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Human resource practices that nurture corporate entrepreneurship: An empirical evidence from IT industry

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Abstract

As business ambience develops quite composite and dynamic, organizations have to turn out to be pretty entrepreneurial so as to make out new and innovative opportunities for continued better-quality performance. Corporate entrepreneurship comprises organizational learning, compelled by teamwork, creativeness and individual dedication that enable personnel to push organization towards successful growth. So, it is extensively required that Human Resource Management mechanisms motivate personnel to take part in decision making and be a primary captain of success. On the other hand, there is an imperative need for empirical investigation that deals with the contributions that Human Resource Management makes to an organization's aptitude to admit risk, be inventive and be proactive. This article mainly analyzes the empirical study correlating HRM practices with Corporate Entrepreneurship.

Keywords: Corporate entrepreneurship, HRM practices, empirical research, IT sector

1. Introduction

The brisk expansion of elevated information and communications technologies have pushed firms to aggressively look for fresh and innovative approach, thoughts, experimentation, and ingenious resolution in perking up their existing product, process, method and technology that usually signified as organizational innovation. It has been analyzed as an indispensable weapon for companies to race in this hard line business atmosphere predominantly; Information Technology firms make every effort to convert their business model from labor-oriented to knowledge-oriented.

In extremely skilled oriented and knowledge oriented companies such as IT business, manpower carries an essential role. This business is extremely aggressive, viable, active and technical firm, whose expansion and growth based on its manpower much more powerfully than other assets. This firm requires extremely expert, brilliant and well-educated manpower. Accordingly, to get such manpower, there should be prominence on developing and fostering an approach-on the basis of manpower development mechanisms in the IT firms (Proctor, K. Scott., 2011) ^[1]. One of the means to intensify the firm innovation is through effectual HRM practices.

HRM is an area of administrative decision making that influences corporate entrepreneurship (Agarwala, T., 2003) ^[1]. So, HRM practices possibly will have a substantial cause on strengthening corporate entrepreneurship. Chandler et al. recommend that HRM influences creativity and innovation by means of building a sustaining culture (Damanpour, F. and Gopalakrishnan, S., 2001) ^[3]. Majority of the strategies associated to HRM could influence corporate entrepreneurship (Ismail, M. 2005) ^[5].

In this article, we therefore concentrate on liaison between HMR practices and the encouragement of corporate entrepreneurship (CE). The research article reviews and analyzes both the literature and empirical outcomes regarding HRM practices and corporate entrepreneurship and scrutinizes the linkage between them.

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1.1 Research Objective

To study the effectiveness of HRM practices to develop corporate entrepreneurial (Intrapreneurial Behavior) among IT personnel.

1.2 Research Hypothesis

- HRM practices have direct correlation with development of corporate entrepreneurial behavior among IT personnel.
- HRM practices in IT organizations are correlated with each other.

2. Literature Review

A research work titled with “Strategic HRM, innovation and entrepreneurship connection; A cross-regional relative model” done by (Zhongming Wang and Zhi Zang, 2005) ^[18] pointed out that the connection flanked by strategic HRM mechanisms, innovation approaches as well as entrepreneurship model, considerably adds to entrepreneurial performance. (Zhongming Wang and Zhi Zang, 2005) ^[18]

A research paper titled with “HRM in India: Where from and Where to?”, conducted by Chen, C. J. and Huang, J. W., (2009) ^[2], has marked out noteworthy proof of financial firms and administrative ideas from antique Indian sources with continuing mores and believes them in the framework of current challenges. The paper has also addressed the information that the so called “demographic dividend” has described a new attention in the HR conceptions and practices in India. (Chen, C. J. and Huang, J. W., 2009) ^[2].

As examined by Zhong-Ming Wang and Sheng Wang, (2008) ^[18] in their research work titled “Modeling provincial HRM strategies in China: An entrepreneurship viewpoint”, the connection involving two wide-ranging HRM practices, strategic entrepreneurship and firm performance, so as to upsurge a cross-regional HRM approach model, to set up the Chinese organizations to carry out business across provinces and go worldwide. (Zhong-Ming Wang and Sheng Wang, 2005) ^[17].

A research article titled with “nurturing Intrapreneurship: Think like a VC, act like an entrepreneur” published by Jeffrey. J Bussgang, (2010) ^[6] has pointed out the means to inspire entrepreneurial/logical approach in the wits of corporate administrators in an attempt to facilitate them to examine what plan is the finest one like a VC and afterward to perform with the raw and unrestrained keenness of an entrepreneur. (Jeffrey J. Bussgang, 2010) ^[6].

Stephen A Stumpf. J.P (2010) ^[13] in his research paper titled with “The strength of HR practices in India and their effects on employee career success, performance, and potential”, has made it comprehensible that an inventive career administration approach is required for the growth of internal entrepreneurship. (Stephen A Stumpf. J.P, 2010) ^[13].

A research paper titled with “The relationship between trust, HRM practices and firm performance” published by Tzafirir, S. (2005) ^[14] presented a novel understanding of the task of HRM in budding sustainable entrepreneurship and explains the pertinent HRM mechanisms and proceedings.

When researcher reviewed the literature related to HRM practices and Corporate Entrepreneurship many studies have been conducted on the same topic in various work zones but researcher did not find any research which is conducted in IT sector particularly in Karnataka. IT is a booming industry and providing immense career opportunities for well-educated individuals and its contribution towards Indian economy is pretty substantial. Currently, the IT business

impression has developed as implausible, aggressive and they run after for quality of human resources. IT sector need such a manpower that think beyond the boundaries and contribute ideas for business rapidity and revenue. In this case HRM practices play a vital role to create entrepreneurial behavior among personnel to achieve desired expectations of the firm. We presume that diverse HR mechanisms namely staffing practices, training programs, performance appraisal, career counseling, compensation practices have direct impact on development of Corporate Entrepreneurship behaviour among IT employees. We examine the validity of our supposition through survey and analysis the results to attest the genuineness of our postulation.

3. Corporate Entrepreneurship

Corporate Entrepreneurship i.e. CE comprises personnel inventiveness from below in the firm to take on something innovative and new (Gold, A. H., Malhortra, A. and Segras, A. H., 2005) ^[4]. An innovation that is presented by personnel without being asked, anticipated, or maybe even provided authorization by top executive to perform accordingly.

As said by Kiwook Kwon, consequently the practice of CE could be novelty, undertaking and planned revitalization (Kiwook Kwon, J. B, 2010) ^[7]. In addition, Laursen and Foss state that CE comprises the formation of a novel business within a firm and tactical restitution that comprises novelty and ingenuity (Laursen, K. and Foss, N. J., 2007) ^[8].

Thus, under these explanations, it is understandable that novelty, tactical restitution, and business undertaking are all significant and rightful elements of the notion of corporate entrepreneurship. Therefore, novelty talks about generating and pioneering products, processes, and firm methods. Restitution means invigorating the firm’s functions by altering the scope of its trade, its hard line approaches or both. It also says creating or attaining novel competencies and after that ingeniously influencing them to add value for investors (Mavondo, F. T., Chimhanzi, J. and Stewart, J., 2006) ^[9], and venturing talks about organization deeds, for example inflowing novel businesses through the formation or acquisition of new business firms (Naresh Khatria, 2010) ^[10].

4. HRM practices and corporate entrepreneurship

As said by Singh K (2003) ^[12], ingenious companies delight HRM practices as the firm’s approach to promote group liabilities, augment company culture, and increase client affairs through involvement and empowerment (Singh, K. , 2003) ^[12]. Sequentially, it would assist to generate and promote novel products and services (Damanpour. F. and Gopalakrishnan, S., 2001) ^[3]. When organizations expand and initiate novel product, novel process or novel executive practices, they entail inventive and ingenious personnel, who are supple, adventuresome, and forbearing of improbability and vagueness (Wang, Z. M., 2005) ^[15]. As a result, it is significant for a company to execute compassionate HRM practices that could trigger off and rouse personnel to be inventive.

HRM practices such as staffing process (recruitment, selection), training and development, performance evaluation and compensation benefits are projected to assure the personnel’ possession of essential aspects for competent firm performance and to present the suitable behavioral manifestation and support to guide and motivate desired behaviors (Williams, J. G.)^[16]. Also, the aptitude to track novel prospect that could be explained as entrepreneurial aptitude presumes to have manpower that understand and use

such prospects. By the way, recruitment practices, compensation and promotion impact the entrepreneurial prospective (Stephen A Stumpf. J.P, 2010) [13]. For example, performance evaluation augment personnel dedication and contentment since personnel are provided opportunity to talk about their work performance. This, sequentially, would direct them to perform better in inventive actions. In a similar element, career management helps personnel to achieve their career objectives. If personnel are ready feel contented with their career administration, which sequentially, direct to stimulate them to perform in inventive actions (Agarwala, T., 2003) [1]. Training assists personnel master knowledge, talent, and aptitude which likely contribute to innovation in terms of product, process, and administrative practices in every day functions (Kiwook Kwon, J. B, 2010) [7]. Therefore, training expands the knowledge, ability, and aptitude of personnel to perform successfully in their work that would bring about superior organizational innovation. Reward practice furnishes monetary compensations, promotion and other appreciation, so as to stimulate personnel to take risk, build up thriving novel products and create novel plans (Gold, A. H., Malhortra, A. and Segras, A. H., 2005) [4]. Reward practices promote personnel to turn into stimulated, in this manner augment their involvement in presenting innovative thoughts, which causing elevated organizational novelty. Recruitment comprises selecting and hiring suitable and proficient personnel through exterior sourcing (Chen, C. J. and Huang, J. W., 2009) [2]. Recruitment offers greater significance to be closed to fit between personnel and firm culture. For this reason, an appropriate recruitment practice that connects personnel and firm is possible to bring about elevated organizational innovation.

5. Research Methodology

This research article is an empirical research based on exploratory study design pursued by causal research to study the HRM mechanisms that influence the corporate entrepreneurial behavior among IT employees in IT companies of Karnataka. Accordingly, the population of the research comprises personnel of the IT companies of Karnataka. On the other hand, Researcher has chosen sample of 51 personnel from different IT companies located in Karnataka. Authors have made us of convenience sampling method to choose the participants. A self-administered questionnaire was framed to assess the linkage between

HRM practices and development of corporate entrepreneurial behavior among personnel. Six questions have been framed for the survey. The collected data were tabulated and examined with the assistance of regression analysis by making use of SPSS software package.

For assessing the influence of HRM practices on entrepreneurial behavior of personnel independent variable comprises several HRM practices such as staffing practices, identification of training needs, constructive feedback for continuous improvement, providing career growth opportunities, transparent performance appraisal system, compensation benefits, employee retention process, and dependent variable comprises corporate entrepreneurial behavior.

So as to collect the secondary information researchers have referred books, magazines, internet sources, e-books, conference proceedings, academic articles, company reports and many more.

6. Results

6.1 Correlation Analysis.

Table 1: Correlation between HRM Practices and IBIY

		IBIY
SP	Pearson Correlation	.538**
	Sig. (2-tailed)	.000
	N	51
ITN	Pearson Correlation	.904**
	Sig. (2-tailed)	.000
	N	51
CFCI	Pearson Correlation	.604**
	Sig. (2-tailed)	.000
	N	51
PCGO	Pearson Correlation	.712**
	Sig. (2-tailed)	.000
	N	51
TPAS	Pearson Correlation	.808**
	Sig. (2-tailed)	.000
	N	51
CB	Pearson Correlation	.743**
	Sig. (2-tailed)	.000
	N	51

** . Correlation is significant at the 0.01 level (2-tailed).
 SP: Staffing Practices, ITN: Identification of Training Needs, CFCI: Constructive Feedback for Continuous Improvement, PCGO: Providing Career Growth Opportunities, TPAS: Transparent Performance Appraisal System, CB: Compensation Benefits, IBIY: Intrapreneurial Behaviour in you

Table 2: Correlation among various HR Practices

		SP	ITN	CFCI	PCGO	TPAS	CB
SP	Pearson Correlation	1	.416**	.209	.242	.422**	.551**
	Sig. (2-tailed)		.002	.142	.087	.002	.000
	N	51	51	51	51	51	51
ITN	Pearson Correlation	.416**	1	.550**	.721**	.697**	.645**
	Sig. (2-tailed)	.002		.000	.000	.000	.000
	N	51	51	51	51	51	51
CFCI	Pearson Correlation	.209	.550**	1	.263	.472**	.480**
	Sig. (2-tailed)	.142	.000		.062	.000	.000
	N	51	51	51	51	51	51
PCGO	Pearson Correlation	.242	.721**	.263	1	.518**	.481**
	Sig. (2-tailed)	.087	.000	.062		.000	.000
	N	51	51	51	51	51	51
TPAS	Pearson Correlation	.422**	.697**	.472**	.518**	1	.538**
	Sig. (2-tailed)	.002	.000	.000	.000		.000
	N	51	51	51	51	51	51
CB	Pearson Correlation	.551**	.645**	.480**	.481**	.538**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	51	51	51	51	51	51

** . Correlation is significant at the 0.01 level (2-tailed).

Pearson correlation technique was employed to test out the correlation between HRM practices and corporate entrepreneurial behavior. From Table 1 i.e., Pearson correlation of corporate entrepreneurial behavior with HRM practices i.e. Staffing practices ($r=.538$) Identification of Training Needs ($r=.904$), Constructive Feedback for Continuous Improvement ($r=.604$), Providing Career Growth Opportunities ($r=.712$), Transparent Performance Appraisal System($r=.808$), Compensation Benefits ($r=.743$), show signs of an active correlation. The fallout point out that each and every variables are mathematically significant at ($p<.05$).

ITN (Identification of Training needs) ($r=.904$) shows high correlation and the lowest among the other variables is SP (Staffing Practices) ($r=.538$).

Table 2 shows correlation among various HR practices and all the HR practices are found to be averagely correlated.

Table 4: Regression Analysis Model Summary

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.965 ^a	.930	.921	.184	.930	97.962	6	44	.000	2.358
a. Predictors: (Constant), CB, CFCL, PCGO, SP, TPAS, ITN										
b. Dependent Variable: IBYI										

Coefficient of resilience (adjusted R² value of 0.921) points out, projected model demonstrates 92% variability of HRM practices under study in influencing the corporate entrepreneurial behavior. It shows that HRM practices namely Staffing Practices, Identification of Training Needs, Constructive Feedback for Continuous Improvement, Providing Career Growth Opportunities, Transparent Performance Appraisal System, Compensation Benefits have a productive influence on developing corporate

6.2 Regression Analysis

Table 3: Regression Analysis

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	19.848	6	3.308	97.962	.000 ^b
	Residual	1.486	44	.034		
	Total	21.333	50			
a. Dependent Variable: IBYI						
b. Predictors: (Constant), CB, CFCL, PCGO, SP, TPAS, ITN						

The ANOVA table points out the significant P value as <0.05 ; this indicates that the model is significant statistically.

6.3 Regression Analysis Model Summary

entrepreneurial behavior among personnel. Consequently it is recognized that independent variables explicitly HRM practices contribute optimistically towards reconstruction in the dependent variable that is corporate entrepreneurial behavior.

6.4 Summary of Findings: The below given table pr cis all the fallout in terms of the hypothesis that was found to be factual.

Table 5: Hypothesis Finding

Hypothesis	Sig	Direction	Hypothesis Supported
H1 - HRM practices have direct correlation with development of corporate entrepreneurial behavior among IT personnel	0.01	Positive	Yes
H2 -HRM practices in IT organizations are correlated with each other.	0.01	Positive	Yes

There is significant positive correlation between HRM practices and corporate entrepreneurship in IT segment in Karnataka. The outcome demonstrates that HRM practices have direct correlation with development of corporate entrepreneurial behavior among IT personnel in Karnataka. This is because of the value of the overall correlation that is 0.718 and it is statistically significant at the level of $\alpha = 0.05$, also note that the value of the deviation less than 1.00 denotes the attentiveness of the answers and lack of dispersion.

7. Conclusion and Discussion

The key aim of the existing research was to study the human resource practices that influence the corporate entrepreneurial behavior among IT employees. The numerical outcome acquired in this research demonstrated that HRM mechanisms have a noteworthy constructive influence on development of corporate entrepreneurial behavior among personnel. On the most effective HRM practice i.e. training found to have direct effects on development of corporate entrepreneurial behavior. This upshot demanded that when firms have advanced level of training, it would improve the

development of personnel’s essential abilities and their prospective to gain knowledge. Personnel are competent to create novel perceptive and novel ideas that would be helpful for organizational innovation.

Performance assessment, conversely, training found to have direct effects on development of corporate entrepreneurial behavior. Fair and transparent performance assessment practice definitely would stimulate personnel’ towards their works. High impetus would facilitate to augment personnel’s’ enthusiasm to engender novel ideas so as to augment organizational innovation.

HRM practices such as career management, compensation benefits, staffing practices) were found to have direct effects on development of corporate entrepreneurial behavior.

8. Recommendations

Our empirical results furnish numerous significant managerial suggestions. Primarily, administrator could make every effort to advance product innovation by offering sufficient training program associated to product technology acquaintance constantly. Administrators have to set up a lane to allow personnel to attain and assimilate diverse sources

and forms of knowledge from company cohorts and internal and external training schedules. Administrators must also set up a lane to facilitate knowledge to be shared and transmitted from the company to a person, from person to person, and from person back to the company. With an appropriate facilitation, the personnel would be competent to utilize and execute the knowledge to perk up competence, and resolve issues. Therefore, the enrichment of knowledge management efficacy through ample and appropriate training, firm innovation will be greater than before. Second, it is vital for IT zone to offer excellent performance evaluation to their personnel. Reasonable performance evaluations strengthen personnel's enthusiasm leading to enhance in managerial innovation. Administrators must push personnel to attain, distribute, and implement their knowledge so as to reach the performance evaluation purposes which are competent to cause better organizational innovation.

9. Research limitations and future research

This research meets few limitations. Primarily, this research is limited to IT firms situated in Karnataka. Second, the results found might not be generalized to the additional samples across other areas. Upcoming study can be spared with bigger sample from various provinces within the same sector, which will perk up the generalization of the upshots.

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