assessments into fuzzy numbers, offering a more adaptable and precise approach to handle imprecise data compared to traditional DEMATEL methods (Priyanka et al., 2023).

This approach is especially beneficial in fields like management, economics, and engineering, where decision-making often involves multiple, interrelated factors that may not be entirely clear-cut. The application of fuzzy logic in DEMATEL helps reveal more accurate insights into how various elements interact, leading to more informed and effective decision-making.

Steps in Fuzzy DEMATEL Analysis:

Fuzzy DEMATEL involves several stages, as detailed below:

Step 1: Define the Criteria or Factors

The initial step involves identifying and defining the key criteria or factors to be studied. These are the elements that constitute the problem or decision-making framework, such as variables in a system or factors influencing employee engagement in research studies.

Step 2: Develop the Direct-Relation Matrix (A)

The next stage is constructing a direct-relation matrix, which captures the pairwise relationships between the various factors. Experts or decision-makers typically provide assessments of the influence each factor has on the others, often using linguistic terms (e.g., "Strong", "Moderate", "Weak"). These terms are then translated into fuzzy numbers (e.g., triangular or trapezoidal fuzzy numbers) given in Table 2.

The matrix $A=(a_{ij})$ represents the direct influence of factor i on factor j , with each value a_{ij} expressed as a fuzzy number.

Table 2. Triangular fuzzy number

Linguistic terms	Influence Score	Triangular fuzzy number			
No influence	0	(0.0	0	0	0.0)
Very low influence	1	(0.0	0	0.1	0.2)
Low influence	2	(0.3	0.4	0.5	0.6)
High influence	3	(0.5	0.6	0.7	0.8)
Very high influence	4	(0.7	0.8	0.9	1.0)

Step 3: Normalize the Direct-Relation Matrix

To ensure consistency across the data, the direct-relation matrix is normalized. Normalization scales the values of a_{ij} lie between 0 and 1, thus ensuring that the relative influences of each factor are comparable.

$$A' = A / \max(A)$$

Where:

A' is the normalized direct-relation matrix.

$\max(A)$ is the maximum value in the matrix.

Step 4: Compute the Total-Relation Matrix (T)

The total-relation matrix is derived by adding the direct-relation matrix to all higher-order indirect influences. This is achieved by calculating the inverse of the identity matrix minus the normalized direct-relation matrix. The total-relation matrix T is calculated as:

$$T = (I - A')^{-1}$$

Where:

T is the total-relation matrix.

I is the identity matrix.

A' is the normalized direct-relation matrix.

Step 5: Calculate Fuzzy Cause-and-Effect Relationships

The next step is to calculate the fuzzy cause-and-effect relationships. This is done by determining the total influences (cause and effect scores) for each factor using the total-relation matrix. Factors with high cause scores exert significant influence on other factors, while those with high effect scores are heavily influenced by others.

The cause C_i and effect E_i scores for each factor are computed as:

Cause score:

$$C_i = \sum (T_{ij}) \text{ from } j = 1 \text{ to } n$$

Where:

C_i represents the total cause score for factor i .

T_i is the element from the total-relation matrix.

Effect Score:

$$E_j = \sum (T_{ji}) \text{ from } j = 1 \text{ to } n$$

Where:

E_j represents the total effect score for factor i .

T_{ji} is the element from the total-relation matrix.

Step 6: Visualize the Results

The results are depicted in a causal diagram shown in Fig 1, which visually illustrates the interactions between the factors. This diagram helps identify which factors are the most influential in the system, providing valuable insights for decision-making.

4. Results Analysis and Discussion

In this section, we analyze the results obtained from the Fuzzy DEMATEL analysis of the challenges related to entrepreneurial leadership style in talent acquisition and retention. The analysis is divided into Cause Criteria Analysis and Effect Criteria Analysis, based on the computed cause (D) and effect (R) scores for each challenge.

Cause Criteria Analysis:

Table 3 shows the Cause-effect relationships of identified challenges. The challenges identified as Cause factors are those that have a higher influence on other factors, which can significantly impact

talent acquisition and retention within an organization. These challenges have a positive D-R value, indicating that they exert a strong causal influence on other factors.

C1 (Risk-Taking Approach): With a total score (D+R) of 4.846 and a positive D-R value of 0.157, this challenge reflects the significant impact of entrepreneurial leaders who take bold risks in their decision-making. This risk-taking behavior can create uncertainty and instability within the organization, which may hinder employee engagement and retention. Employees may feel insecure about the organization's future and may seek more stable environments, making it a critical cause of challenges in talent management. While entrepreneurial risk-taking is essential for innovation and growth, it can cause employees to feel overwhelmed or anxious if not managed appropriately. It is important for leaders to communicate the rationale behind decisions and mitigate uncertainties by offering reassurances and support to employees.

C2 (Overemphasis on Innovation): This challenge, with a total score of 4.673 and a positive D-R value of 0.548, indicates that an excessive focus on innovation may lead to unrealistic expectations for employees. The pressure to constantly innovate without adequate resources or time can result in employee burnout, which in turn may discourage long-term commitment and loyalty. Entrepreneurs may view constant innovation as a necessity for business survival, but it is equally crucial to manage the pace of innovation and allow employees to rest and recharge. Balancing innovation with realistic expectations and providing opportunities for skill development can help prevent burnout and enhance employee retention.

C4 (Vision Over Execution): The total score of 4.930 and a positive D-R value of 0.750 underscore the importance of having a clear balance between vision and execution. Entrepreneurial leaders who prioritize visionary goals without focusing on actionable steps may frustrate employees who are left without clear guidance. This can lead to dissatisfaction and disengagement, particularly when employees struggle to translate ambitious ideas into achievable goals. A strong vision can inspire employees, but without clear strategies for execution, employees may feel lost or unproductive. Leaders should ensure that their vision is backed by concrete plans and communicate these plans effectively to employees. Clarity in direction and regular progress updates can foster engagement and improve employee satisfaction.

C5 (Lack of Structured Processes): With a total score of 3.915 and a D-R value of 0.530, this challenge reflects the absence of formalized processes in entrepreneurial settings. The lack of structured HR practices can lead to inefficiencies in recruitment, employee development, and retention efforts. Employees may feel that they are working in an environment without clear guidelines, which can cause frustration and reduce their motivation to stay long-term. While entrepreneurial organizations may prioritize agility over structure, the absence of standard HR practices can lead to inconsistencies that affect employee satisfaction. Introducing basic HR structures, such as standardized performance evaluations and clear career development paths, can provide employees with a sense of stability and growth opportunities, ultimately boosting retention.

C6 (High Workload Expectations): The total score of 3.977 and a positive D-R value of 0.014 show that high workload expectations are a significant driver of employee dissatisfaction and turnover. Entrepreneurs often expect employees to work beyond the regular capacity to meet the dynamic needs of the business, but this may result in burnout and employee disengagement. While high expectations can drive performance and growth, consistently overloading employees can lead to high stress levels, poor work-life balance, and eventual burnout. Entrepreneurial leaders should manage expectations by setting realistic goals, offering support, and recognizing employees' efforts to maintain a healthy work environment and retain top talent.

C11 (Focus on Short-Term Goals): With a total score of 3.258 and a positive D-R value of 0.139, focusing on short-term results at the expense of long-term development impacts employee retention. Leaders who emphasize immediate gains may overlook the importance of employee career growth, leading to dissatisfaction and higher turnover rates. Short-term goals are crucial for business survival, but it is important for leaders to invest in long-term employee development to ensure sustained performance and retention. Balancing immediate business needs with opportunities for employee advancement can create a more stable and committed workforce.

C13 (Inadequate Rewards and Recognition): With a total score of 2.397 and a positive D-R value of 0.111, the lack of recognition for employees' contributions is an important cause factor. Inadequate rewards or acknowledgment of hard work can lead to dissatisfaction, decreased engagement, and eventual turnover, particularly in entrepreneurial environments where employees may feel undervalued. Recognition is a powerful motivator that helps build trust and loyalty within the team. Entrepreneurial leaders should ensure that employees feel valued by providing regular feedback, celebrating achievements, and offering tangible rewards. Acknowledging employees' contributions strengthens retention efforts.

C15 (Difficulty Balancing Flexibility and Structure): This challenge, with a total score of 3.238 and a D-R value of 0.660, highlights the difficulty entrepreneurial leaders face when trying to find a balance between organizational flexibility and structure. An imbalance can lead to confusion and dissatisfaction among employees who may feel either constrained or overwhelmed. Flexibility is essential for fostering creativity and adaptability, but too much flexibility without clear boundaries can lead to chaos and frustration. Leaders should establish flexible work environments while also maintaining a certain level of structure to ensure alignment with organizational goals. Striking the right balance enhances employee satisfaction and reduces turnover.

Effect Criteria Analysis:

Effect factors are those challenges that are influenced more by other factors than they influence others. These factors exhibit a negative or low D-R value, indicating that they are more reactive and reflect areas that need improvement to ensure long-term success in talent management.

C3 (Inconsistent Decision-Making): With a total score of 4.701 and a negative D-R value of -0.173, inconsistent decision-making can lead to confusion among employees, affecting their performance and job satisfaction. This reactive challenge arises from a lack of thorough analysis in decision-making processes, which makes employees uncertain about the company's direction and their roles within it. Inconsistent decision-making can damage trust between employees and leadership. To mitigate this, leaders should aim to provide clear, well-thought-out decisions backed by data and reasoning. Transparency in decision-making and involving employees in the process can improve engagement and reduce negative impacts on retention.

C7 (Limited Delegation): With a total score of 4.041 and a negative D-R value of -0.262, this challenge reflects the consequences of leaders who prefer to handle tasks themselves. Employees may feel undervalued and frustrated by the lack of autonomy, which can negatively affect their engagement and professional growth. Leaders who fail to delegate may inadvertently create a bottleneck in the organization. It is important for entrepreneurial leaders to trust their teams with responsibilities and empower them to take ownership of projects. This not only boosts engagement but also fosters a sense of ownership and pride among employees, improving retention.

C8 (Micromanagement Tendencies): Having a total score of 2.654 and a D-R value of -0.473, micromanagement is another effect factor that results from leaders who over-involve themselves in

daily operations. This behavior restricts employees' creativity and autonomy, leading to dissatisfaction and disengagement. Micromanagement can create an oppressive work environment, reducing employees' job satisfaction and sense of ownership. To combat this, leaders should focus on providing guidance and support without stifling creativity. Encouraging employees to make decisions and take initiative fosters a more positive and productive work culture.

C9 (Difficulty in Sustaining Engagement): The total score of 4.611 and a negative D-R value of -0.296 indicate that sustaining engagement in a rapidly changing startup environment is a challenge. Employees may lose interest or feel disconnected from the organization, particularly if they lack consistent support and motivation. Entrepreneurial leaders must ensure that engagement is actively maintained through regular feedback, recognition, and career development opportunities. Strategies such as team-building activities and promoting work-life balance can help keep employees engaged and motivated.

C10 (Resistance to Traditional HR Practices): With a total score of 4.162 and a negative D-R value of -0.972, this challenge shows how resistance to structured HR systems can negatively impact recruitment and retention. Leaders may prefer non-traditional methods, but this can hinder long-term talent management strategies. While entrepreneurial leaders may have valid reasons for resisting traditional HR practices, it is crucial to implement at least basic HR structures to ensure a consistent approach to hiring, training, and retaining employees. Aligning HR practices with the evolving needs of the organization can improve overall talent management.

C12 (Limited Emotional Intelligence): With a total score of 3.628 and a negative D-R value of -0.200, a lack of emotional intelligence in leaders affects team morale and reduces employee retention. Leaders who fail to understand and address employees' emotional needs may struggle to build a supportive and engaged team. Emotional intelligence is crucial for building strong relationships with employees. Leaders should invest in developing empathy, active listening skills, and conflict resolution strategies to create a positive work environment that fosters loyalty and reduces turnover.

C14 (Cultural Misalignment): With a total score of 3.376 and a negative D-R value of -0.289, cultural misalignment emerges when the fast-evolving entrepreneurial culture clashes with employees' values or expectations. This can lead to disengagement, lower job satisfaction, and eventual turnover. Cultural alignment is key to fostering an environment where employees feel at home and motivated to contribute. Leaders should actively work on aligning the organizational culture with the expectations and values of their employees to improve retention and satisfaction.

Table 3. Cause/Effect analysis

Factors	D	R	D+R	D-R	Cause/Effect
C1	2.501	2.344588	4.846	0.157	Cause
C2	2.611	2.062778	4.673	0.548	Cause
C3	2.264	2.437161	4.701	-0.173	Effect
C4	2.840	2.090069	4.930	0.750	Cause
C5	2.222	1.692438	3.915	0.530	Cause
C6	1.996	1.981679	3.977	0.014	Cause
C7	1.889	2.15122	4.041	-0.262	Effect
C8	1.090	1.563496	2.654	-0.473	Effect
C9	2.157	2.453522	4.611	-0.296	Effect
C10	1.595	2.567175	4.162	-0.972	Effect

C11	1.699	1.559622	3.258	0.139	Cause
C12	1.714	1.914058	3.628	-0.200	Effect
C13	1.254	1.14305	2.397	0.111	Cause
C14	1.544	1.832791	3.376	-0.289	Effect
C15	1.949	1.288851	3.238	0.660	Cause

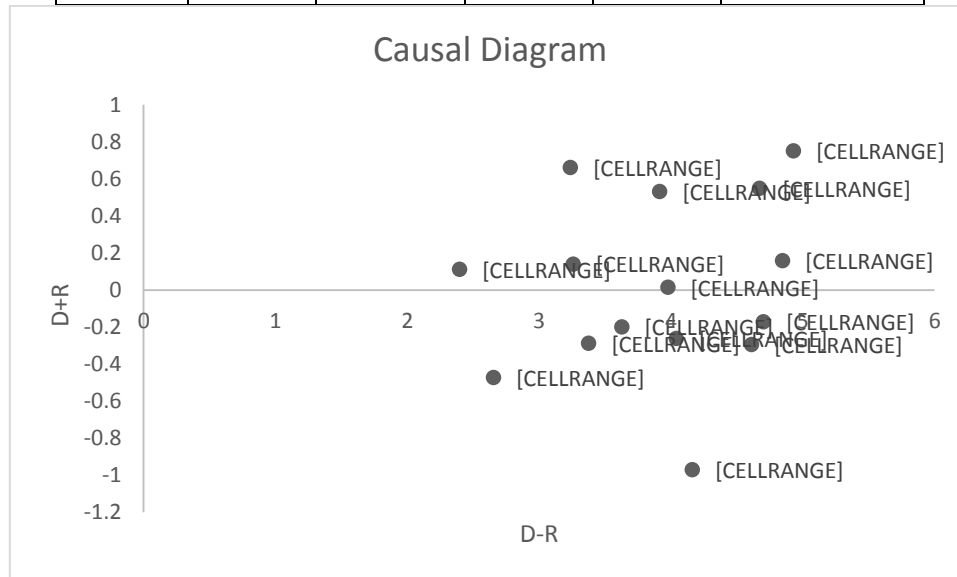


Fig1. Causal Diagram

5. Practical Implications

The findings from this study have important practical implications for entrepreneurial leaders seeking to improve talent acquisition and retention in startup environments. Based on the results of the Fuzzy DEMATEL analysis, the following recommendations can be made:

Balancing Risk-Taking with Stability: While risk-taking is a hallmark of entrepreneurial leadership, it is crucial to balance bold decisions with stability and clear communication. Leaders should ensure that employees understand the reasoning behind decisions and provide assurances about the future. This helps in managing uncertainty, thus improving employee engagement and retention.

Manage Innovation Expectations: Constant innovation is essential for growth, but leaders should be mindful of the pressure it places on employees. Unrealistic expectations can lead to burnout and disengagement. Leaders should foster an environment that encourages creativity while maintaining realistic goals and providing necessary resources. Regular breaks and well-defined innovation timelines are key to reducing stress.

Structured Decision-Making: Inconsistent decision-making can lead to confusion and dissatisfaction. Leaders should adopt a more structured approach to decision-making, backed by data and thorough analysis. Engaging employees in the decision-making process and ensuring transparency in their actions will improve trust and engagement within the team.

Implement Basic HR Processes: The lack of formalized HR structures can create inefficiencies in recruitment and retention. Entrepreneurial leaders should consider integrating basic HR practices, such as standardized performance evaluations and career development plans, to enhance organizational efficiency and employee satisfaction.

Delegation and Empowerment: Limiting delegation and micromanaging employees reduces their autonomy and growth potential. Leaders should focus on empowering employees by delegating responsibilities and providing opportunities for personal and professional development. This will foster a sense of ownership and motivation, improving long-term retention.

Sustaining Employee Engagement: In dynamic startup environments, maintaining employee engagement is a challenge. Leaders must actively engage with their teams through regular feedback, recognition, and opportunities for career advancement. Implementing team-building activities, promoting work-life balance, and offering personal development resources will help sustain engagement.

Emotional Intelligence and Employee Relations: Limited emotional intelligence can negatively impact team morale and employee retention. Leaders should invest in developing their emotional intelligence by improving their ability to understand and address employees' emotional needs. Building strong interpersonal relationships and creating a supportive work environment will enhance employee loyalty.

Cultural Alignment: Cultural misalignment can hinder employee engagement and retention. Entrepreneurial leaders should focus on aligning the company's evolving culture with employees' values and expectations. Promoting an inclusive and adaptable culture will help reduce turnover and increase employee satisfaction.

6. Conclusion:

This study explores the challenges associated with entrepreneurial leadership in talent acquisition and retention, particularly in startup environments. Using Fuzzy DEMATEL analysis, the research identifies key challenges that influence talent management practices and employee retention. The findings emphasize the importance of balancing risk-taking and innovation with stability, clarity in decision-making, and structured HR practices. Entrepreneurial leaders must recognize the impact of their leadership style on employee engagement and retention and adopt strategies that empower employees, foster emotional intelligence, and ensure alignment with organizational culture. Entrepreneurial leaders can create a more supportive and sustainable work environment that not only attracts top talent but also retains it for the long term. In doing so, they can enhance organizational performance and foster an environment conducive to growth and innovation. Ultimately, this study offers valuable insights for entrepreneurial leaders and startups seeking to improve their talent acquisition and retention strategies in a rapidly evolving business landscape. This study is limited by the small sample size, which may not fully represent the diverse challenges faced by startups in other regions or sectors. Future research could expand the sample size and include startups from different industries and geographical locations to enhance the generalizability of the findings.

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