

# Impacts of Human Resource Management Strategies on Entrepreneurial Innovation

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**Abstract:-** This research article examines the impact of HR management strategies on entrepreneurial innovation, focusing on High-performance management, High Involvement Management, and High Commitment Management. High-performance work systems improve organizational efficiency and effectiveness, while high-involvement HRM practices enhance dynamic capabilities. The study uses quantitative methodology to assess the effects of HRM strategies on entrepreneurial innovation, with High-Performance Management HRM having the highest association (44.855) and High Involvement Management having the least (18.632).

**Keywords:-** Entrepreneurship; Innovation; High Performance Management; High Involvement Management; High Commitment Management.

## I. INTRODUCTION

Innovation in human resources is linked to changes in the social structures within organizations and the spread and acceptance of these new ideas due to external influences and societal dynamics. The evolution of social systems within companies plays a crucial role in driving HR innovation (Jotabá et al., 2022). In highly competitive markets, firms that prioritize innovation tend to excel in creating additional value. Research shows a strong correlation between employing full-time workers and fostering innovation, although the impact of temporary workers on innovation is not well understood. Interestingly, investments in training for new technologies, languages, and data processes do not seem to directly influence a firm's level of innovativeness (Diaz-Fernandez et al., 2015). This research article assesses the impacts of different Human Resources Management (HRM) strategies in supporting the entrepreneurial innovation. In particular, this paper identifies the impacts of High-performance management, High Involvement Management and High Commitment management HRM strategies on the entrepreneurial innovation process.

## II. STUDY AIM AND OBJECTIVES

The research article aims to assess the impacts of different human resource management practices on the entrepreneurial innovation process.

- To review the literature for identifying the impacts of Human Resource Management (HRM) strategies on the entrepreneurial innovation process.
- To conduct a survey using HRM professionals for assessing the impacts
- To analyze the results using Chi-Squared Test for validating the hypothesis statements.

The research object is Entrepreneurial Innovation, and the Research subject is impact of human resource management strategies on entrepreneurial innovation.

## III. LITERATURE REVIEW

### A. Impacts of High Performance Workforce (HPW) HRM on Entrepreneurial Innovation

High-performance work systems refer to human resource practices that aim to improve the overall efficiency and effectiveness of an organization. The results of academic research have shown that there is a direct connection between the implementation of strategic human resource management methods and the inventive performance of personnel. According to Chai and Xiao (2018), the ability to successfully manage knowledge acts as a mediating component in the link between management and knowledge. The implementation of a High-Performance Work System (HPWS) is something that companies must take into consideration if they want to strengthen their competitive advantage in the market. It is possible for HPWS to aid the accomplishment of this purpose by swiftly changing and reconstructing their structure (Mehta, 2018).

Individuals who exhibit a strong readiness are more inclined to modify their behaviors in order to back a change initiative. The effectiveness of implementing organizational change and enhancing performance hinges on the willingness to embrace change (Alqudah et al., 2022).

Performance management is a crucial tool in human resource and management practices that involves setting clear and measurable work goals. A well-implemented performance management system provides employees with clear job expectations and opportunities for feedback and communication with their supervisors. These objectives should be closely aligned with the organization's strategic goals to ensure that employees are working towards the overall success of Organization (Adolphus, 2024).

The study suggests that a high-performance work system plays a crucial role in influencing the innovation performance of the company, especially in a positive manner. Therefore, the following hypothesis statement can be developed.

H1: The High-performance management HR strategy positively impacts the entrepreneurial innovation.

*B. Impacts of High Involvement (HIIW) HRM on Entrepreneurial Innovation*

In the business world, innovation capability is recognized as a crucial skill that enables companies to adapt and enhance their offerings to better meet the demands of customers. As a result, organizations are striving to enhance their innovation capability in order to effectively navigate external challenges and changes that could potentially impact their overall performance (Le & Le, 2023).

According to the results of a number of studies, the implementation of human resource management (HRM) techniques inside organisations has the potential to encourage creativity. There is a positive correlation between engagement-oriented human resource management (HRM) practices and workers' capacity to innovate. workers see these activities as signs of recognition and reward for pioneering behaviours, which in turn has a positive impact on their innovation level. The autonomy of workers and their commitment to the business are both increased as a result of these activities (Renkema et al., 2021). High-involvement HRM practices enhance dynamic capabilities, promoting innovation, particularly exploitative and exploratory, and developing dynamic capabilities like sensing, grasping, and reconfiguration through knowledge sharing behaviours. Therefore, the hypothesis statement can be developed as follows:

H2: The entrepreneurial innovation is positively impacted by High Involvement management HRM strategy.

*C. Impacts of High Commitment HRM (HICW) Strategy on Entrepreneurial Innovation*

According to the Conservation of Resources theory, individuals consistently strive to acquire, preserve, and enhance their personal resources (Zhang et al., 2022). This theory suggests that when individuals possess an adequate amount of resources, they are better equipped to accomplish their objectives, cultivate positive psychological assets, and procure additional resources, leading to a continuous cycle of resource accumulation (Zhang et al., 2022). In the context of organizations, when employees are provided with tangible and intangible resources through high-commitment work systems, they are more motivated to engage in their work due to the

availability of sufficient resources to fulfill their sense of self-worth and life aspirations (Zhang et al., 2022).

High-involvement HRM practices enhance dynamic capabilities, promoting innovation, particularly exploitative and exploratory, and developing dynamic capabilities like sensing, grasping, and reconfiguration through knowledge sharing behaviours (Ahmed et al., 2018). In order to effectively implement an innovation strategy, organisations must place a high priority on cultivating robust employee commitment, given its pivotal role in shaping employee conduct and productivity. The research study by (Rubel et al., 2018) contributes to the body of academic literature by emphasising the importance of knowledge sharing and a conducive High Commitment Work System (HCWS) in cultivating innovation, which is also referred to as innovative work behaviours (Rubel et al., 2018). The hypothesis statement that can be developed from this can be as follows:  
H3: The High Commitment HRM strategy has a positive impact on the entrepreneurial innovation.

**IV. METHODOLOGY**

In this research the author uses quantitative methodology to assess the impacts of human resource management strategies on entrepreneurial innovation. For the purpose of identifying the impacts the author used a literature review and developed three hypothesis statements based on the impacts of high performance, high commitment and high involvement human resource management strategies. The following figure 1 shows the conceptual framework of the research.

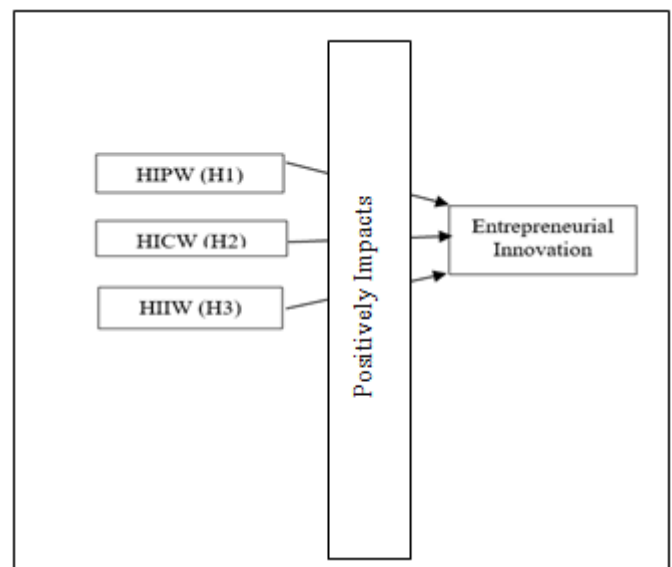


Fig. 1 Conceptual Framework of the Research (Created by Author)

The author uses an online questionnaire survey using Google Forms and gathers opinion from HR Managers and Entrepreneurs for the purpose of identifying the impacts of HRM strategies on the Entrepreneurial Innovation. The survey participants are as follows:

- HR Managers
- HR Specialists

- Entrepreneurs
- Academic researchers

The questionnaire survey obtained a sample size of 255 respondents collected using a snowball sampling method. Snowball sampling is a frequently utilised sampling technique in research. Nevertheless, there have been recurring concerns regarding the diversity of the samples produced through this method. Numerous recommendations have been put forth by scholars, supported by anecdotal evidence, to augment the diversity of snowball samples (Kirchherr & Charles, 2018).

The results of the survey is analysed using Chi-Squared test with the help of SPSS 28 Software. The Chi-square test is a nonparametric test used to test the hypothesis of no association between groups or criteria and to test the goodness-of-fit for categorical data, but not for parametric or continuous data (Singhal & Rana, 2015).

**V. RESULTS AND DISCUSSIONS**

The author used SPSS 28 software for analysing the data gathered from the survey. With the help of SPSS 28, the author tested the hypothesis statements using Chi-Squared test. Based on the literature review, the author developed the hypothesis statements as follows:

- H1: The High-performance management HR strategy positively impacts the entrepreneurial innovation.
- H2: The entrepreneurial innovation is positively impacted by High Involvement management HRM strategy.
- H3: The High Commitment HRM strategy has a positive impact on the entrepreneurial innovation.

The first hypothesis statement is related to the High-Performance Management HR strategy and Innovation. The dependent variable is entrepreneurial innovation, and the independent variable is High Performance HRM strategy. The following Table 1 shows the Chi-Squared test results of the variable high-performance management.

Table 1 Chi-Squared Test Results of High Performance Management (SPSS 28)

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	44.855	16	.000
Likelihood Ratio	28.435	16	.000
Linear-by-Linear Association	11.183	1	.000
N of Valid Cases	255		

As described in Table 1 the Chi-Square test results of High-performance management HRM strategy has a statistically significant relationship with the entrepreneurial innovation as the significance value is less than 0.05, and in this case, it is 0.000. Therefore, it can be concluded that the hypothesis statement developed by the author is accepted and the high performance HRM strategy has a positive impact on entrepreneurial innovation according to (Chai & Xiao, 2018; Mehta, 2018).

Table 2 Chi-Squared Test Results of High Involvement Management (SPSS 28)

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.632	16	.000
Likelihood Ratio	20.121	16	.000
Linear-by-Linear Association	.013	1	.000
N of Valid Cases	255		

As described in table 2 the significance value is 0.000 which is less than 0.05 and which suggests that the High Involvement management has a statistically significant relationship with entrepreneurial innovation. This implies that the high involvement HRM strategy has a positive impact on Entrepreneurial Innovation according to (Boxall & Winterton, 2018; Renkema et al., 2021).

Table 3 Chi-Squared Test Results of High Commitment Management (SPSS 28)

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	25.759	16	.000
Likelihood Ratio	24.080	16	.000
Linear-by-Linear Association	3.284	1	.000
N of Valid Cases	255		

As shown in Table 3, the statistically significant relationship between High Commitment Management and entrepreneurial innovation is proved by the author using the Chi-Squared test result. As described by the author, the significance value is 0.000 and hence the hypothesis which states the positive relationship between the High Commitment management and Entrepreneurial innovation is proved (Ahmed et al., 2018; Than et al., 2023).

Therefore, with the help of a Chi-Squared test, the author proved the three hypothesis statements of the research relating to the impacts of HRM strategies on entrepreneurial innovation. Thus, it can be concluded that the High performance, High Commitment and High Involvement HRM strategies have a positive impact on Entrepreneurial Innovation as stated in (Boxall & Winterton, 2018; Chai & Xiao, 2018; Le & Le, 2023; Mehta, 2018). In other words, the above mentioned HRM strategies enhance innovation in entrepreneurship. As per the results of Chi-Squared test, the highest degree of association is with the High-Performance Management HRM that is 44.855 and the least degree of association is with the High Involvement Management which is 18.632.

## VI. CONCLUSIONS

The dissemination and adoption of new ideas as a result of external influences and societal dynamics are connected to the innovation in human resources, which is linked to changes in social structures inside organisations. Companies that place a high priority on innovation often do very well when it comes to the creation of extra value in highly competitive sectors. On the other hand, the influence of temporary workers on creativity is not well known, despite the fact that research demonstrates a high association between hiring full-time personnel and promoting innovation. The amount of innovativeness of a company does not seem to be directly influenced by investments in training for new technologies, languages, and data processing. High-performance management, high-involvement management, and high-commitment management are the three HRM techniques that are emphasised in this review study, which evaluates the effects of various HR management strategies on entrepreneurial innovation.

High-performance work systems aim to improve the overall efficiency and effectiveness of an organization, with a direct correlation between strategic human resource management practices and the innovative performance of employees. Implementing a High-Performance Work System (HPWS) can increase profitability, decreased expenses, enhanced customer responsiveness, and increased flexibility. High-involvement HRM practices enhance dynamic capabilities, promoting innovation, particularly exploitative and exploratory, and developing dynamic capabilities like sensing, grasping, and reconfiguration through knowledge sharing behaviors.

The study uses quantitative methodology to assess the impacts of HRM strategies on entrepreneurial innovation, with the highest degree of association with High-Performance Management HRM (44.855) and the least degree of association with High Involvement Management (18.632).

## VII. ABBREVIATIONS

HRM	Human Resource Management
HR	Human Resources
HIPW	High Performance Workforce
HIIW	High Involvement Workforce
HICW	High Commitment Workforce

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