

Corporate Entrepreneurship, HRM Practices and Firm Performance

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Abstract

In modern business dynamics, firm growth and sustainability significantly depends on corporate entrepreneurship (CE) and entrepreneurship (E) practices. Because of their significance, we have examined the direct and indirect effect of corporate entrepreneurship (CE) and entrepreneurship (E) on firm performance (FP) in SMEs of Nigeria. We have used a sample of 387 for collecting the data non-randomly. The tool we used for collecting the data was a close-ended questionnaire, which we adapted from earlier studies. The authors have used Smart PLS for statistical analysis. We found that corporate entrepreneurship (CE), entrepreneurship (E), and human resource management (HRM) affects firm performance (FP). We also found that HRM practices also have a significant link with corporate entrepreneurship (CE), entrepreneurship (E), and firm performance (FP). The results also suggest that entrepreneurship (E) and corporate entrepreneurship (CE) mediates HRM practices and firm performance (FP). The above findings were consistent with the view that HRM practices are an essential component of an organization. HRM activities besides conventional functions also promote entrepreneurial (E) behaviour and organizational outcomes. Thus, the HRM department must continuously revisit the policies and procedures to ensure that they are aligned with the changing environment. Entrepreneurial (E) and corporate entrepreneurial (E) orientation support an environment that encourages employees to participate in decision making, which enhances employees' sense of belonging and promote a positive attitude towards work.

Keywords: *Corporate entrepreneurship, entrepreneurship, practices, firm performance, Nigeria.*

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Introduction

The present global economy has brought opportunities and challenges to business entities world over. Firms have to develop new products due to changes in technology and consumer needs (Boone, Lokshin, Guenter & Belderbos, 2019). Also, firms may need to refine their organizational structure. Otherwise, they may not be able to make quick decisions and may fail to aligned themselves with the new market requirements (Fis & Wasti, 2009). In this context, firms of a stereotypical nature may have to adopt innovative and proactive approaches for sustainable growth (Hughes & Mustafa, 2017; Jones et al., 2019). In other words, firms need to promote the entrepreneurial culture in their organizational setup. Entrepreneurship (E), besides developing a new product or service, also focuses on discovering new market opportunities and redefining the internal process in business entities (Agca & Kandermir, 2008; Fis & Wasti, 2009; Miller & Friesen, 1982).

Similarly, a firm can use corporate entrepreneurship (CE) for strategic renovation, enhancing competitive advantage, sustainable growth, and launching new and innovative products in the market (Kazanjian, Drazin & Glynn, 2017). Micro-strategic changes in an organization stimulate macro-level changes. Both, when aligned, promote sustainable growth (Karimi & Walter, 2016; Kreiser et al., 2019). Change processes and entrepreneurship (E) besides positively affecting intra-company structures permeate within a whole society (Kuratko & Morris, 2018). Kuratko and Morris (2018) stress that corporate entrepreneurship (CE) helps in building an environment in firms, which allows them to adopt a dynamic and innovative approach.

Consequently, it will enable firms to align their processes and offerings with the changing requirements of the market (Boone, Lokshin, Guenter & Belderbos, 2019). Given its significance, researchers since the early 1990s are examining the associations of entrepreneurship (E), corporate entrepreneurship (CE), and firm performance (FP). However, many previous studies have examined the direct effect of entrepreneurship (E), corporate entrepreneurship (E) on firm performance (E). We have contributed towards the body of knowledge by examining five direct relationships on firm performance (FP). Further, we have also examined the mediating effects of corporate entrepreneurship (CE) and entrepreneurship (E) HRM practices and firm performance (FP).

Literature Review

Human Resource Management Practices

HRM aims to develop sustainable human capital by nurturing the skills and abilities of employees (Hayton, 2005; Sakhdari & Burgers, 2018). A well-structured HRM department continuously recommends changes in HRM policies and practices for the sustainable

competitive advantage of firms (Behrens & Patzelt, 2016; Kidwell & Fish, 2007). For example, HRM policies should focus on the retention and attraction of talented employees by suggesting transparent recruitment and rewards systems. Mayson (2007) argues that firms that can align their HRM practices with business strategy will have the edge over competitors. Strategic HRM has three essential facets, which are “universalistic, contingent and configurational” (Twomey & Harris, 2000). The focus of the universalistic approach, which is also known as best practices, is on the HRM practices of entrepreneurial firms. Adapting HRM practices of entrepreneurial firms may promote sustainability and competitiveness (Arthur, 1994). Both contingency and configuration approaches advocate that corporate strategy aims at changing employee behavior and the outcomes. Both will have a far-reaching effect on firms (Jones et al., 2019). Although the broad aims of contingency and configurational theories are similar, their approaches are different. The contingency approach links HRM systems with the strategic position, while the configurational approach is more holistic, which focuses on “equifinality” (Wright & McMahan, 1992; Becker & Gerhart, 1996).

Hypothesis Development

Corporate Entrepreneurship (CE) and Firm Performance (FP)

A firm’s performance reflects its strategic orientation. Firms must have sustainable production, as it is necessary for their growth and survival. Management theory suggests that corporate entrepreneurship (CE) is essential for the success of firms. Many researchers attribute the applications of the decision making process to corporate entrepreneurship (CE) (Boone, Lokshin, Guenter & Belderbos, 2019). Firms that have conducive corporate entrepreneurship (CE) structure use the available resources efficiently and effectively for sustainable growth. Bulut and Yilmaz (2009) found a strong link between corporate entrepreneurship (CE) and firm performance (FP) and also identify different corporate entrepreneurship (CE) approaches that firms can use to stay competitive. Tayeb (1995) examined why some firms are successful, and others are not. It is argued that successful firms have robust corporate entrepreneurship (CE) orientation, while unsuccessful firms had a weak intrapreneurial environment.

According to Kuratko and Hornsby (1999), corporate entrepreneurship (CE) promotes behavioral entrepreneurship (BE) in an organization, which is significant in increasing firm performance (FP). Lumpkin and Dess (1996) stress that five dimensions of corporate entrepreneurship (i.e., “autonomy, innovation, risk-taking, proactiveness, and competitive aggressiveness”) are essential for the growth and success of business entities. Lee, Lim, and Pathak (2011) support the link between corporate entrepreneurship (CE) and firm-performance (FP) by stressing that the former enhances the latter through internal

innovation and cooperation. Corporate entrepreneurship (CE) makes an organization more competitive, enables it to take advantage of internal opportunities, and improves its performance (Kazanjian, Drazin & Glynn, 2017). On the contrary, Zahra et al. (2000) suggest that corporate entrepreneurship (CE) is “the rate of innovation of the company and renewal business,” which is essential for superior firm performance.

H1: Corporate entrepreneurship (CE) and firm performance (FP) are positively associated.

Entrepreneurship (E) and Firm Performance (FP)

The association between entrepreneurship (E) and firm performance (FP) was initially examined by Miller (2011) who stated that “an entrepreneurial firm is one that engages in product-market innovation, undertakes somewhat risky ventures, and is first to come up with ‘proactive’ innovations, beating competitors to the punch.” Entrepreneurship (E) has three essential facets, which are “innovativeness, proactiveness, and risk-taking.” All these three elements of entrepreneurship (E) directly and indirectly affect firms’ performance (FP) (Lumpkin & Dess, 1996; Shepherd & Wiklund, 2005). Innovativeness encourages new ideas that have a direct link with new products or processes. Firms can market newly developed products for enhancing their market share and gaining a competitive edge (Jones et al., 2019; Jantunen et al., 2005). Risk-taking and proactiveness enable firms to launch innovative products ahead of competitors, which increases their market share and profits (Miller & Friesen, 1978). Many past studies have used entrepreneurship (E) as a single construct and found it has a direct association with firm performance (FP). These studies were not restricted to one industry but were carried out in diverse domains, including the manufacturing industry, service industry, and SMEs (Kazanjian, Drazin & Glynn, 2017; Hughes et al., 2007).

H2: Entrepreneurship (E) and firm performance (FP) are positively associated.

Human Resource Management (HRM) Practices and Corporate Entrepreneurship (CE)

Researchers have used the concepts of corporate entrepreneurship (CE) and intrapreneurship, interchangeably. Both focus on increasing the profitability of organizations through innovation and creativity (Pinchot, 1985; Guth & Ginsberg, 1990). Corporate entrepreneurship (CE) encourages organizational learning. It promotes different traits of entrepreneurship (E) in individuals (Hayton, 2005). HRM practices also help individuals to adopt corporate entrepreneurship (CE). Hughes and Mustafa (2017) argue that despite the association between HRM and corporate entrepreneurship (CE), studies available remain inconclusive. The reason for this inconsistency is that corporate entrepreneurship (CE) is a complex phenomenon that is inclusive of “innovation, venturing, and strategic renewal” (Hayton, 2005). Chrisman, Chua, and Steier (2002) refer to corporate entrepreneurship as

“the process whereby an individual or a group of individuals, in association with an existing organization, create a new organization or investigate renewal or innovation within that organization.”

In a corporate setup, innovation should lead to marketable products and services. Venturing, on the other hand, focuses on establishing a new business unit. It could be by starting a new business, acquiring an existing group, or joining hands with others through a partnership or joint ventures (Hayton, 2005). Strategic renewal is a process that transforms organizations by using vital organizational ideas into practices (Guth & Ginsberg, 1990). However, not many studies are available that have empirically examined this concept (Covin & Miles, 1999). Past studies have not focused on the link between HRM practices and entrepreneurship. They have mostly focused on either the process of innovation or venturing (Boone, Lokshin, Guenter & Belderbos, 2019). Organizations can promote intrapreneurship by decentralizing authority, encouraging participative decision making, creativity, risk-taking, and discouraging a bureaucratic management style (Luchsinger & Bagby, 1987). Middle management is the backbone of an organization and should foster intrapreneurship (Kuratko et al., 2005). However, many human resource managers acknowledge that HRM practices do not encourage middle managers to promote intrapreneurship in an organization (Karimi & Walter, 2016).

H3: HRM practices and corporate entrepreneurship (CE) are positively associated.

Human Resource Management (HRM) Practices and Entrepreneurship (E)

Organizations that adopt the entrepreneurship (E) approach have more chances for growth and development than those who do not utilize it (Altinay et al., 2016). Firms that take benefit of sharing and acquiring knowledge through social media may be able to generate novel and innovative ideas as compared to others. Firm success depends on employee performance and organizational values. Many researchers have extended “HRM Theory and Practice” in the studies related to entrepreneurial firms (Katz et al., 2003). For example, HRM contributes significantly to new ventures by acquisition and deployment of human resources.

Similarly, a new enterprise at the later stages of the product life cycle grows at a rapid pace, which requires an alignment of the system with the resources (Akinyele et al., 2013; Barrett & Mayson, 2007). Thus, it can be concluded that HRM decisions have a direct link with entrepreneurship (E). Many studies have validated the association between HRM and entrepreneurship (E). For example, Burgelman (1983) and Schuler (1986) have acknowledged that many HRM policies influence entrepreneurship (E). Schuler (1986) recommends that the aim of HRM practices should be to promote entrepreneurship (E), while Hayton (2005)

concluded that human resource practices (i.e., “planning, staffing, appraising, compensating, training and development, and labor-management relations”) and entrepreneurship (E) have a positive correlation. The contingency theories of organizations also suggest that human resource policies should evolve with the change in entrepreneurship (E) levels of an organization (Minzberg, 1984). Employees who are creative, innovative, flexible, risk-taking can be considered to have a high entrepreneurial orientation. HRM is a significant precursor to a conducive environment that also promotes and nurtures intrapreneurship (E) traits in employees (Schuler, 1986). There is a certain level of ambiguity in the definitions and dimensions of entrepreneurship (E). Given this ambiguity, we find that the focus and scope of entrepreneurial (E) scholars and HRM scholars are different. Most entrepreneurship (E) researchers have focused on entrepreneurs as individuals, founding processes, and high growth firms. On the other hand, HRM scholars have mostly focused on the management of employees and other HRM issues in large firms (Katz et al., 2003; Akinyele et al., 2013).

H4: HRM practices and entrepreneurship (E) are positively associated

Human Resource Management (HRM) Practices and Firm Performance (FP)

Human resource management (HRM) practices have different components, including selection, recruitment, and staffing. All the facets related to HRM individually and collectively stimulate employee self-motivation, positive attitude towards work, and organizational performance (Ngo, Lau & Foley, 2008). Bamberger and Meshoulam (2000) have divided HRM into three facets, i.e. (1) people flow (i.e., “selective staffing, extensive training, employee mobility, a guarantee of job security”), (2) appraisal and rewards (i.e. “performance appraisals and incentives”), and (3) employee relations (i.e., “job design and encouraging participation”). Many past studies have found a positive association between HRM and organizational performance (Zhang & Jia, 2010; Ngo, Lau & Foley, 2008). An HRM system ascertains the skill and knowledge requirements (i.e., short term and long term) of a firm and maps them with employees’ skills and knowledge. Subsequently, HRM fills the knowledge and skill gaps by hiring new employees and arranging employees training and development programs (Collins & Clark, 2003). Employees “internal mobility promotes knowledge sharing” within organizations, which is beneficial for both employees as well as organizational performance.

Similarly, “job security is a commitment given to employees” about a sustainable relationship between employees and business entities. Providing job security is “an investment in human capital,” which is considered as an essential precursor to a positive attitude towards work within an organization. Furthermore, an efficient and transparent appraisal system in a firm enhances employees’ motivation and firm performance. Performance appraisal systems besides rewarding well-performing employees can also be used to identify why some employees are performing below par (Jones et al., 2019). Thus,

HRM must communicate with under performing employees to enhance their motivational levels.

Both financial and non-financial rewards are necessary for employees' sustainable relationship with an organization and enhancing employees' motivation and attitude towards work (Hughes & Mustafa, 2017). Many studies have acknowledged that a well-balanced incentive structure in an organization promotes a positive attitude towards work and sustainable growth (Bamberger & Meshoulam, 2000; Kaya, 2006; Pinchot, 1985). The job description of an employee in an organization clearly describes his/her duties, responsibilities, and power. Thus, a well-structured job description gives direction to employees on the work process and work outcomes. Hayton (2005) and Schuler (1986) argue that a well-structured job description provides an impetus to work process and firm performance. Similarly, corporate entrepreneurship (CE) has become a critical factor that businesses need to pay attention to for stimulating "corporate growth, profitability, and firm performance (FP)" (Kaya, 2006).

H5: HRM practices and firm performance(FP) are positively associated.

Mediating Relationships

The above theoretical discussions suggest that HRM is an antecedent of corporate entrepreneurship (CE) and entrepreneurship (E). Similarly, the literature suggests that good corporate entrepreneurship (CE) and entrepreneurship (E) leads to better firm performance. Thus, we have proposed the following mediating relationships.

H6: Corporate entrepreneurship (CE) mediates the association between HRM practices and firm performance.

H7: Entrepreneurship (E) mediates the association between HRM practices and firm performance (FP).

Conceptual Framework

The conceptual framework (depicted in Figure 1) is based on the existing literature—the proposed theoretical framework has five direct relationships and two mediating relationships.

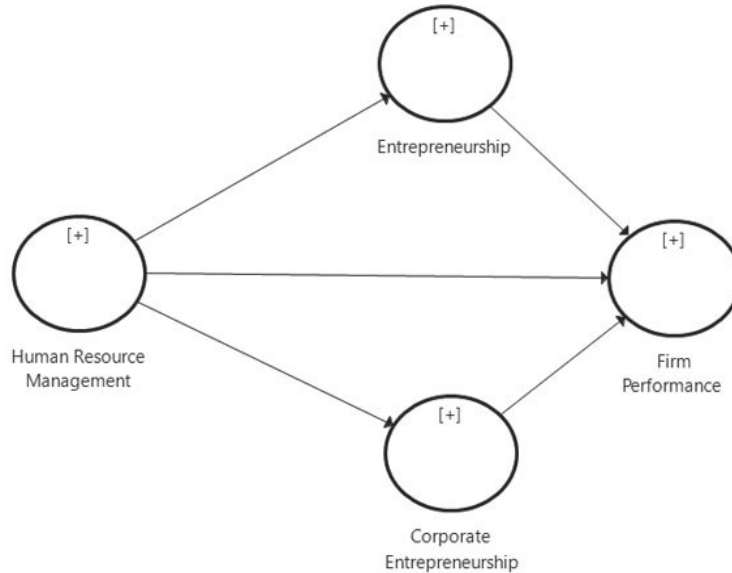


Figure 1: Conceptual Framework

Methodology

Population and Sample

The focus of the study is on SMEs, located in Nigeria. The population size, according to an estimate, is in thousands, which is inclusive of “supermarkets, electronic shops, pharmacies, business centers, cyber cafes, restaurants, hairdressing salons, pure water companies, and paint companies.” We have selected SMEs as their contribution to the Nigerian economy is substantial. The authors have personally visited the selected entities and distributed 400 survey forms, which we collected in the subsequent week. We received 387 valid survey forms.

The total respondents of the survey include 40% married individuals and 60% single. 37% of the respondents were females, and the remaining 63% were males. In terms of age, 20% of the respondents were in the age group of 18 to 28 years; 25% were in the age group of 29 to 40 years; 25% in the age group of 41 to 50 years; 20% in the age group of 51 to 60 years; and 10% were over 60 years. In terms of education, 25% of the respondents had intermediate qualification, 30% had a bachelor’s degree, 35% had a master’s degree, and 10% had a postgraduate qualification.

Scales and Measures

The measurement scale of variables was adapted from the previous literature. All the constructs were based on a “five-point Likert Scale, where one represents highly disagree, and five represents highly agree.” HRM practices, corporate entrepreneurship (CE), and firm performance (FP) were measured using scales adapted from Kaya (2006). Moreover, the entrepreneurship (E) Scale was adapted from Valliere (2015).

Data Analysis

Before conducting empirical estimation, exploratory factor analysis was conducted to identify the factor loadings of the various items that measure each construct. The indicator variables with low factor loadings were dropped. Subsequently, PLS-SEM was applied using the Smart-PLS software to validate the formulated hypotheses.

Results

Descriptive Statistics

The descriptive statistics of the research constructs are presented in Table 1. The descriptive statistics include the mean, standard deviation, skewness, kurtosis, and Cronbach’s alpha.

Table 1: Descriptive Statistics

	Mean	SD	Skewness	Kurtosis	Cronbach’s Alpha
Corporate Entrepreneurship	3.97	1.23	.987	1.132	0.880
Entrepreneurship	4.21	1.47	1.101	0.984	0.843
Firm Performance	3.99	1.76	.487	1.030	0.896
HRM practices	3.76	1.36	1.760	1.111	0.815

We have measured the internal consistency through Cronbach’s alpha value. It is highest for firm performance (FP) (Mean=3.99, SD=1.76, $\alpha=0.896$), and the lowest is for human resource management practices (HRM) (Mean=3.76, SD=1.36, $\alpha=0.815$). As all the constructs have a Cronbach alpha greater than 0.70; therefore, we can infer that all the constructs have acceptable reliability (Hair et al., 1998).

The lowest Kurtosis value is for entrepreneurship (E) (Mean=4.21, SD=1.47, KR= 0.984), and the highest is for corporate entrepreneurship (CE) (Mean=3.97, SD=1.23, KR= 1.132). Similarly, the lowest Skewness value is for firm performance (FP) (Mean=3.99, SD=1.76, SK= 0.896) and the highest for human resource management practices (HRM) (Mean=3.76, SD=1.36, SK=1,76). Thus, based on the skewness and kurtosis values of the constructs, we

can infer that they satisfy univariate normality requirements (Hair et al., 2017).

Convergent Validity

The results related to convergent validity analysis are presented in Table 2

Table 2: Convergent Validity

	Mean	SD	Skewness	Kurtosis	Cronbach's Alpha
Corporate Entrepreneurship	3.97	1.23	.987	0.926	0.807
Entrepreneurship	4.21	1.47	1.101	0.895	0.610
Firm Performance	3.99	1.76	.487	0.928	0.763
HRM practices	3.76	1.36	1.760	0.871	0.675

The composite reliability values in Table 3 shows that the highest value is for firm performance (FP) (Mean=3.99, SD=1.76, CR=0.928), and the lowest is for human resource management practices (HRM) (Mean=3.76, SD=1.36, CR=.871). Similarly, the lowest average variance extracted value is for entrepreneurship (E) (Mean=4.21, SD=1.47, AVE =.610) and the highest is for corporate entrepreneurship (CE)(Mean=3.97, SD=1.23, AVE= .807). Thus, based on the composite reliability and average variance extracted values, we have inferred that the variables have acceptable convergent validity (Hair et al., 2017).

Confirmatory Factor Analysis

We have done the CFA to test whether the present data set fits in the measurement model. We have shown the summary of results in Table 3

Table 3: Confirmatory Factor Analysis

	Corporate Entrepreneurship	Entrepreneurship	Firm Performance	Human Resource Management Practices
CE1	0.914			
CE2	0.932			
CE3	0.846			
CE4	0.765			
CE5	0.789			
EN1		0.816		
EN2		0.839		
EN3		0.854		
EN4		0.790		

Corporate Entrepreneurship	Entrepreneurship	Firm Performance	Human Resource Management Practices
EN5	0.876		
FP1		0.891	
FP2		0.875	
FP3		0.904	
FP4		0.822	
FP5		0.874	
HRM1			0.701
HRM2			0.732
HRM3			0.735
HRM4			0.835
HRM5			0.781

The results suggest that the measures of constructs are consistent with the researcher's understanding of the nature of those constructs (Preedy & Watson, 2009; Campbell & Fisk, 1959).

Discriminant Validity

We have used Fornell and Larcker (1981) criteria for examining "the uniqueness and distinctiveness" of the constructs used in the study. Table 4 contains a summary of the results.

Table 4: Convergent Validity

	CEN	EN	FP	HRM
Corporate Entrepreneurship	0.898			
Entrepreneurship	0.279	0.825		
Firm Performance	0.614	0.308	0.873	
HRM practices	0.699	0.31	0.644	0.758

The results indicate that the constructs are unique and distinctive as per the Fornell & Larcker (1981) criterion of discriminant validity (Fornell & Larcker 1981).

PLS-SEM Results

The PLS-SEM results were generated after bootstrapping for empirically testing the hypotheses presented in Table 5. Further, the "measurement and structural models" are shown in Figures 2 and 3, respectively.

Table 5: PLS-SEM Results

	Beta	T Statistic.	P Values	Results
Direct Relationships				
Corporate Entrepreneurship -> Firm Performance (H1)	0.309	9.558	0.000	Accepted
Entrepreneurship -> Firm Performance (H2)	0.099	4.142	0.000	Accepted
HRM -> Corporate Entrepreneurship (H3)	0.699	45.979	0.000	Accepted
Human Resource Management -> Entrepreneurship (H4)	0.310	11.709	0.000	Accepted
Human Resource Management -> Firm Performance (H5)	0.398	13.457	0.000	Accepted
Indirect Results				
HRM. -> Corporate Entrepreneurship -> Firm Performance (H6)	0.216	9.277	0.000	Accepted
HRM. -> Entrepreneurship -> Firm Performance (H7)	0.031	3.697	0.000	Accepted

The first hypothesis proposes that “corporate entrepreneurship (CE) and firm performance (FP) are positively associated.” The statistical results in Table 6 provide support to the hypothesis ($\beta = 0.309$, $t = 9.558$, $p < 0.05$). The second hypothesis proposes “that entrepreneurship (E) and firm performance (FP) are positively associated.” The statistical results in Table 6 also provide support to the hypothesis ($\beta = 0.099$, $t = 4.142$, $p < 0.05$). The third hypothesis proposes “that human resource management (HRM) practices and corporate entrepreneurship (CE) are positively associated.” The statistical results in Table 6 also provide support to the hypothesis ($\beta = 0.669$, $t = 45.979$, $p < 0.05$). The fourth hypothesis proposes that “human resource management (HRM) practices and entrepreneurship (E) are positively associated. The statistical results in Table 6 provide support to the hypothesis ($\beta = 0.310$, $t = 11.709$, $p < 0.05$). The fifth hypothesis proposes “that human resource management (HRM) and firm performance (FP) are positively associated.” The statistical results in Table 6 also provide support to the hypothesis ($\beta = 0.398$, $t = 13.457$, $p < 0.05$). The sixth hypothesis proposes “that corporate entrepreneurship (CE) mediates the association between HRM practices and firm performance (FP).” The statistical results in Table 6 also provide support to the hypothesis ($\beta = 0.216$, $t = 9.277$, $p < 0.05$). Lastly, the seventh hypothesis proposes that “entrepreneurship (E) mediates the association between HRM practices and firm performance.” The statistical results in Table 6 also provide support to the hypothesis ($\beta = 0.031$, $t = 3.697$, $p < 0.05$).

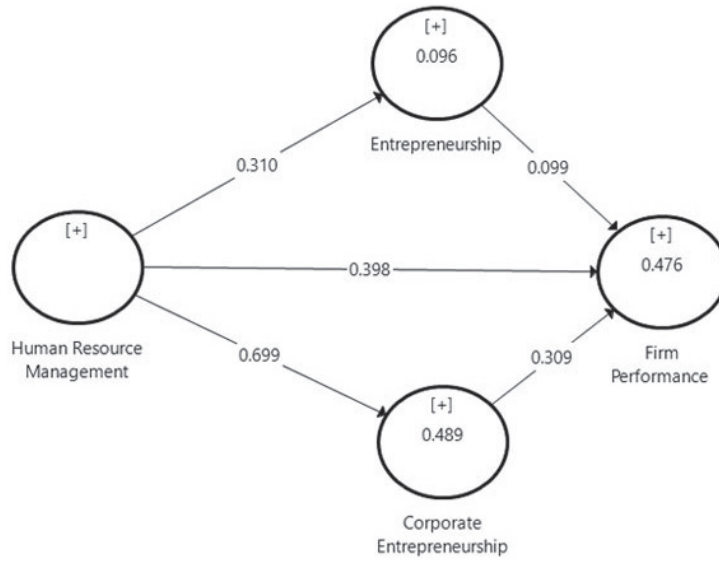


Figure 2: Measurement Model

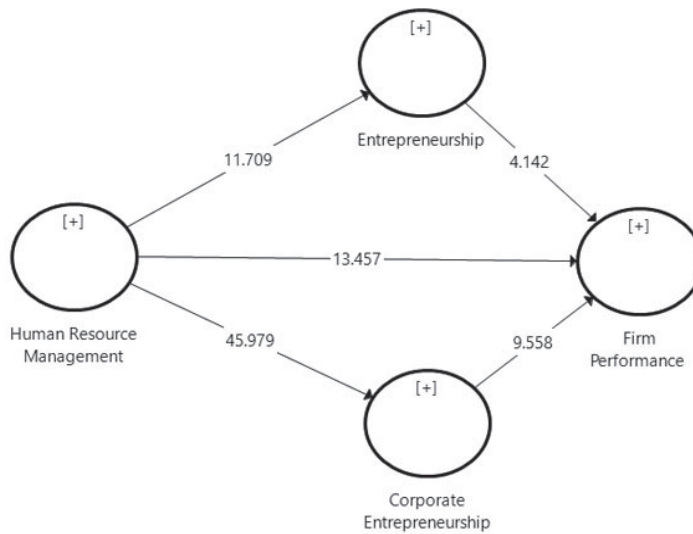


Figure 3: Structural Model

Discussion and Conclusion

The study has proposed five direct hypotheses and two indirect hypotheses, which our statistical results support. The following sections contain a discussion of results and their relevance with earlier studies.

The results indicate that “corporate entrepreneurship(CE) and firm performance(FP) are positively associated.” Four essential factors that promote corporate entrepreneurship (CE) and sustainable growth in an organization are (i) creating opportunities for profit (ii) building capacity for grabbing new opportunities outside the organization, (iii) the ability to take risks (iv) effective management of resources. Hence, organizations may become successful if they can recognize, assess, and finally capitalize on the opportunities available to them (Shane & Venkataraman, 2000).

Our results support the view that “entrepreneurship (E) and firm performance(FP) are positively associated.” Entrepreneurs have traits like “risk-taking, team building, and competitive and excellent management skills” (Boone, Lokshin, Guenter & Belderbos, 2019; Hughes & Mustafa, 2017). All these factors bring cohesiveness and provide direction to a firm. Consequently, firms become highly competitive, are willing to take the risk, and looking for new opportunities in the continuously-changing business environment. On the contrary, firms with ineffective entrepreneurial skills are unable to take advantage of opportunities. Consequently, their growth rate is sluggish and may become uncompetitive over time (Hughes & Mustafa, 2017).

The results indicate that “human resource management practices (HRM) and corporate entrepreneurship (CE) are positively associated.” This result implies that HRM practices in an organization must be geared to promote corporate entrepreneurship (CE). To bolster corporate entrepreneurship (CE), HR managers should have leadership qualities, including “risk-taking, team building, and excellent management skills.” These leadership skills allow managers to align their resources, uncertainties, and opportunities efficiently (Karimi & Walter, 2016). Such organizations are proactive, assertive, and capitalize on technological opportunities (Karimi & Walter, 2016; Lumpkin & Dess, 1996; Miller, 1983).

Our results also support the view that good HRM practices stimulate entrepreneurship (E). These findings are consistent with many past studies, which have concluded that HRM and entrepreneurship (E) are positively associated (Jones et al., 2019; Kazanjian, Drazin & Glynn, 2017). HRM practices deal with employees’ promotion, rewards, and compensation, which stimulates creativity and innovation in employees. Since innovation and creativity are essential elements of entrepreneurship (E); therefore, studies have concluded that HRM practices promote entrepreneurial capabilities in an organization (Kazanjian, Drazin &

Glynn, 2017; Kreiser et al., 2019). Corporate managers depend on HRM policies alignment with the dynamic business environment so that the firm may become competitive (Hughes & Mustafa, 2017; Kreiser et al., 2019). HRM practices also promote entrepreneurship (E) in a firm through “power decentralization, cooperation, organizational learning, knowledge sharing, trust, and risk-taking” (Schmelter et al., 2010; Zhang & Jia, 2010).

The results also support the notion that effective HRM practices and firm performance (FP) are positively associated. This finding is consistent with earlier studies. HRM practices play an essential role in attracting and retaining talented employees, who are critical for bolstering firm performance. Over time, HR functions have increased significantly. Many firms expect the HR department to adopt the employer branding concept. Employers should mandate HRM officials to communicate with all the stakeholders of a firm and create a brand that will have positive long term effects on business operations.

Conclusion

With rapid globalization, firms compete in dynamic business environments that encourage entrepreneurial activism for achieving sustainable growth. Corporate entrepreneurship (CE) and entrepreneurship (E) not only affect organizational performance but help create a competitive edge in the market. HRM in the present era has become an essential component of an organization. HRM activities besides conventional functions also promote entrepreneurial behavior and organizational outcomes. Thus, the HRM department must continuously revisit the policies and procedures to ensure that they are aligned with the changing environment. Entrepreneurial (E) and corporate entrepreneurial (CE) orientation support an environment that encourages employees to participate in decision making, which enhances their sense of belonging and stimulates positive employees their attitude towards work. The results of the study indicate that “corporate entrepreneurship, and human resource management practices affect firm performance.” We also found that HRM practices have a significant influence on corporate entrepreneurship (CE), entrepreneurship (E), and firm performance (FP). The results also suggest that both corporate entrepreneurship (CE) and entrepreneurship mediates HRM practices and firm performance (FP).

The scope of the study was on SMEs operating in a Nigerian city. Other reviews can extend their focus of work in other regions. The number of variables in the study was limited; other studies may incorporate more performance-related variables. We have examined the mediating effect of corporate entrepreneurship and entrepreneurship on firm performance. Future research may examine their mediating effects on other organizational antecedents and outcomes of firm performance. Similarly, the role of demographic factors, especially gender, age, and years of experience in moderating firm performance may also be explored in future research.

Annexure 1

Constucts and Items in the Questionnaire

HRM Practices scale

Behavior and Attitude

The attitude/desire to work in a team is a criterion in employee selection

The problem-solving aptitude a criterion in employee selection

The work values and behavioral attitudes is a criterion in employee selection

Employees who can provide ideas to improve the manufacturing process are preferred.

Extensive Training

Sufficient time is allocated for training

Sufficient money is allocated for training

Training currently provided is leading to satisfactory results

Training plans are developed and monitored for all employees

Training programs are consistently evaluated

All employees are continually encouraged to undertake regular training.

Written Policy

Employees are required to sign a form indicating they have reviewed the employee handbook

The firm has a formal and written discipline policy

Written procedures and instructions are given a special importance in the firm

Interaction

During problem-solving sessions, we make an effort to discuss the team members ideas before making a decision

Supervisors encourage the people that work for them to work as a team

Supervisors encourage the people that work for them to exchange opinions and ideas

Supervisors frequently hold group meetings where the people who work for them can discuss things together.

Training in multiple functions

The longer an employee has been at this firm, the more tasks that employee learns to perform

At this firm, employees are encouraged to learn skills in depth, rather than develop a broad skill base

Employees receive training to perform multiple tasks.

Incentive

Our incentive system encourages us to pursue firm objectives vigorously

The incentive system at this firm is fair at rewarding people who accomplish firm objectives

Our reward system really recognizes the people who contribute the most to our firm

Our incentive system at this firm encourages us to reach firm goals

Communication of strategy

In our firm, goals, objectives, and strategies are communicated to all employees

Our employees know how we are planning to be competitive at this firm

Our employees understand the long-run competitive strategy of this firm

Feedback on performance

Charts showing defect rates are posted on the shop floor

Charts showing schedule compliance are posted on the shop floor

Charts plotting the frequency of machine breakdowns are posted on the shop floor

Information on productivity is readily available to employees

Team activities

Our firm forms teams to solve problems

Problem-solving teams have helped improve manufacturing processes at this firm

Employee teams are encouraged to try to solve their problems as much as possible

Training on Job Skills

At the firm, all employees have important skills

Employees at this firm have skills that are above average in this industry

Corporate Entrepreneurship scale

Risk-taking

Relative to our competitors, our company has higher propensity to take risk

Relative to our competitors, our company is not averse to high-risk projects

Innovativeness

Relative to our competitors, our company is willing to apply new ideas

Relative to our competitors, our company has a higher ability to identify customer needs and wants

Relative to our competitors, our company has a higher level of innovation

Relative to our competitors, our company has a higher ability to persevere in making our vision of the business a reality

Relative to our competitors, our company tends to engage in strategic planning activities

Proactiveness

Relative to our competitors, our company has a higher ability to identify new opportunities

Relative to our competitors, our company is an effort to early action in each opportunity

Relative to our competitors, our company is an effort to do comprehensive and pretentious strategic actions

Firm Performance scale

The firm experiencing adequate sales growth

The firm has captured a sufficient market share

The firm is generating a sufficient return on sales

The firm is generating a sufficient return on assets

The firm has a good profitability position

The firm provides good service quality to its customers

The firm has adequate service development capability

The employees of the firm are satisfied with their job

The firm makes concerted efforts to enhance customer satisfaction

Entrepreneurship Intent Scale

Within a short period, I intend to conduct practical experiments to discover solutions for customers

Within a short period, I intend to develop a prototype of a product/service

Within a short period, I intend to develop a value proposition

Within a short period, I intend to Test my value proposition in the market

Within a short period, I intend to Quit my current job, so I can focus on a new business

Within a short period, I intend to reduce my working hours so I can focus on a new business

Within a short period, I intend to Invest my resources into my business

Within a short period, I intend to open a business bank account

Within a short period, I intend to purchase major equipment

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