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## **Human resource management and entrepreneurship fit: A systematic review of literature**

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### ***Abstract***

*Over the decades, the exponential competitive rivalry among the firms combined with the technological changes have rushed firms to pursue sophisticated techniques for reaping competitive advantage. Organizations have been striving to enhance their adaptability, innovation, creativity, risk taking, and entrepreneurship have become the invader in the competition. Although there are many factors impact on organizational entrepreneurship, Human Resource Management is indispensable. Precisely, it's the fundamental duty of an entrepreneur to recruit, manage, motivate, reinforce, satisfy, retain and maintain human resources to enhance entrepreneurial success and growth. It is imperative to comprehend the role of Human Resource Management in developing sustainable entrepreneurship and entrepreneurial ventures. Moreover, knowing how Human Resource Management practices and procedures can be used to assist accelerate the changing landscape in entrepreneurial firms. This study investigates the consequences and relationship between human resource practices and entrepreneurial success. Thus, it embraces conceptual analysis of the Human Resource Management practices espoused by entrepreneurs and to analyze the interrelationship between human resource practices and entrepreneurship in spite of success, through literature and how far this research has progressed. Drawing on large corpus of the research, the study found that the entrepreneurs embrace the significant Human Resource Management practices fostering entrepreneurial success effectively and efficiently. Notwithstanding, results manifest that human is more vital rather than money for entrepreneurs. Intriguingly, entrepreneurs should possess sufficient level knowledge and understanding on Human Resource Management and its functions.*

**Keywords:** *Competencies, entrepreneur, entrepreneurial success, entrepreneurship, human resource practices.*

## **1. Introduction**

Entrepreneurship plays a crucial role in the economic development of developing countries (Kengatharan, 2013). Due to ever changing environment and competitive rivalry among business ventures, it is progressively recognized that the effectual management of human resources is an imperative component for entrepreneurial success, sustenance and growth. HRM is a strategic and wide-ranging function of business which empowers employees to contribute effectively and productively to overall company benefit and accomplishment of organization's goals and objectives.

Further, Human Resource Management (HRM) is the amalgamation of HRM practices into the management and development of human resources in an organization (Nguyen & Bryant, 2004). In the entrepreneur's effort of transforming the knowledge into products and services so as to maximize profit, indeed, human resources have significant influence on entrepreneurial growth and expansion. Despite, effectual management and development of human's skills knowledge, creative abilities talent, aptitudes required to provide a competitive edge that result in entrepreneurial performance and success. In further, significant research studies have disclosed that manpower is the core, integral resources in enhancing productivity, performance, and success of entrepreneurship. Therefore, entrepreneur should possess managerial competencies to effectively deploying and developing them to obtain most out of it.

In the era of 1980s, seminal works such as Galbraith (1985) has found out the significance of the learning the role of human resource in the development of entrepreneurial ventures. Consequently, as an entrepreneur can foster innovation, creativity, flexibility, risk tolerance and changes through formulating and implementing the human resource policies, programs and practices. It encompasses of certain features of the interrelationship between employee and employer as recruitment and selection, training and developing, and performance appraisal and compensation and other benefits. In order to conquer competition and sophisticated technological change, entrepreneur should focus on developing, managing, compensating, rewarding, satisfying and retaining its human resources. So, entrepreneurs should focus on designing and implementing policies and practices to enhance entrepreneurial success, therefore human resource practices should be aligned with the entrepreneurial goal. The overriding purpose of the paper is to investigate the role of HRM in reaping entrepreneurship success and describes how HRM practices and procedures can be used to help entrepreneurs to navigate their companies.

### **1.1 Originality/ value of the study**

The resource view of strategy grasps internal resources as a source of unique and inimitable competitive advantage. This strategic perspective, applied to HRM, suggests that aligning HRM sub-systems with a strategy will produce behaviors and outcomes consistent with the strategy. A present prevalent strategy tries to foster entrepreneurial behavior among employees by seeking breakthrough performance and product innovation (Twomey & Harris, 2000). In spite of the fact, HRM can inspire entrepreneurial behavior through that, entrepreneur can reap entrepreneurial success. This is one of the studies conducted in Sri Lankan context to highlight the ideal insight that can embraced by the entrepreneur to elicit entrepreneurial success.

## **1.2 Objective of the study**

The fundamental objective of the study is to explore the effect, consequences and interplay between HRM practices and entrepreneurial success and to investigate how an entrepreneur can embrace HRM practices to conquer the unforeseen circumstances more specifically, to reap sustainable entrepreneurial competitive advantage. More so, the present study focuses on identifying the critical HRM functions that ought to be harnessed by the entrepreneur by analyzing the existing literature and empirical research findings.

## **1.3 Research questions**

In order to achieve the aforesaid objectives, it is pivotal to enquire the following questions;

- a) Does HRM matters in reaping Entrepreneurial success?
- b) How Does HRM practices affect entrepreneurial success?
- c) What are the consequences of HRM practices in entrepreneurship?

## **1.4 Research gap**

The interest in human capital within the entrepreneurship literature is longstanding and has surged over the last two decades (Marvel, Davis & Sproul, 2016). Firms must now improve performance by reducing costs and increasing quality and providing innovative products and processes and increasing their speed to market. In fact, few studies on HRM in entrepreneurial firms exist. HRM, however, is crucial to understanding the organization of entrepreneurial firms (Lee, Peris-Ortiz & Fernández-Guerrero, 2011). Both entrepreneurship and HRM, however, have problems delimiting their fields of research. This is particularly true of entrepreneurship because of the great ambiguity that exists in its definition and dimensions (Lee et al., 2011). Lucidly, a gap exists in both the entrepreneurship and human resources literature, and this gap should be addressed by studying the role of HRM in entrepreneurial firms (Keating & Olivares, 2007). Filling this gap is important because HRM plays a key role in entrepreneurial firms as the shaker and mover in firm development and growth, and because the literature has simply not researched this area in great enough depth.

Given the importance on human capital within the entrepreneurship literature and the accumulation of this research stream, now is a particularly appropriate time to review the work conducted thus far. To date, meta-analytic reviews of human capital and firm outcomes can be found in the work of Unger, Rauch, Frese and Rosenbusch (2011) and a review of entrepreneurship education on human capital assets, behaviors, and performance in (Martin, McNally, & Kay, 2013). Each provides enthralling evidence that human capital is critical to promoting aspects of entrepreneurship, but they do not contain a comprehensive discussion of the human capital and entrepreneurship research stream. Further, one perspective suggests that sets of HRM practices do not themselves create competitive advantage; instead, they foster the development of organizational capabilities which in turn create such advantages (Wright, Dunford, & Snell, 2001). Henceforth, it vitally important to explore the functions that should be practiced by the entrepreneur in reaping entrepreneurial success.

## **2. Methodology**

The present study is thus, based on the review of the existing literature and findings. Therefore, number of research articles have been downloaded from various databases for the purpose. Harnessing search strategies, 90 research articles were identified with regard to the concepts of greenwashing and green entrepreneurship. Notwithstanding, in accordance with antecedent studies, henceforth criteria were harnessed in choosing the article (Kengatharan, 2015): (a) a peer-reviewed journal published betwixt 1990 and the present; and (b) full text published in English. The full papers were garnered from reputed databases such as Wiley Online Library, ProQuest business, Business Source Premier (EBSCOhost), Expanded Academic (Gale), Emerald Insight, Sage Journals, Science Direct (Elsevier), ISI Web Science, the Sloan Work and Family Research Network at Boston College, and Google Scholar, where a vast number of articles were considered useful for the aforesaid topics.

## **3. Theoretical underpinning**

### **3.1 Concept of human resource management and practices**

Over the past few decades, explanation for HRM is that the participation and involvement of every managerial decisions and activities have the significant influence the relationship between the organization and its employees (Beer et al., 1984). Moreover, human capital is the knowledge, skills, and abilities (Hayton, 2005), conversely HRM consists of effective management of human resources in the business venture (Lin et al., 2008). Storey (2007) has detected that HRM concept is a controversial approach and usually concern with business-oriented and business conjoined approach that focuses on managing human resources since it involves wide variety of activities like job analysis, human resource planning, recruitment, selection, placement, induction, orientation, training and development, compensation, reward management, performance management, collective bargaining, conflict resolving and so forth. However, HRM is a distinctive approach of an organization's work systems and employment practices constituted by a set of activities that together aim to manage human resources as to achieve organizational objectives (Bratton & Gold, 2003). HRM includes all activities related to the management of employment relationships in the firm (Lin et al., 2008).

In spite of the fact, it's complicated and critical to manage and maintain the human resources in order to enhance grater partner gratification because of the (dynamic nature) different roles they play in an organization (Sulhaini, 2012). In the book of Human Resource Strategies for the High Growth Entrepreneurial Firm' Heneman and Tansky (2006) stated the contrasts between wanted equipment techniques, work force attributes, recruitments, and other human resource practices among the start-ups. They found that work force qualities of the staff are much progressively significant in the startups and that recruitment/selection varies among them. HRM is a people management approach to achieve the organization's objectives through the employment of its human resources by means of aligned human resource strategies, policies and practices. The term HRM is corresponding with the management of people in an organization (Hunt, 1992) that encapsulates planning, organizing, staffing, leading, controlling and coordinating activities of human resources inside of an enterprise (Saint-onge, 2004). Strategic HRM aims to provide companies with internal capacity to

modify fittingly and adjust to their competitive atmosphere by integrating HRM policies and practices (Kidwell & Fish, 2007).

As stated by Armstrong and Taylor (2014) HRM encapsulates some integral purpose such as revamping the efficiency and effectiveness of the human resources, assure positive synergy among the employees and employers of the organization, individual development of human resources. Additionally, the resource based view encourages a shift in emphasis towards the inherent characteristics of employee skills and their contribution to value addition. According to the resource-based view differences in the physical, organizational and human resources of firms impact fundamentally on their competitive ability (Barney, 1991). HRM practices, such as formal recruiting systems, training programs, and formal appraisal and compensation systems, have been proven to provide support in business operations and are associated with improved organizational performance (Dekker et al., 2014). Therefore, HRM has been defined as “the strategic integration of HR practices into the management and development of employees” (Nguyen & Bryant, 2004). It covers such aspects of the relationship between employer and employee as recruitment and selection, training and development, appraisal and compensation.

Hornsby and Kuratko (2004) distinguished the normal patterns in HRM practices for new businesses. They discovered that an enormous number of new companies take part in “advanced” human resource practices than the literature attests and that new companies inclined to have a similar HR concerns as the developing firms, pointing that approaches probably won't negate that much between them. Humans are the most precious, resilient and flexible resources of a business venture since, they have the potentiality and competency to learn, develop and adopt to enhance their skills, knowledge and abilities to develop magnificent customer value (Nasution & Mayondo, 2008). Additionally, HRM encapsulates specification of pertinent managerial activities such as “Human resource management is the stimulation, selection, retention, development, and utilize human resources effectively and efficiently in order to accomplish (goal congruence) individual and organizational objective (Cascio, 1998). Typically, the fundamental intent of HRM practices is to impact on employee behavior in order to influence the business performance (Wright & Nishii, 2007). McEvoy (2004) analyzed the viability of personnel management in small firms as contrasted with the expectations for such programs in the set-up firms. Observed that small firms appear to be pompous about the adequacy of their personnel programs and recommended that quite a bit of this may identify with utilizing few trained or devoted or human resource personnel.

HRM, thus, is about creating and sustaining superior human resource contributions for firms (Litz & Stewart, 2000). Many authors have claimed that the adoption of HRM practices may lead to reaping sustained competitive advantage through developing human capital and encouraging employees to pursue the interest of the firm (Perren & Stevens, 2008). Considering HRM practices, literature has typically categorized and inspected in a wider HRM concepts and many researchers differentiate the stated areas; recruitment and selection, training and development, compensation and reward systems, and performance appraisal systems. HRM practices also can contribute to promote a culture of innovation, creativity and initiative-taking, developing entrepreneurial attitudes within the firm that are difficult-to-imitate (Bratnicki, 2005). Research has shown that SHRM practices are helpful in enhancing

both individual and organizational performance in different contexts, including China (e.g. Gong et al., 2010).

High-performance human resource practices develop employee skills, their involvement in decision-making, and their motivation to exert discretionary or spontaneous efforts (Appelbaum et al., 2000). Strategic HRM has been discovered from three viewpoints (Delery & Doty, 1996; Twomey & Harris, 2000) that are universalistic, contingency, and configurational. The universalistic studies focus on the gains of the firm through adopting effective policies and practices. Contingency and configurational perspectives are relay on the concept that specific HRM practices would support the cooperate strategy by customizing behaviors and outcomes of human resources of the firm. Number of studies have underpinned that HRM is inevitable for the success and effectiveness of the entrepreneurship. The findings highlight that HRM practices and process must focus on developing relationship among employees as they do for individual job fit (Larsen, 2001).

### **3.2 Defining the concept of entrepreneurship and entrepreneurs**

Entrepreneurship is a difficult concept to pin down because it draws on various academic disciplines with differing perspectives. Entrepreneurship is a slide complicated concept to describe since it is seen on various disciplines with different viewpoints. The concept of entrepreneurship was first revealed in the literature on individuals as entrepreneurs (Kirzner, 1973). The concept of entrepreneurship can be recapitulated as a process of enhancing values by integration of significant facilities and combined with the resources to capture a business opportunity (Stevenson, Roberts, & Grousbeck, 1989). Moreover, it can be viewed as a process of recognizing business opportunities in order to generating value by combining required resources and harnessing them optimally (Stevenson et al., 1989). The individual who manage and run the business could be known as entrepreneur. Entrepreneurship approach, notwithstanding, not merely creating and establishing a business venture it goes beyond that, it is a firm-level remarkable thing (Stevenson & Jarillo, 1990; Lim et al., 2008). Entrepreneurship is the process by which “opportunities to create future goods and services are discovered, evaluated, and exploited” (Shane & Venkataraman, 2000). In other words, it is the process by which organizations and individuals convert new knowledge into new opportunities in the form of new products and services. It is described through three fundamental concepts: innovativeness, risk taking, and pro-activeness (Covin & Selvin, 1989; Zahra, 1993). Innovativeness underpins the process of searching for creative or novel things or solutions to solve a problem and or produce a product (satisfy a need). Innovativeness occurs in terms of discovering new market, introducing new products and services, seeking new sources of martial. Risk taking is the ability and willingness to deal with risk. Moreover, an entrepreneur needs to work in an uncertain environment and possibilities of failure. In general risk can be manageable and can be avoid through entrepreneurs’ competencies and significant decision-making capabilities. Pro-activeness focuses on execution and fulfilment the concept of entrepreneurship through doing the necessary activities and actions.

A combination of these concepts causes business startup. The term entrepreneurship defined as a series of steps, moreover, discovering business concepts and new process, capitalized on

the existing opportunities, and considering calculated risk, specific knowledge, and enforcement. The entrepreneurial process encapsulates of well set of undertaking and actions to discover new business open doors, formulate a business idea, estimate and obtain essential required resources, execute the business idea subsequently effectively oversee and capitalize on the business (Morris & Jones, 1993). Entrepreneurship is a process where entrepreneurs initiate small business and or as new business through their invested capital. As per the websters' collegiate dictionary it aims to explain as, entrepreneur is an individual who devoted, organize and coordinate, calculate the risk involved in an enterprise. In essence, entrepreneurship is the process of innovation and capitalizing opportunities with diligent and persistent, along with bearing financial, psychological, and social risk. However, it is done with the inspiration of economic gain, achievement, self-satisfaction and desire for independence (Hellmann, 2002).

### **3.3 Conceptual linkage of human resource management practices and entrepreneurship**

HRM application is contemplated as imperative managerial function that have the significant impact on the result of entrepreneurship (Morris & Jones, 1993). The effective and efficient management of the human resources influence the outcome of any business either success or failure (Katz et al., 2000). HR applications have considerable impact on different aspect in terms of acquiring, developing and retaining human resources. HRM theories and concepts play a part in comprehending the issues, problems and unforeseen circumstances in the environment confronted by the entrepreneur and entrepreneurial firm (Altinay et al., 2008). Indeed, HRM plays a prominence part in the development and growth of the firm however, there are limited number of studies on HRM and entrepreneurial ventures exist (Keating & Olivares, 2007). Remarkably, the contribution of HRM practices to the survival of new ventures, and the impact of resource acquisition, allocation and development on the speed and direction of growth in rapidly expanding firms (Barrett & Mayson, 2007). Therefore, HRM, notwithstanding, is critical to comprehending the firm of entrepreneurial firms. While innovation may be the product of one brilliant mind, the process of design, production and distribution depends on effectively managing the work, effort and commitment of people (Keating & Olivares, 2007). It has been found that an emphasis on entrepreneurial aspects leads to an increased EO only in the case of training and development (Florén, Rundquist & Fischer, 2016). Previous research on reward systems has shown that rewards can change attitudes, motivate individuals and viewed as investments that are designed to induce individuals to join a company and make them perform well over time (Schmelter et al., 2010). Therefore, this can only be achieved by creative and talented employees. Creative and knowledgeable employees make this happens. They do innovation and constantly think about new ideas and new solutions to problems unlike conventional people do.

Zhou, Zhang and Montoro-Sánchez (2011) epitomize the concern on their entrepreneurial behavior, innovative and creative sides of the employees incorporate as a dimension. HRM made up of different sub systems among them the reward system is seen as an imperative function in addition to foster motivated employees to be creative and encourage their innovativeness. The formation of interpersonal relationship and the development of communication among employees themselves and between owner managers and their employees, can stimulate the dynamics of entrepreneurial behaviors. Hence, HRM is all about

generating and supporting loftier HRM participation and involvement for business firms (Litz & Steward, 2000). As it was cited by Castrogiovanni et al. (2011) many researchers have asserted that acquisition of HRM practices would foster achieving sustained competitive advantage by reinforcing human capital pool and fostering employees to follow the firms' interest (Lado & Wilson, 1994; Wright et al., 2001; Barney & Wright, 1998; Kidwell & Fish, 2007; Perren & Stevens, 2008).

Number of seminal arguments describe why human capital, or prior knowledge, is of distinctive importance to the field of entrepreneurship (Ardichvili et al., 2003). Foremost, human capital is pivotal to discovering and creating entrepreneurial opportunity (Marvel, 2013). Human capital also assists in harnessing business opportunities by obtaining financial resources and implementing ventures (Dimov, 2010). Third, human capital aids in the gleaning new knowledge and the creation of advantages for new firms (Bradley et al., 2012). In general, human capital is the often used selection criteria among venture capitalists when evaluating potential venture performance. Numerous studies have shown that, the significance of human resource functions in the success of failure of the business venture (Terpstra & Olson, 1993). Entrepreneurs frequently tackle operations and activities that encapsulates discover, access, utilize opportunities to put in application into new approaches to resource and process management (Uyar & Deniz, 2012). This relies on the entrepreneur's decisions, policies and practices executed to change the quality of the human resources. Scholars have conceptualized about the entrepreneurial process commencing with individual action or opportunity identification and proceeding to venture creation and firm outcomes (Lumpkin et al., 2004). Entrepreneurial action prior to venture creation is nascent entrepreneurship and includes individuals performing alone, or with others, in efforts to start a venture (Gartner et al., 2004). Bruno et al. (1987) stated that, there are various significant factors impact on failure of a business such like: lack of product design, poor time management practices, imprecise definition of business, over dependence on single customer, assuming debt too quickly, problems of venture capital relationship, lack of team work, human resource related problems. Successful business ventures had remarkable or superior resources in terms of managerial enlightenment and monetary support possessing solid business plan (Lussier, 1995). It has reviled specifically that HRM is a strategic partner of entrepreneurship and entrepreneurs as a strategic partner for the long-run effectiveness of start-up firms. And also, by understanding this role, both of current and prospective entrepreneurs will take advantage of HRM (Tang et al., 2015).

#### *Recruitment and Selection*

Recruitment refers to the process of collecting highly talented and competent candidates who are probably to be recruited by an organization to carry out the task or perform a job effectively (Chan & Kuok, 2011), conversely selection process addresses the end stage following the recruitment process whereby a best suited candidate who has the ability to fill a vacancy position is chosen (Pynes, 2004). It was detected by Kingfiser that they tent to recruit at the top and bottom level of the venture, without having much consideration on the middle of the organization, and that recruitments manifest to be violate (Baker & Aldrich, 1994). International handbook of entrepreneurship and HRM contrasted the recruitment practices of small and large firms, indicated few practices that differ substantially between the two (Barrett & Mayson, 2008). Furthermore, the study indicates that employees of the organization have



rigid preferences in the organizations they apply to and that this forms part of the employee's selection criteria. HRM at Kingfisher focuses on this function to improve the employee effectiveness and performance. A general theory of entrepreneurship: the individual opportunity nexus; identified the recruitment practices of startup entrepreneurs. Williamson (2000) indicated about a strategic model of recruitment for small business ventures, that concerning on the requirement to absorb legitimacy and the need to improve individual firm character.

#### *Human Resource Development*

Discipline of Human Resource Development (HRD) is the study of how individuals and groups in organizations change through learning (Chalofsky & Lincoln, 1983). According to Torraco and Swanson (1995) HRD has served the needs of the organizations to give employees with up-to-date expertise and knowledge. HRD can be defined as a set of systematic and planned activities designed by an organization to provide its members with the opportunities to learn necessary skills to meet current and future job demands (Werner & DeSimone, 2011). Therefore, HRD encompasses training and development, employee development, technical training, management development, executive and leadership development, human performance technology, organization development, and organizational learning. HRD incorporates developing people with an intent to enhance the performance of the employees related with the job, developing job direction with aims on maximizing performance of their future requirements, introducing corporate development that foster optimum utilization of human competencies and improving human performance that assist organization effectiveness and efficiency (Gilley et al., 2002).

#### *Training and Development*

Training and development are identifying and accessing and via planned learning assisting employees to develop fundamental competencies which enable individuals to perform current and future job (McLagan, 1983). Antecedent research specifies that training and development is related to innovation (Beugelsdijk, 2008; Lau & Ngo, 2004; Shipton et al., 2006). HRM at Kingfisher focuses on the employee development through training. Kingfisher provides training program to increase the organizational sustainability through employee development (Torrington et al., 2008). Selective recruitment of entrepreneurial employees, relevant competencies also can be earned through training and development practices (Delaney & Huselid, 1996; Schmelter et al., 2010).

#### *Performance Management*

Performance management is known as the wide range of intentional trails, policies, dealings, and interventions to assist and support employees to enhance their performance (DeNisi & Murphy, 2017). It typically encapsulates ongoing method of identifying, evaluating and improving the performance of employees and groups in organizations (Aguinis & Pierce, 2008). PM has the responsibility to monitor and evaluate the performance of the employees at workplace not withstanding management must identify the present performance of the employees and act to deal with the digression (Torrington et al., 2008). Performance evaluation is one of the subsystems of HRM that play a significant role in the formulation of entrepreneurial behavior. Generally, Performance evaluation is a process in the holistic

performance management in further evaluating each employee's performance in order to formulate objective decisions for employees (Moghimi, 2004).

### *Motivation*

According to Broussard and Garrison (2004), comprehensively define motivation is the attribute that foster us to do something and or not to do something. Intrinsic motivation is activated by personal enjoyment, interest, or pleasure, conversely extrinsic motivation is ruled by reinforcement eventualities. Deci, Koestner and Ryan (1999) observe, intrinsic motivation strengthens and endures happenings through the spontaneous gratifications intrinsic in effective volitional action. It is disclosing in behaviors such as play, exploration, and challenge seeking that people often do for external rewards. Turner (1995) contemplates motivation to be synonymous with cognitive rendezvous, he describes as voluntary usages of high-level self-regulated learning strategies, such as paying attention, connection, planning, and monitoring. Enhancement of employee skills and of the motivation to use those skills leads to creativity improvement (Sun et al., 2007). According to the review of the literature human resources are the integral assets for business ventures, since they are the only resources that have the capability to create and innovate new things and ideas. The effective and efficient management of human resources in entrepreneurship foster entrepreneurial success and growth. Consequently, a business success relies on viewing human resource practices as an entrepreneurial phenomenon.

The human resource plays a very significant role in the success of organizational performance. Garavan (2007) says that there is now an established trend where there are well chosen HRD practices that have a directly affect both individual and organizational performance. According to Tseng and McLean (2008), the success of any business will depend to a big extent on an organization's ability to use its employee skills as well as expertise. Specifically, this body of literature suggests that HR practices lead to firm performance when they are aligned to work together to create and support the employee-based capabilities that lead to competitive advantage (Wright et al., 2001). Generally, the intention of HRM practices is to influence employee behavior in order to impact business performance (Wright & Nishii, 2007). A lot of effort has gone into understanding the relationship between HRM practices and firm performance. Previous research clearly shows that if appropriate HRM practices are implemented, they represent one of the most crucial firm resources (Barney & Wright, 1998), and they also contribute to the accomplishment of firm objectives and the creation of value. However, extant research has been criticized for only showing an association between systems and practices of HRM and firm performance, but leaving uncertainties about concrete causes and effects (Guest, 2011).

### **4. Conclusion and recommendation**

Over the past 20 years' global competitiveness has forced firms to become more entrepreneurial in order to survive. The congruent between HRM and entrepreneurship has been studied by numerous authors. This conceptual paper sighted explore the congruence between HRM practices and entrepreneurship. Correspondingly, the review of literature is concentrating on the interconnection between HRM practices and entrepreneurship success. Based on the analysis of the existing literature, the present study underpins the importance of

effective HRM practices on entrepreneurial success and highlighted that the wide variety tasks and duties should to be undertaken by the entrepreneur corresponding with the HRM. HRM is a prominent element of managerial decisions that affect organizational entrepreneurship.

Therefore, the changes in this discipline are likely corresponding with the fluctuations seen at entrepreneurship level. It signifies the efficient and effective HRM policies, programs and practices will foster entrepreneurial success in reinforcing itself to conserve talented and innovative employees. HRM inspires entrepreneurship through parameters such as cooperation, organizational learning, knowledge sharing, trust and risk taking. If companies pursue entrepreneurially oriented goals such as being more proactive, encouraging innovativeness and risk taking and competing more aggressively, the strategic HR activities automatically will turn to provide necessary HR support such as human capital, sufficient training programs and competitive compensation and reward systems to company in order to achieve its goals and strategies in the long run.

Consequently, entrepreneurs should admit the requisite to improve and develop the organization's HR policies and practices. Notwithstanding, the concept of HR management plays a prominent role in entrepreneurship, there have been few studies in this filed (Madmoli, 2016). Indeed, HRM practices and programs like promotion, rewarding, compensation, and the like are the factors that enhance employee's innovation and creativity. Moreover, innovation and creativity are the two-fundamental prerequisite of entrepreneurship. Consequently, good HR management practices can foster entrepreneurship. Further researcher is required in order to obtain a better picture of the HR practices in their firms that are doing well, as well as to identify the specific practices that may contribute entrepreneurial success or failure. This structured analytical literature review provides a strong base to move ahead in the further study and to explore the correct, exact as well as effective findings too. Intriguingly, entrepreneurs should have at least ordinary level knowledge about human resource management and its functions. It is also explored that if entrepreneurs are oriented toward HRM, they will establish effective human resource management on their firms. Moreover, it is anticipated that by implementing HRM specific state and private supported programs to start-up and entrepreneurial ventures. It will improve their capacities to operate effectively by an accurate management of their unique asset human.

Drawing on the literature and investigate results entrepreneurs are recommended to regulate essential level of entrepreneurial activities and HR departments can set their roles and activities to encounter the necessity of entrepreneurial goals of organizations. Consequently, the positive contribution of HR activities on firm performance can upsurge. HRM is vital for the entrepreneurship success HRM practices should emphasis on constructing associations among employees as they do on matching individual employees to job situations (Larsen, 2001). While the traditional model of HRM encourages matching employee contributions to organizational needs and inducements, a more relevant perspective to corporate entrepreneurship would inspire the building of relationships among employees, between employees and the organization, and between employees and key organizational stakeholders. These inter-relationships are necessary because they embody indispensable channels for the flow of knowledge and information.

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