



THE NEXUS BETWEEN HUMAN RESOURCES PRACTICES, INTRAPRENEURSHIP AND ORGANIZATIONAL INNOVATION

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Submission: 8/24/2021

Accept: 9/26/2021

ABSTRACT

In today's world, the impact of strategic human resources management on innovation activities plays key role in organizational development and change management. The aim of this research is to determine the impact of human resource management on intrapreneurship and organizational innovation. It is emphasized by many significant authors in last decades that the entrepreneurial activity is at the heart of competitiveness, productivity growth, innovation, economic growth and job creation. The research based on literature review and personal interpretation on the topic. Theoretical analysis on relevant researches on nexus between human resources management, organizational innovation and intrapreneurship, presentation of conceptual framework, presentation of the research findings are the objectives of the research. This study has potential limitations such as data collection process and access to the relevant literature. Research results emphasize on the impact of job selection process, training



process, reward and motivational techniques on organizational innovation and intrapreneurship.

Keywords: innovation, entrepreneurship, intrapreneurship, Human resources, organizational innovation

1. INTRODUCTION

Strategic human resources department plays key role in organizational performance. Innovation and entrepreneurship performance of the employees are two factors which has significant impact on sustainable competitive advantage of organizations and its adaptation to the competitive business environment. Based on mentioned approaches above, the relationship between human resources management and mentioned factors cannot be neglected. Hence, the research aims to determine the impact of human resource management on intrapreneurship and organizational innovation.

Atar (2016) mentioned that, the efficient utilization of human resources is the driving force of innovation activities, technological compliance, competitive advantage and value creation in existing market. The research based on literature review and personal interpretation on the topic. Due to increasing importance of human resources and its strategic planning process, intrapreneurship and innovation researchers pays specific attention in last decades. Hence, various significant studies carried out in literature. However, there are few studies which addressing human resources management, organizational innovation and intrapreneurship all together. Thus, this study designed to contribute to the literature from mentioned perspective.

Research results emphasize on the impact of job selection process, training process, reward and motivational techniques on organizational innovation and intrapreneurship. Theoretical analysis on relevant researches on nexus between human resources management, organizational innovation and intrapreneurship, presentation of conceptual framework, presentation of the research findings are the objectives of the research. This study has potential limitations such as data collection process and access to the relevant literature.

2. THEORETICAL FRAMEWORK AND RELATED LITERATURE

2.1. Innovation, Entrepreneurship and Intrapreneurship

Historically, many researchers have touched on the conceptual relationship between entrepreneurship and innovation (Schumpeter, 1934; Drucker, 1994; Legge & Hindle, 1997;



Sundbo, 1998; Kanungo, 1999) While others have focused the nexus between entrepreneurship and innovation departing from process to structure, and strategy (Casson, 1982; Caird, 1988; Cornwall & Perlman, 1990; Littunen, 2000). Over the last decades, entrepreneurship has become established as a legitimate field of research and managerial practice (Hoskisson et al., 2011).

OECD, (2007) defines entrepreneurship as “the result of any human action undertaken in order to generate value through the creation or expansion of economic activity”. According to Nelson (1993), innovation encompasses “the processes by which firms master and get into practice product designs and manufacturing processes that are new to them.”

Innovation and Entrepreneurship are considered as a significant basis for competitive advantage in dynamic and changing business environment, enhancing capabilities for sustainable business growth, economic activity and the wealth of nations (O’Connor, 2013). Entrepreneurship refers to the exploration, evaluation and exploitation of opportunities in the process of business start-up, creation and growth; entrepreneurial dynamism is the key to economic renewal and growth (Shane, 2012; Lewrick et al., 2010).

Innovation relates to the development, adoption and exploitation of value-added activities in economic and social areas; a key factor for competitiveness and growth (Crossan & Apaydin, 2010; Lewrick et al., 2010), while some authors see innovation and entrepreneurship as the line between life and death (Tidd & Bassant, 2015).

Embracing and stimulating entrepreneurship and innovation education and training provides nations with more entrepreneurs and innovators (Maritz & Brown, 2013; Donovan et al., 2013). Entrepreneurship education programs are defined pedagogical programs or education that aims to develop entrepreneurial attitudes, skills and personal qualities; which is designed to empower individuals with the necessary tools to initiate a new business (Fayolle, 2010).

A comprehensive panorama of entrepreneurship and transition to intrapreneurship covers the actions of entrepreneurs within the organizations. Intrapreneurship is vital in today’s highly competitive and fast-changing environment for a legitimate route towards increased levels of organizational performance (Hayton et al., 2013).

An extensive view of entrepreneurship and transition to intrapreneurship covers the actions of entrepreneurial behavior of the employees within the organizations. Intrapreneurship is a significant for innovation activities of the organizations and vital in today’s highly competitive and fast-changing business environment (Hayton et al., 2013). The term intrapreneur was coined in 1978 by Gifford and Libba Pinchot (Hadad & Cantaragiu, 2017).

Pinchot used “intrapreneurship” to define individual intra-corporate entrepreneurship. In the literature, however, intrapreneurship is usually studied as behaviors (Rigtering & Weitzel, 2013). As a result, intrapreneurship has been developed through individual components (Skarmeas et al., 2016). In addition, Table 1 below shows the similarities such as innovation, creation of value and undertaking risk whereas differences including type of activity, encountered obstacles and sources of funding.

Table1: Entrepreneurship versus Intrapreneurship

	Similarities		Differences
Innovation	<ul style="list-style-type: none"> ●The entrepreneurs and the intrapreneurs are innovative individuals. ●Innovation represents a brand-new product or service, a new technological process or an improved management method. 	Type of Activity	<ul style="list-style-type: none"> ●The activity of intrapreneur includes a restoring trait. ●The activity entrepreneur involves a originaive trait.
Creation of value	<ul style="list-style-type: none"> ●Adding further value to the products and services is the fundamental objective for both of them. ●Alteration must be truly new and must come up with a different proposal. 	Encountered Obstacles	<ul style="list-style-type: none"> ●For the intrapreneur, the organizations’ culture may be the crucial obstruction. ●The entrepreneur has a powerful obstruction which is the market.
Undertaking Risk	<ul style="list-style-type: none"> ●The intrapreneurial and entrepreneurial activities contain a higher degree of potential risks as in comparison to the usual risks. ●The intrapreneur undertakes the risk of organization’s capital and focuses on new products. ●The entrepreneur undertakes the risks of his/her own money and time. 	Sourcing of Funding	<ul style="list-style-type: none"> ●The intrapreneur benefits from the organization’s resources. ●The entrepreneur individually search for funding sources, at the risk of losing his/her own assets/fortune.

Source: Sasu 2003 (in Ozbozkurt, 2019)

When researchers describe the intrapreneurship in organizational context, they are representing the intrapreneurship concept as “spontaneous trait transference”. This concept is not associated to the person who enacts the behavior but with another person who describes that behavior by someone else but does not perform it (a communicator or informant) (Uleman, 2015). From this perspective, the intrapreneurship is related to the “Role Theory” which concerns “organizational social life and behavior patterns or roles” presented by B. J. Biddle, 1986. The role theory has created significant base for understanding intrapreneurship within organizations. This phenomenon will be discussed in detail while presenting intrapreneurship and the organization.

Intrapreneurship is a significant term at the individual and organizational levels. intrapreneurship, which reveals the integration of entrepreneurship and strategy activities within an organization, leads employees to understand that the role of individuals within an organization are vital and indispensable for the organization. Intrapreneurship can be

considered as guiding signs of success by contributing to the development of employees and hence organizational development. Intrapreneurship has a positive influence on the productivity, effort and satisfaction of its employees which leads to the success in innovation activities.

2.2. Intrapreneurship and the Organization

Many organizations are redesigning their activities in radical and meaningful ways in response to these vital and rapid changes against external and internal business environment. The survival of today's businesses is related to constant demand for new opportunities and possibilities and force a new understanding of essential skills and concepts. Rapid changes in environmental factors are as same as business growth and product sells on international markets while the diversification of customer demands has increased the importance of intrapreneurship and organizational innovation.

Intrapreneurship satisfies to the demands by shaping the future direction of organizations and intrapreneurship as the new subject increases its importance every day. Intrapreneurship is entrepreneurial activities pursued within the organization to support organizational strategy (Gaertner, 2014) and social intrapreneurship which demands flexibility to accept employees ideas (Nery, 2021) based on how employees could be inspired to behave entrepreneurially in organizational framework (Gundogdu, 2012).

This approach is highly depends on the personality and characteristics of the employees and also the organization level distinction between units and subunits, at team level role specialization in department and individual-level role specialization for the employee (Yukl, 2013).

Various reseaches mentions two essential scales in Intrapreneurship literature. The first scale related to the innovative and proactive disposition of management (Taneja, 2010) and the second scale includes innovation venturing and self-improvement activities of employees (Antoncic & Hisrich, 2001). However, the "Role Theory" forms a new intersection between two scales which based on expectations, and the interaction between expectations and organizational values.

Thus, it can be emphasized that, role relationship is based on shared expectations and organizational culture (Parsons, 2014) and intrapreneurship role depending on the transformation of the behavior by transfer of the knowledge domain of the role senders. Transfer of knowledge and knowhow or domain of the intrapreneurship behavior can endure over time (Redding, 1993).



Moreover, the significant role of organizational communication for voluntary intrapreneurs (Park et al., 2014) and environmental effects on intrapreneurship should not be neglected (Felicio et al., 2012). It might be difficult to find entrepreneurs in organizations which are essential for intrapreneurship. According to role theory, organizations should lead employees to learn intrapreneurship as a role which departs with media depictions and interaction with others before and moves to personal stage. That means, organizations must be leaded with the leader intrapreneurs to be a sample figure and promote intrapreneurship to others within the organization as figureheads, because roles are transferable.

2.3. Strategic Human Resources Management, Organizational Innovation and Strategic Intrapreneurship

To begin with, it must be mentioned that There is lack of studies in literature on strategic human resources management together with organizational innovation and strategic intrapreneurship. Taking into consideration existing studies, strategic human resources management can be seen as major factor with significant on innovation performance of the organizations (Demirtas, 2013) and strategic intrapreneurship has been paid attention as a rising field of up-to-date studies for achieving organizational objectives and goals (Bozkurt, 2019).

Intrapreneurship, as a new trend, stands for corporate entrepreneurship within an existing organization, behavioral intentions, and behaviors of an organization that are correlated with departures from the customary. Hence, this approach illustrates the strong nexus between strategic human resources management and strategic intrapreneurship which directed to the innovation activities and its achievements.

Moreover, this nexus is supported by various studies such as Antoncic (2007) which mentioned that intrapreneurship involves four main dimensions including new business venturing, innovativeness, orgaizational self-renewal, and proactiveness, Enslin (2010), emphasizes on additional three dimensions that are risk-taking, autonomy, and competitive aggressiveness. On the other hand, Morris, Kuratko and Covin, (2010) describes strategic intrapreneurship as self-driven, with self-imposed timelines and performance benchmarks.

Harmonic movement of strategic human resources functions is the main support of employee's entrepreneurial spirit. In another word, organizational learning and knowledge transfer can be seen as driving force entrepreneurial activities of employees. Application of human resources practices (recruitment and hiring process, training process, job development etc.) supports intrapreneurial activities and success in innovation activities.



Departing from this approach, it can be emphasized that entrepreneurship and innovation are an inseparable (Tidd & Bassant, 2015) and it is an important factor for competitive advantage by increasing their impact with appropriate strategic human resources practices (Atar, 2016).

Avci and Ulu, (2014) emphasized on the impact of employee's empowerment which is significant part of strategic human resources management on organizational creativity and innovation. Moreover, some studies emphasized on positive impact of performance appraisals and rewarding on efficiency and innovative behavior of organization (Yu et al., 2013; Kim & Choi, 2014).

Also, the significant role of recruitment and training process on innovation infrastructure cannot be neglected (Fernando, 2013). Adaptation of strategic human resources management application is not only prominent for innovation performance, but also is a driving force for intrapreneurship orientation (Messermith & Wales, 2013) which leads employee creativity and innovation potential to be volunteer to take responsibility in organizational goal (Eze et al., 2018).

3. CONCLUSIONS

Effective human resources strategies create employees empowerment at work environment which leads employees creativity and innovation potential to be volunteer to take responsibility in organizational goal and hence, it drives intrapreneurship in organization, increased success in innovation activities and creates cohesion between employee and organization.

Due to increasing importance of human resources and its strategic planning process, intrapreneurship and innovation researchers pays specific attention in last decades. Hence, various significant studies carried out in literature. Research findings shows us there are linear relationship between intrapreneurship, innovation and human resources management however no relation determined between hiring process which is significant part of human resources management application and innovation.

Moreover, significant practices of human resources management such as job selection, training and reward and motivational techniques have direct impact on intrapreneurship and innovation. Based on mentioned findings, it might be appropriate to interpret the results as the job selection and hiring process are significant and comprehensive process which leads organization to match appropriate job with best candidate.



It is considered that there should be internal entrepreneurship and innovation competence in every individual who will work within the enterprise which has to be filtered through the human resources practices. Taking into consideration the strong cohesion between organizational innovation, intrapreneurship and human resources management, it is recommended to extend similar studies in literature and contributing to the literature by comparing the studies with each other and adding new approaches on this subject.

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