

Strategies for fostering intra-entrepreneurial behaviour: the role of high performance work practices and knowledge management processes

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Abstract

Established firms are increasingly adopting practices aimed at fostering intrapreneurial initiatives to ensure their long-term survival. This paper analyzes the role that employee perceptions of high-performance work systems and knowledge management processes can play in fostering intrapreneurial behavior. The findings offer guidance to help practitioners promote these behaviors, highlighting the importance of high-performance work systems that enhance knowledge management processes, particularly knowledge sharing.

Keywords: High performance work systems, human resource management strength, knowledge management processes, intrapreneurial behavior.

JEL classification: L26, M12.

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1 Introduction

Intrapreneurship has become important, in both the scientific literature and business practice, due to its contribution to innovation, performance, and organizational competitiveness, as well as economic growth (Perlines et al., 2022). The identification and exploitation of opportunities by individual workers enables their organization to advance. Intrapreneurial behaviors (IPB) generate initiatives and small (or not so small) changes that can spiral upward and influence the performance of teams and the entire organization (Giang & Dung, 2022).

Firms need to design and implement effectively measures to promote intrapreneurial behaviors which, in turn, sustain and drive corporate-level intrapreneurship. Intrapreneurial

behaviors can be enhanced through appropriate human resource practices, especially when they are part of an integrated system or High Performance Work System (HPWS). These systems can provide employees with greater capabilities, more incentives and more autonomy to identify and exploit opportunities within the company (Schmelter et al. 2010). HPWS are also vital for knowledge management processes (KMP), assisting employees' knowledge acquisition, transfer, sharing and creation of new knowledge within firms. The latter is particularly relevant, given that knowledge management processes have also been pointed to as an important antecedent of intrapreneurship (Chen & Huang, 2009).

Regarding the effect of HPWS it is necessary to take into account not only the content and cross-linkages of the human resource practices

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included in the system, but also the clarity and sharpness with which the intended messages of these practices reach the employees (Jia et al., 2020). In this regard, Bowen and Ostroff (2004) introduced the human resource management strength (HRMS) construct to capture the extent to which employees perceive that the HPWS applied is relevant, coherent and consistent. Most authors posit that this strength enhances the relationship between the HPWS and the desired behavior. Consequently, we analyze the existence of a moderating role of HRMS both in the direct relationship of HPWS with intrapreneurial behaviors, and in its indirect relationship through knowledge management processes.

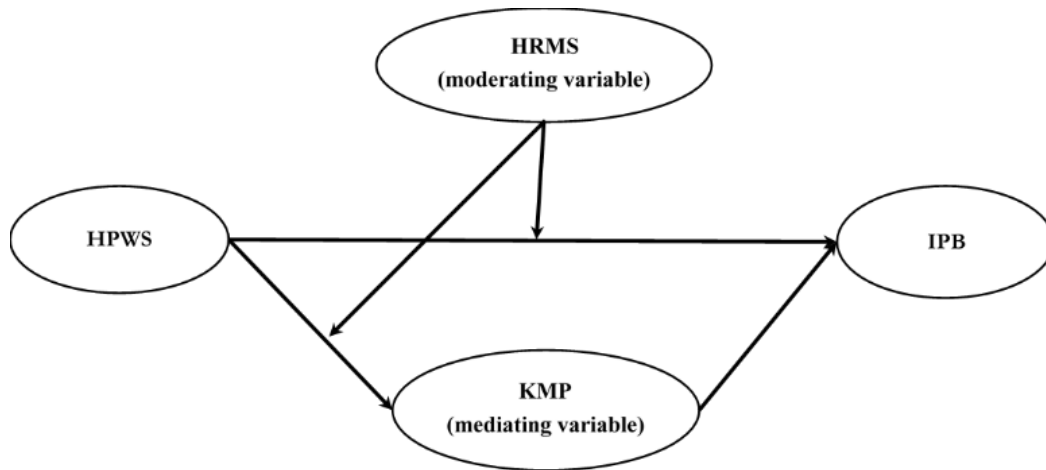
2 Theoretical framework

The theoretical underpinnings of this paper are mainly based on the ability, motivation, opportunity (AMO) model (Appelbaum, 2000), social exchange theory (Rhoades & Eisenberger, 2002) and, to a lesser degree, on causal attribution theory (Kelley, 1967). AMO model suggests that acting on employees' ability, motivation, and opportunity to perform specific tasks and roles is essential in promoting the behavior that facilitates success at the firm level. social exchange theory suggests that employees who perceive their organizational environment as supportive feel obliged to reciprocate with behaviors that are beneficial to the firm. Firm's investments in HPWS signals its intention to invest its employees and develop mutually beneficial long-term relationships with them. Consequently, both provide the foundations on which the premise that the proper implementation of a HPWS can promote desired behaviors, such as, in this case, intrapreneurial behaviors, can be based.

The relationship between HPWS and intrapreneurial behaviors can occur directly, but

also indirectly, through the knowledge management processes. Knowledge creation and knowledge management basically reside in people, therefore, issues related to HRM are vital for the effective functioning of knowledge management process. HPWS help select, train, and motivate skilled employees, and fosters teamwork and autonomy. Among other effects, this situation can facilitate knowledge acquisition, distribution and interpretation, and can activate the stock of knowledge needed to discover and exploit new business opportunities, influencing intrapreneurial behaviors (Canet-Giner et al., 2020; Farrukh et al., 2021). In terms of the KM-IPB relationship, investment in knowledge within organizations helps accumulate human capital and reach the critical mass of ideas required to support intrapreneurial initiatives.

On the other hand, the practices that make up HPWS act in fact as communication elements that attempt to convey, what kind of competencies, attitudes, behaviors and outcomes that best serve the firm's interests. This communication requires a process or set of mechanisms to deliver the message avoiding ambiguities. Following causal attribution theory, when this is achieved, a "strong situation" emerges. In this situation of high HRMS, employees perceive that the practices applied are relevant, coherent and consistent, their perception tend to converge and they feel more compelled to adopt behaviors more aligned with the desired standard and, consequently, more oriented toward achieving the defined objectives. Therefore, the higher the perceived strength, the stronger the relationship between HPWS and the desired behaviors (Bowen & Ostroff, 2004; Jia et al., 2020). All of the above relationships are represented in the model shown in Figure 1.

Figure 1. Proposed model

3 Method

The data were collected between late 2018 and early 2019. The target population was knowledge-intensive employees from three banks in Ecuador. This sector was chosen because innovation and constant renewal have become crucial within the industry, especially since the 2008 crisis, which led to criticism of this sector because of poor management. The fact that employees are the most important factor affecting customer experience was also decisive.

Data were collected from 1,885 employees (more than 50% of these firms' total workforce) working in different departments characterized by having qualified employees whose tasks involve knowledge management (marketing, projects, planning, finance, human resources, innovation, information technology, audit and planning). The selection of the respondent profiles was carried out in collaboration with the management of the financial institutions.

All the measurement scales used were scales that had been previously validated. HPWS was measured with the 15-item scale developed by Jensen et al. (2013). Knowledge management processes (KMP) were measured with 12 items on the scale developed by Flores et al. (2012). HRMS was measured using the 16-item HRMS scale developed by Delmotte et al. (2012). The

dependent variable, intrapreneurial behaviors (IPB), was measured using a 12-item scale similar to that used by De Jong et al. (2015), adapted for first person responses, and using not three but the six items for innovative behavior from Scott and Bruce (1994) scale.

The relationships between constructs were validated using Partial Least Squares Structural Equation Models (PLS-SEM) using Smart PLS 3.3. A method oriented to exploring new relationships between variables from models supported by strong theoretical bases, that enables the exploration of mediation and moderation effects (Henseler et al., 2015). Both the validation of the measurement model, which assesses the relationships between the indicators and their constructs, and of the structural model, which assesses the relationships between the constructs addressed, were carried out following the recommendations of the specialist literature (Fornell & Larcker, 1981; Hair et al. 2017).

4 Results

The results obtained allow us to state that, according to the criteria established in the specialist literature, the constructs are reliable, the different items that measure the same construct are closely related, and that each construct is clearly different of other constructs present in the study.

The results for the structural model show that the initial positive and statistically significant direct relationship between HPWS and intrapreneurial behaviors, becomes weak, insignificant and negative when the constructed knowledge management process is included in the model. However, it is noted that the relationship between HPWS and knowledge management processes is positive and statistically significant, and the effect size is higher (medium). Also the relationship between knowledge management processes and intrapreneurial behaviors is positive and statistically significant, and the effect size is high. Then it can be concluded that knowledge management process partially mediates the relationship between HPWS and intrapreneurial behaviors. Regarding the role of HRMS, the results reveal no moderating effect of HRMS in the HPWS-IPB relationship, and a significant moderating effect in HPWS-KMP relationship. Nevertheless, contrary to expectations, the HPWS-KMP relationship was stronger when HRMS was lower.

5 Discussion and conclusions

The results obtained show that the total effect of HPWS on intrapreneurial behaviors is positive, although this effect essentially occurs through knowledge management process, which mediates this relationship. In short, the results show that intrapreneurial behaviors can be promoted using HPWS because of its effect on knowledge management processes. Consequently, HRM managers should adopt specific measures to build strong knowledge management processes and promote intrapreneurial behaviors. Following the outline of the AMO (i.e., ability, motivation, opportunity) model, in the field of abilities they should try to recruit, select and onboard employees with the appropriate competency profiles. It is also important to invest in training and development, with special emphasis on firm specific knowledge and creative techniques.

With regard to motivation, they should develop assessment and reward systems that value, continuous training, knowledge sharing and innovation. In the field of opportunity, they should encourage a certain degree of autonomy, promote risk-taking and participation, and try to reduce the anxiety generated by innovative activities. Besides these measures, it is also important to foster a teamwork culture and define formal processes for knowledge exchange between individuals and groups. But, in any case, all these initiatives should take into account the specific cultural and institutional environment of the firm. For example, in developing countries, like Ecuador, issues such as power distance can undermine the effectiveness of empowering initiatives and participatory processes.

With regard to the moderating role of HRMS and the unexpected results obtained, it should be highlighted that this paper did not analyze strength as a collective property of the HRM context, as initially proposed by Bowen and Ostroff, (2004). We analyzed the individual perceptions of employees regarding strength, in line with most of the specialist literature. It should be noted that strength is related to a greater homogeneity when implementing human resource practices irrespective of the profile of the employees. However, knowledge workers could consider themselves worthy of more robust investment compared to other employees, because they bring more value to the firm and they possess specificity knowledge resources. This would explain why high HRMS reduces the effect of HPWS on knowledge management processes.

In any case, the results obtained suggest that further analysis is advisable, considering HRMS as a collective property of the HRM context, measured at the group or department level rather than at individual level. Differences in interpreting and implementing HPWS among middle managers can lead to significant

differences in practices and in its interpretation. A more erratic implementation may lead to different levels of strength at the group level and different interpretations of expected behaviors.

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