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Abstract: The purpose of this study is to check the mediating effect of organizational commitment on the relationship between HR practices and corporate entrepreneurship. This study develops a mediation model in which high-performance human resource practices affect corporate entrepreneurship through organizational commitment in a sample of 250 employees working in telecommunication sector of Saudi Arabia. The findings of the study showed that high-performance human resource practices are positively related to corporate entrepreneurship and this relation is mediated by organizational commitment. The findings of the study conveyed that HR practices can affect the attitude and behavior of the individuals in organizations ultimately affecting the organizational outcomes. Moreover, this study suggests that the impact of HRM practices may operate through a path which connects organizational commitment and corporate entrepreneurship.

Key words: High-performance human resource practices, corporate entrepreneurship, organizational commitment, mediating, sector of Saudi Arabia

INTRODUCTION

In this dynamic and complex business era organizations are facing immense competition because of trade liberalization, extensive Foreign direct investment, acquisition, mergers, advancement in technology and borderless economy. These complex changes in market places have led the organizations to reconfigure their strategic approach and organizational philosophy to gain and maintain competitive advantage. To cope up the rapid changing environment organizations needs to be more entrepreneurial in their business process and operations. These dynamic conditions called the researcher to put their focus on corporate entrepreneurship which help in creating entrepreneur culture and enhance organizational performance (Castrogiovanni et al., 2011). This content is in line with many other researches which advocate that corporate entrepreneurship continuously seek new opportunities by exploring and exploiting the resources (Angeles and Domingo, 2011).

Literature shows that there are many factors which can be helpful for nurturing the entrepreneurial environment in an organization, the integration and alignment of human resources management practices is one of the most effective elements (Holt et al., 2007). HRM practices are found to be effective in enhancing organizational performance and it also helps in shaping organizational culture, in this context, we can suggest that HRM practices are vital for facilitation corporate entrepreneurship (Ozdemirici and Behram, 2014). The role of human resource management in corporate entrepreneurship is becoming an emerging research area and there are only few comprehensive and rigorous theoretical models exists (Angeles and Domingo, 2011).

Most of the previous studied were conducted in developed economies, revealing a little knowledge coming from the developing economies such as Saudi Arabia. Based on this gap, the current study aims at to investigate the relationship of human resource management practices on corporate entrepreneurship in telecommunication sector of Saudi Arabia.

MATERIALS AND METHODS

Corporate entrepreneurship: Intrapreneurship/corporate entrepreneurship predominantly can be defined as “entrepreneurship within an existing organization”. (Antoncic and Hisrich, 2001). A great deal of the literature on CE assumes that it is important and desirable to foster corporate entrepreneurial thinking and behavior in organizations (Covin and Slevin, 1991; Lumpkin and Dess, 1996; Zahra, 1993). While, much has been written about the need for established firms to become entrepreneurial not much progress has been made to determine exactly how entrepreneurship can be accomplished and sustained in these organizations.

Different scholars have used different names for corporate entrepreneurship like, corporate ventures, venture management, internal corporate entrepreneurship and Intrapreneurship. According to Zahra et al. (2000) all innovations and venturing activities which help any organization to acquire capabilities to improve its
performance as well as develop new business for the both domestic and international market came up together to form corporate entrepreneurship. Also, defined corporate entrepreneurship as imitation of novel business activities within the existing organizations as well as to overhaul the organizations through purposed recurrence.

All above mentioned definitions throw light on the multi-dimensional nature of corporate entrepreneurship. Five different dimensions of CE have been pointed out by Saly in 2001 which are risk propensity, self renewal, pro-activeness, innovativeness and corporate venturing. Our choice will be that dimension which is true to our research model. According to Covin and Slevin (1991) strong risk-taking propensity and innovation give birth to corporate entrepreneurship. Explicitly, the competency of any organization of creating new products, technological process as well as encouragement to the new ideas, creativity and experimentation refers to its innovativeness (Lumpkin and Dess, 1996). This dimension not only highlights the creation but also the introduction of new products too.

Human resource practices and corporate entrepreneurship: The in-depth analysis of the literature on corporate entrepreneurship revealed two trends in research. The first trend focuses on the effects of the entrepreneurial process on firm performance (Kuratko et al., 1990; Lumpkin and Dess, 1996; Zahra, 1993, 1995). The second trend focuses on the antecedents of CE (Covin and Miles, 2007; Katheeria et al., 2007; Miles et al., 2002; Zahra and Covin, 1995; Zahra et al., 2000) and in this trend most of the focus is on resources and the process to reconfigure the resources which help the organization to search new opportunities (Castrogiovanni et al., 2011).

These studies are linked to RBV approach which focuses on firms resources to build competitive advantage (Barney, 1991), drives the growth. The existing literature on CE and HRM practices showed similar results and most of the researchers concluded HRM practices as an antecedent of corporate entrepreneurship (Angeles and Domingo, 2011; Castrogiovanni et al., 2011; Edralin, 2010; Hayton et al., 2013; Kuratko et al., 1990; Ozdemirci and Behram, 2014; Schelter et al., 2010; Schuler, 1986; Villiers-Scheepers, 2012).

Edralin (2010) conducted a research in leading Philippines concluded that fostering entrepreneurial activities with the help of HRM practices can help the organizations to gain competitive advantage and stimulate performance (Edralin, 2010). Castrogiovanni et al. (2011) advocated that creating personal relationship and developing a open communication culture help the organization to cultivate the entrepreneurial behavior in organizations (Castrogiovanni et al., 2011). In another study, Ozdemirci and Behram (2014) used selective staffing, extensive training, internal mobility, employment security, clear job description, result-oriented appraisal, incentive reward and participation as HR practices and new business venturing, innovativeness, self-renewal, pro-activeness as corporate dimensions to investigate the interrelationship and found that human resource practices has a strong impact on corporate entrepreneurship.

The relationship between corporate entrepreneurship and human resource practices can be explained by several ways, one of the ways is to enhance the skills of employee and motivate them to use these enhanced skill which will ultimately result in creativity improvement. It might be said that employees will not only enhance their skills but they will also come up with innovative ideas that will result in enhancement of corporate entrepreneurship from the above discussed literature we can hypothesis that:

- H.: HR practices has a positive impact on corporate entrepreneurship

Organizational commitment: The term organizational commitment has been described and defined in a variety of ways. Meyer and Smith (2000) defined organizational commitment as “a psychological link between the employee and his or her organization that makes it less likely that the employee will voluntarily leave the organization”. In general terms, organizational commitment referred to an employee’s belief in the organization’s vision and value would like to remain a member of the organization and faithfulness to the organization (Hackett et al., 2001). The construct of commitment has been viewed comprised of three components: affective commitment, continuance commitment and normative commitment (Allen and Meyer, 1990; Crow et al., 2012; Syed and Farrukh, 2015).

HR practices and organizational commitment: The influence of HR practices on organizational performance has been research extensively, HRM practices such as Selection, training, performance appraisals and compensation are significantly related to organizational commitment. HRM practices are the tools to mold the attitude and behavior of the employees this implies that if the HR policies and strategies are effectively managed.
and maintained it can help the organizations to achieve their goals and objectives which are associated with human capital. Human capital has become the central asset of organizations and managing them in a way that may able to make them act and behave in the manner that employers want is pertinent.

The question is what kind of employees’ perception and behavior can significantly affect business results. Company performance is highly influenced by HR practices that can directly influence OC in employees (Yeung and Berman, 1997). This view is in line with the earlier proposition made by Hilltop and Despres (1994) that HR practices have a strong impact on OC and they view OC as an important criterion to measure HRM effectiveness.

Kehoe and Wright (2010) had proposed some HR practices including training, job security, promotion and communication whose constructive implementation can bring about a change in the organization work environment and transform it into supportive work environments which develop a sense of obligation among the employees towards the goals of the organization and develop an affective association to it.

Many researchers had engaged their efforts in finding the relationship between various high performance HR practices and organizational commitment (Agarwala, 2003; Ang et al., 2013; Angeles and Domingo, 2011; Boon et al., 2013; Edgar and Geare, 2005; Farndale et al., 2011; Gould-Williams et al., 2013; Gould-Williams, 2003; Innocenti et al., 2011; Kinnie et al., 2005; Kwon et al., 2010; Macky and Boxall, 2007; Mendelson et al., 2011; Messerminth and Guthrie, 2011; Meyer and Smith, 2000; Sanders et al., 2008; Smeenk et al., 2006; Takeuchi and Takeuchi, 2013; Wright et al., 2003; Yang, 2006; Yu and Egri, 2005). The results of all these studies positively bestowed in concluding that a positive relationship exist between HR practices and organizational commitment.

Consistent with the social exchange theory which suggests that these high commitment HRM practices build psychological links between employees and organization, the studies above suggest the following.

- $H_2$: HR practices are positively associated with organizational commitment

**Organizational commitment and corporate entrepreneurship:** The tendency of working hard is more in employees having high level of commitment as compared to other employees. Their commitment level increases their level of willingness to indulge more efforts in attaining the organizational goal. Organizational performance is reflected through its innovation. As the level of organizational commitment increases the level of organizational innovation also increases. Emotional responsibility which is identified with individual quality, convictions and wishes aid enhance his or her state of mind towards organizational advancement and advances the organizational development. It was concluded by Eisenberger et al. (1990) that the level of commitment of employees’ emotions with the organization influences the level of willingness of employees to adapt innovation and change. There is a direct relation between the mentioned variables.

The impact of organizational innovation can be nullified by the loss of key employees. For example, Xu, Liu and Wang conducted a research in library and found the more the level of important employee turnover the less will be the level of organizational innovation as these key employees can contribute a lot in the organizational development.

High level of affective commitment reduces the probability of employees of leaving the organization which guarantees the uninterrupted organizational innovation. (The continuance commitment of employees of continuing their jobs depends upon the cost they have to bear on leaving the organization. The employee with such sort of commitment will evaluate that either they have to bear high cost in staying in the organization or leaving it. The person bearing high cost in staying with his organization will have high readiness of leaving the job. The learning environment of the organization is adversely affected by the employee opportunism and his lack of interest in learning. The level of organizational innovation is positively and quite significantly dependent on the learning performance of the organization (Chen and Francesco, 2003).

Ultimately, it has been concluded that organizational innovation is negatively affected from continuance commitment. While, the loyalty and the employee’s sense of responsibility is being emphasized by normative commitment. Chen and Francesco (2003) instituted that the strong normative commitment of the employee reinforces his willingness to work hard and tend to be a good organizational citizen which would directly influence his or her performance positively. From this discussion we hypothesis:

- $H_3$: organization commitment has a significant relationship with CE
Table 1: Descriptive analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>SD</th>
<th>α</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>High performance human resource</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Practices</td>
<td>94.72</td>
<td>3.44</td>
<td>0.90</td>
<td>-0.22</td>
<td>0.37</td>
</tr>
<tr>
<td>Org. commitment</td>
<td>22.33</td>
<td>4.15</td>
<td>0.88</td>
<td>-0.20</td>
<td>-0.14</td>
</tr>
<tr>
<td>Corporate entrepreneurship</td>
<td>3.25</td>
<td>0.84</td>
<td>0.85</td>
<td>-0.35</td>
<td>0.09</td>
</tr>
</tbody>
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**Hypothesis of the study:**
- H₁: HRM practices has a significant relationship with corporate entrepreneurship
- H₂: HRM Practices has a significant relationship with organization commitment
- H₃: organization commitment has a significant relationship with CE
- H₄: organization commitment mediate the relationship between CE and HRM

**Measures:** High-performance human resource practices high-performance HR practices were measured using 27 item scale (S consistently, the scale measures eight dimensions: selective staffing, extensive training, internal mobility, employment security, broad job design, results-oriented appraisal, rewards and participation. This study reported an overall Cronbach’s α of 0.90. Individual subscale Cronbach’s α values were 0.86 for selective staffing, 0.85 for extensive training, 0.72 for internal mobility, 0.75 for employment security, 0.80 for broad job design, 0.79 for results-oriented appraisal, 0.69 for rewards and 0.76 for participation.

**Corporate entrepreneurship:** Corporate entrepreneurship was measured using Covin and Slevin’s (1991) 9-item scale. The scale measured a firm’s tendencies towards innovation, risk-taking and proactiveness. Specifically, innovation is creating and introducing new products, production processes and organisational methods. This study reported a Cronbach’s α of 0.85.

**Organization commitment:** The measure of was adopted from Allen and Meyer’s (1990). In this study, cronbach’s alpha was 0.88.

**Controls:** The number of years of work experience and job tenure was used as control variables. The descriptive statistics and reliability coefficients for HPHRP, organizational commitment and CE are presented in Table 1.

**RESULTS**

**Descriptive analysis:** The descriptive statistics and reliability coefficients for HPHRP, organizational commitment and CE are presented in Table 1.

This study used Variance Inflation Factors (VIF) to examine the effect of multicollinearity. The values of the VIF associated with the predictors show a range from 1.00-1.61 which fall within acceptable limits, suggesting no need for concern with respect to multicollinearity.

Table 2 presents the zero-order correlations among the study variables. As shown in Table 2, HPHRP were related to CE and organizational commitment H₁ and H₂. Organizational commitment is related to CE, thereby supporting hypotheses H₃. To test H₄, we conducted a mediated regression analysis following the procedure outlined by Barron and Kenny in 1986. First, we established the relationship between HPHRP and the mediators (organization commitment). The regression results are presented in Table 3. HPHRP and the control variables accounted for in organizational commitment donating (R² = 0.13, F = 15.53, p<0.01).

Second, we established the relationships between HPHRP, organizational commitment and CE by entering the IV (high performance human resource practices) along with the controls (experience and tenure) in block 1 and the one mediator (Org.commitment) in block 2. The regression results are presented in Table 4.

In step 1, HPHRP and the control variables accounted for significant variance in the DV (R² = 0.20, F = 25.94, p<0.01) and the coefficient was significant (b = 0.04, p<0.01). In block 2, the mediators added significant variance to the DV (R² = 0.22, F = 17.36, p<0.01). Organizational commitment was a significant predictor of
CE (b = 0.03, p<0.05). When the mediators were entered in block 2, the coefficient for the IV decreased to b = 0.03 (p<0.01), suggesting a partial mediation.

We tested the model of organizational commitment as mediators of the relationship between HPHRP and CE using 5,000 bootstrapping resamples. Mediation is said to be significant if the 95% Bias-Corrected and accelerated (BCa) Confidence Intervals (CI) for the indirect effect do not include zero. Bootstrap results showed that after controlling for the effect of years of experience (b = 0.06, SE = 0.05, p = 0.29) and tenure (b = -0.04, SE = 0.06, p = 0.49), HPHRP had a significant total effect (b = 0.04, SE = 0.01, p<0.01) and a significant residual direct effect (b = 0.03, SE = 0.01, p<0.01) on CE. The combined mediators partially mediated the relationship between HPHRP and CE (i.e., lower 95% CI = 0.0010, upper 95% CI = 0.0089). The Sobel test further supported the finding that organizational commitment was a significant partial mediator (z = 2.30, p = 0.02). Thus, H2 is supported.

DISCUSSION

We found high performance HR practices to be positively related to organizational commitment as well as to corporate entrepreneurship. Several theoretical contributions emerge from our findings.

At a macro level this study contributed to the knowledge domain of HRM and corporate entrepreneurship. The findings of the study conveyed that HR practices can affect the attitude and behavior of the individuals in organizations and ultimately affecting the organizational outcomes.

Moreover, this study suggests that the impact of HRM practices may operate through a path which connects organizational commitment and corporate entrepreneurship. Most of the previous studies did not explain how HRM practices impact the corporate entrepreneurship, this study investigated whether, the organizational commitment mediates the relationship between HRM practices and corporate entrepreneurship. By adding the mediating role of organizational commitment this study improves the understanding of how organizational commitment can promote CE.

Finally, this study contributed literature in domain of CE in terms of context of market. Most of the existing literature on CE is done in developed markets and very rare studies are conducted in developing markets such as Saudi Arabia.

CONCLUSION

This research investigated the mediating effect of organizational commitment on the relationship between human resource management practices and corporate entrepreneurship.

The results of the study showed that organization commitment partially mediates the relationship between HR practices and corporate entrepreneurship which suggest that entrepreneurial behavior of the employees can be enhanced by making the employees committed with the help of HR practices as the level of commitment of employees’ with the organization influences the level of willingness of employees to bring innovative ideas and risk taking behavior.

This study subjects to some limitations. Firstly, the main limitation is the use of cross sectional research strategy. Though, the results are consistent with the theoretical analysis, however, the study design may limit the generalizability as cross sectional studies less predict the long run behaviors. Future researchers are recommended to use longitudinal data collection design to draw more accurate causal inferences.

Secondly, the sample size was small which may limit the generalizability of the results, future research should take this limitation into consideration.

Finally, the measure used in this study is developed in the Western context and because of difference in Saudi Arabian culture and environment these measures might not produce reliable results. It is highly recommended for the future studies to develop indigenous scales which will be more valuable for research in Saudi Arabian context.

REFERENCES


