

# PROMOTION OF CORPORATE ENTREPRENEURSHIP THROUGH HR PRACTICES WITHIN FIRMS: AN INTERPRETIVE REVIEW

Sanjay Kumar\*, Kumari Manisha\*\*, Anil Kumar\*\*\*, Ravi Kumar\*\*\*\*

\*Associate Professor, Department of Economics, BRA Bihar University, Muzaffarpur, Bihar, India.

Email: sanjaykusaroj@gmail.com

\*\*Research Scholar, Department of Economics, BRA Bihar University, Muzaffarpur, Bihar, India.

Email: kumarimanisha220391@gmail.com

\*\*\*Research Scholar, Department of Economics, BRA Bihar University, Muzaffarpur, Bihar, India.

Email: anil0107@gmail.com

\*\*\*\*Research Scholar, Department of Economics, BRA Bihar University, Muzaffarpur, Bihar, India.

Email: rajaravisingh6400@gmail.com

---

**Abstract:** The study is based on qualitative research and aims to identify the links between the elements. The purpose of the study is to develop a conceptual framework of corporate entrepreneurship by using interpretive structural modeling (ISM) technique. The ISM technique is used to develop links and hierarchal structure between the elements. Seven important elements are identified through a review of the literature. Then, a hierarchal structure is developed. The study focuses on the elements of human resource (HR) practices that influence the promotion of corporate entrepreneurship within the firms. Finally, we have discussed the results of the study, with the support of extensive relevant literature, and build the model.

**Keywords:** Human Resource Practices, Entrepreneurship, Skill Development, Innovation, Corporate Entrepreneurship, Interpretive Structural Modeling (ISM)

---

## INTRODUCTION

Corporate entrepreneurship describes the development and growth of entrepreneurial attitudes and cultures within the firms to raise productivity and performance (Guth & Ginsberg, 1990). Corporate entrepreneurship is also described as the managers and employees who dream of taking the organization in innovative orders by using skills, innovative ideas, and creativity (Hornsby, Kuratko & Zahra, 2002). The significance of attention of HR practices is to advance skill and knowledge through proper training and work in information and learning culture (Delaney & Huselid, 1996). Some of the literature have discussed the HR practices and corporate entrepreneurship development. Firms have increasingly established many strategies to develop entrepreneurial activities and attitude (Ireland, 2007). However, organizations need to identify the important

elements in the context of HR practices (Becker, Huselid & Ulrich, 2001). Therefore, there is still a gap in the literature to propose a theoretical framework and contextual relationship between the identified elements, which are affecting the corporate entrepreneurship.

Hence, in this study, we have identified the HR elements affecting corporate entrepreneurship and developed hierarchical relationship model, based on literature support. The ISM (Interpretive Structural Modeling) technique has been used to develop the links between the various identified elements in the hierarchical model. The sections of this paper include literature review, research methodology, results, and discussions.

## OBJECTIVE

The objective of this study is to identify the HR elements affecting the corporate entrepreneurship within the firm and

---

develop a hierarchical model representing the important links between the identified elements.

## LITERATURE REVIEW

Previous studies have defined entrepreneurship as passing all the way through three linked-components: innovativeness, proactiveness, and risk-taking (Lipparini & Sobrero, 1994). Corporate entrepreneurship is a method through which workers of any business firm look for entrepreneurial opportunities, innovations, and growths (Morris, Kuratko, Schindehutte & Spivack, 2012) (Dhir et al., 2019; Rajan et al., 2020). Innovativeness is the original solution to all the problems. The solutions may be recent technologies, new products, and services. Corporate entrepreneurship is regeneration and renewal of organizational process (Floyd & Wooldridge, 1999). Entrepreneurial initiatives in any established firms depend on skill-development programs, risk-taking behaviors, relationship building, and job satisfaction within workers of any organizations (Liñán, Rodríguez-Cohard & Rueda-Cantuche, 2011).

Human resource is the knowledge, abilities, and skills of workers (Hayton, 2005); while HR practices include the process of developing, attracting, and maintaining employees to sustain organizational strategies and objectives (Kusluvan, Kusluvan, Ilhan & Buyruk, 2010). HR process helps to improve employee relations and recognize organizational objectives. Human resource management can help organization in improving employee selection process, reward systems and industrial relations. It can also help to improve training and skill development programs (Powell & Dent-Micallef, 1997; Collins & Smith, 2006). HR practices support high-quality skills and attitude to individuals seeks to improve the initiative and achievement and leads to collective achievement in the firms. The skills and knowledge of employees influence the entrepreneurial activities within the firm and maintain competitive advantages (Zahra, Nielsen & Bogner, 1999).

The development of high technology, information system, and communication helps to seek novel ideas, experimentation, and innovative solutions for improving their existing products, services, and operations (Frambach & Schillewaert, 2002). Previous studies confirm the effect of HR practices in extracting entrepreneurial behaviors among employees, which leads to organizational growth and innovative performances (Ling & Mohd Nasurdin, 2010). Corporate entrepreneurship is directly affected by the knowledge, skill, and relationships between employees and the organization (Floyd & Wooldridge, 1999). These inter-relationships are compulsory because they represent necessary channels for the flow of information and knowledge, which are the building blocks of entrepreneurial opportunities and innovations (Hayton, 2005). Creativity and knowledge of updated technologies within the employees can be developed through regular skill development programs (Menzel, Aaltio & Ulijn, 2007). Hence, the knowledge, awareness, and skill of employees can promote the innovative ideas and entrepreneurial thinking within the firms. HR practices play a significant role in an employee's motivation to build constructive attitudes and skills that are required to support the performance of the firm (Combs, Liu, Hall & Ketchen, 2006). Motivation is the strength of the employees and makes capable to work efficiently. HR managers are also involved to inspire risk-taking behaviors among the employees through motivation, knowledge, and awareness programs. Risk-taking behavior of the employees has a significant impact on corporate entrepreneurship. HR practices also involve building a positive relationship with its employees and management. A positive relationship between top management and employees will enhance the performance of the firm and there will smoothly flow of information (Farnham, 1993; Wright, 1995). The critical factors like flow of information and communication can help organizations to become well organized and innovative. The identified elements influencing the corporate entrepreneurship by using literature review have been listed in Table 1.

**Table 1: Identified Elements and Element Codes**

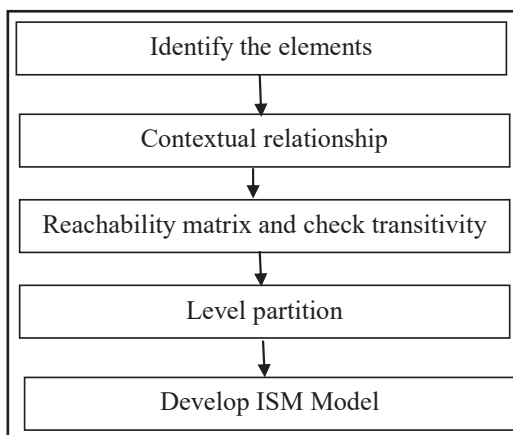
Sr. No.	Elements Identified	Element Codes	References
1	Entrepreneurial knowledge and awareness	C1	Wiklund & Shepherd (2003)
2	Training and development	C2	Tannenbaum & Yukl (1992)
3	Industrial and labour relations	C3	Turner, Clack & Roberts (2017)
4	Risk-taking behaviors	C4	Brindley (2005)
5	Exchange of information & resources	C5	Powell & Dent-Micallef (1997)
6	Motivation	C6	Shane, Locke & Collins (2003)
7	Corporate entrepreneurship	C7	Covin, & Miles (1999)

## METHODOLOGY

In this study, we have applied the ISM technique. The ISM technique is used to develop the links between the identified elements and build the hierarchical model between the elements (Attri, Dev & Sharma, 2013). This study is purely qualitative research and based on the extensive literature review.

### ISM Technique

The ISM methodology is used to build the hierarchical structure and links between the elements (Luthra, Kumar, Kumar & Haleem, 2011). The reachability matrix and its partition are the main tools of the ISM technique. The steps of the ISM methodology are briefly shown below (See Fig. 1).



**Fig. 1: Steps of ISM Technique**

In the first step, we identified six elements related to HR practices by using a literature review. In the second step, we have defined the contextual relationship (for example, element A will influence element B) between the identified elements (See Exhibit 1). In the third step, the reachability matrix is prepared: 1 (if a relation exists between the elements), 0 (if there is no relation), and 1\* (for transitive). The transitivity rule illustrates that if A is related to B and B is related to C, then A is related to C. The reachability matrix with all transitive links has been presented (See Exhibit 2). The fourth step is carried out by level partition. This step provides levels to all the identified elements (See Exhibit 3). Finally, all the elements are arranged according to their levels, and links are made between the elements by using the reachability matrix (See Exhibit 4).

## RESULTS AND DISCUSSIONS

The study demonstrates the theoretical framework using the ISM technique. Corporate entrepreneurship elements have been identified using the extant literature review. In this

study, we have developed the hierarchical links between the identified elements. The hierarchical structure supports a clear understanding of the relationship between the elements in the context of corporate entrepreneurship within the firms.

In this study, we have identified seven elements, which must be considered by the top management of the organization for the development of the corporate entrepreneurship within the firm. Industrial and labour relations lie at the bottom level of the model. The training and development are on the fourth level. These two elements are the driving forces. Risk taking and exchange of information and resources lie at the second level. Entrepreneurial knowledge, awareness, and motivation lie at the third level. The model shows that HR practices have a great impact on the innovation and creativity within the organizations. These innovative and creative efforts will influence the new product development and quality of services. HR managers have a great role in generating creative and novel ideas and projects. So, it is essential to build an entrepreneurial attitude within the firms. Managers can promote entrepreneurial steps within the firm's knowledge, awareness, and conflict resolution between the employees. Skill-development programs can help in the idea generation and innovation. Therefore, these practices will positively influence a firm's entrepreneurial culture. This study expands the corporate entrepreneurship knowledge by finding important driving and dependent elements in the context of HR practices.

The main limitation of the current study is the lack of empirical validation of the findings. This study can be validated by using survey and expert opinions. Also, the interpretation of the elements is missing. Hence, the future scope of the study can be a validation of the ISM model empirically and the TISM (Total Interpretive Structural Modeling) technique can be used to find the interpretation between the elements.

## REFERENCES

- Attri, R., Dev, N., & Sharma, V. (2013). Interpretive structural modelling (ISM) approach: An overview. *Research Journal of Management Sciences*, 2(2), 3–87.
- Becker, B. E., Huselid, M. A., Huselid, M. A., & Ulrich, D. (2001). *The HR scorecard: Linking people, strategy, and performance*. Harvard Business Press.
- Brindley, C. (2005). Barriers to women achieving their entrepreneurial potential: Women and risk. *International Journal of Entrepreneurial Behavior & Research*, 11(2), 144–161.
- Collins, C. J., & Smith, K. G. (2006). Knowledge exchange and combination: The role of human resource practices in the performance of high-technology firms. *Academy of Management Journal*, 49(3), 544–560.

- Combs, J., Liu, Y., Hall, A., & Ketchen, D. (2006). How much do high-performance work practices matter? A meta-analysis of their effects on organizational performance. *Personnel Psychology*, 59(3), 501–528.
- Delaney, J. T., & Huselid, M. A. (1996). The impact of human resource management practices on perceptions of organizational performance. *Academy of Management Journal*, 39(4), 949–969.
- Dhir, S., Ongsakul, V., Ahmed, Z. U., & Rajan, R. (2019). Integration of knowledge and enhancing competitiveness: A case of acquisition of Zain by Bharti Airtel. *Journal of Business Research*. doi: <https://doi.org/10.1016/j.jbusres.2019.02.056>
- Farnham, D. (1993). Human resources management and employee relations. In *Managing the New Public Services* (pp. 99–124). Palgrave, London.
- Floyd, S. W., & Wooldridge, B. (1999). Knowledge creation and social networks in corporate entrepreneurship: The renewal of organizational capability. *Entrepreneurship Theory and Practice*, 23(3), 123–144.
- Frambach, R. T., & Schillewaert, N. (2002). Organizational innovation adoption: A multi-level framework of determinants and opportunities for future research. *Journal of Business Research*, 55(2), 163–176.
- Guth, W. D., & Ginsberg, A. (1990). Guest editors' introduction: Corporate entrepreneurship. *Strategic Management Journal*, 11, 5–15.
- Hayton, J. C. (2005). Promoting corporate entrepreneurship through human resource management practices: A review of empirical research. *Human Resource Management Review*, 15(1), 21–41.
- Hornsby, J. S., Kuratko, D. F., & Zahra, S. A. (2002). Middle managers' perception of the internal environment for corporate entrepreneurship: Assessing a measurement scale. *Journal of Business Venturing*, 17(3), 253–273.
- Ireland, R. D. (2007). Strategy vs. entrepreneurship. *Strategic Entrepreneurship Journal*, 1(1-2), 7–10.
- Kuslivan, S., Kuslivan, Z., Ilhan, I., & Buyruk, L. (2010). The human dimension: A review of human resources management issues in the tourism and hospitality industry. *Cornell Hospitality Quarterly*, 51(2), 171–214.
- Liñán, F., Rodríguez-Cohard, J. C., & Rueda-Cantuche, J. M. (2011). Elements affecting entrepreneurial intention levels: A role for education. *International Entrepreneurship and Management Journal*, 7(2), 195–218.
- Ling, T. C., & Mohd. Nasurdin, A. (2010). Human resource management practices and organizational innovation: An empirical study in Malaysia. *Journal of Applied Business Research*, 26(4), 105–115.
- Lipparini, A., & Sobrero, M. (1994). The glue and the pieces: Entrepreneurship and innovation in small-firm networks. *Journal of Business Venturing*, 9(2), 125–140.
- Luthra, S., Kumar, V., Kumar, S., & Haleem, A. (2011). Barriers to implement green supply chain management in automobile industry using interpretive structural modeling technique - An Indian perspective. *Journal of Industrial Engineering and Management*, 4(2), 231–257.
- Menzel, H. C., Aaltio, I., & Ulijn, J. M. (2007). On the way to creativity: Engineers as intrapreneurs in organizations. *Technovation*, 27(12), 732–743.
- Morris, M. H., Kuratko, D. F., Schindehutte, M., & Spivack, A. J. (2012). Framing the entrepreneurial experience. *Entrepreneurship Theory and Practice*, 36(1), 11–40.
- Powell, T. C., & Dent-Micallef, A. (1997). Information technology as competitive advantage: The role of human, business, and technology resources. *Strategic Management Journal*, 18(5), 375–405.
- Rajan, R., Dhir, S., & Sushil (2020). Alliance termination research: a bibliometric review and research agenda. *Journal of Strategy and Management*. doi: <https://doi.org/10.1108/JSMA-10-2019-0184>
- Shane, S., Locke, E. A., & Collins, C. J. (2003). Entrepreneurial motivation. *Human Resource Management Review*, 13(2), 257–279.
- Tannenbaum, S. I., & Yukl, G. (1992). Training and development in work organizations. *Annual Review of Psychology*, 43(1), 399–441.
- Turner, H. A., Clack, G., & Roberts, G. (2017). *Labour relations in the motor industry: A study of industrial unrest and an international comparison*. Routledge.
- Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of small and medium-sized businesses. *Strategic Management Journal*, 24(13), 1307–1314.
- Wright, D. K. (1995). The role of corporate public relations executives in the future of employee communications. *Public Relations Review*, 21(3), 181–198.
- Zahra, S. A., Nielsen, A. P., & Bogner, W. C. (1999). Corporate entrepreneurship, knowledge, and competence development. *Entrepreneurship Theory and Practice*, 23(3), 169–189.



## APPENDIX

## Exhibit 1 - Contextual Relationship

Sr. No.	Element Codes	Pairwise Comparison	Y/N
1	C3-C2	Industrial and labor relation is influencing training and development.	Y
2	C2-C1	Training and development influences entrepreneurial knowledge and awareness.	Y
3	C2-C6	Training and development influences motivation of employees.	Y
4	C1-C6	Entrepreneurial knowledge and awareness influences motivation of employees.	Y
5	C1-C4	Entrepreneurial knowledge and awareness influences risk taking behaviors.	Y
6	C6-C1	Motivation influences entrepreneurial knowledge and awareness.	Y
7	C6-C5	Motivation influences exchange of information and resources within the organizations.	Y
8	C4-C7	Risk taking behaviors influences corporate entrepreneurship.	Y
9	C5-C7	Exchange of information and resources influences corporate entrepreneurship.	Y

## Exhibit 2 - Reachability Matrix

Elements	C1	C2	C3	C4	C5	C6	C7
C1	1	0	0	1	0	1	1*
C2	1	1	0	1*	1*	1	1*
C3	0	1	1	0	0	0	0
C4	0	0	0	1	0	0	1
C5	0	0	0	0	1	0	1
C6	1	0	0	0	1	1	1*
C7	0	0	0	0	0	0	1

## Exhibit 3 - Partitioning the Reachability Matrix into Different Levels

Elements	Reachability Set	Antecedent Set	Intersection Set	Level
<i>(a): Iteration-1</i>				
C1	1467	126	16	
C2	124567	23	2	
C3	23	3	3	
C4	467	1246	46	
C5	57	256	5	
C6	14567	126	16	
C7	7	124567	7	I
<i>(b): Iteration-2</i>				
C1	146	126	16	
C2	12456	23	2	
C3	23	3	3	
C4	46	1246	46	II
C5	5	256	5	II
C6	1456	126	16	

<i>(c): Iteration-3</i>				
<b>C1</b>	<b>16</b>	<b>126</b>	<b>16</b>	<b>III</b>
C2	126	23	2	
C3	23	3	3	
C6	16	126	16	III
<i>(d): Iteration-4</i>				
<b>C2</b>	<b>2</b>	<b>23</b>	<b>2</b>	<b>IV</b>
C3	23	3	3	
<i>(e): Iteration-5</i>				
C3	3	3	3	V

S. No.	Element Codes	Elements	Level in the TISM
1	C7	Corporate Entrepreneurship	<b>I</b>
2	C4	Risk-taking behaviors	<b>II</b>
3	C5	Exchange of information and resources	<b>II</b>
4	C1	Entrepreneurial knowledge and awareness	<b>III</b>
5	C6	Motivation	<b>III</b>
6	C2	Training and development	<b>IV</b>
7	C3	Industrial and labor relations	<b>V</b>

The bold text specifies variables selected at different levels

**Exhibit 4 - ISM Model**

