

## **Role of Strategic HRM in transforming Entrepreneurs into Masterpreneurs: When Sustainability Matters the Most**

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### **Abstract**

Number of HR practices play crucial role in defining the larger picture for any organization active in today's competitive and global business world. Along with this the role of strong HR is also connected with transformation of entrepreneurs into masterpreneurs. This transformation can be evidently visualized into various facets of business with special reference of HR. Such as integration of HR strategy with corporate strategy, more and more use of IT, development of HR capital, efficient management of change, career path development and other analytical techniques.

The impact of turbulent economy can be visualized on almost all the areas of business and with current downfall of Indian currency in contrast with other powerful currencies of world it is important to have a mechanism which will provide a step by step guideline for sustainability of business. Leaders all over the globe are making use of efficient leadership styles which motivate their transformation from entrepreneurs to masterpreneurs.

This study explains about the ways which help to become a masterpreneur and to deal with business demands, shrinking budgets, enhanced use of social media, new techniques of data analytics. The focused action of any corporate house in line with all the aforesaid aspects will surely transform entrepreneurs to masterpreneur, which is the key to sustain business in such a cut throat competition. New ways specified for being a masterpreneur, which are necessary to manage and align the HR capital with business objectives will be discussed in this article.

**Keywords:** Entrepreneur, Masterpreneur, Sustainability, Strategic HRM, Strategy

## **Introduction**

The question which surfaces us all in this turbulent global world is aimed to determine about the appropriate formula for sustainable development. But first of all what we all need to think is about the possibility for a formula which will suit the needs of all type of organizations in becoming sustainable. First of all it is important to have clear information about sustainability. Sustainability can be associated with two broad components utility and throughput. These two elements within sustainability can be defined as the reason for the increased attention it has gained over a period of time. Nowadays entrepreneurs do not want to be entrepreneurs only but they want to be transformed as a masterpreneur and for this paradigm shift sustainability in the organizations seems to be the only way.

The evolution of HRM from the era of labor welfare towards strategic importance of the domain in corporate strategy lays the foundation for transforming ordinary entrepreneurs into exceptionally well crafted masterpreneurs. There are many models and principles of sustainability as far as functioning of any organization is concerned and this will justify the requirement of entrepreneurs being transformed in masterpreneurs. In addition with this justification there are other aspects which are to be considered in this article and are related with importance of sustainable objectives for any particular organization to remain viable in the long run of business. The emergent need can be justified in a way that the business houses are becoming obsolete due to cut theocrat completion in the business world as well are also falling short on meeting up with the needs and wants of the consumers (Sharma and Chrisman1999).

## **Literature Review**

The need and importance of sustainability is crucial for all the organizations and the leaders following this approach will surely be the winners in the coming age. Nemetz, 2003 has explained about some of the great aspects associated with planning in this era of strategic human resource management. He explained that it demands a whole hearted cooperation from the various strategic levels in order to become competent and enjoy a competitive edge over other players in the marketplace which is not a leveled field for playing anymore. Sustainability can be defined as the baseline for planning which in turn is the baseline for strategy formulation. At the highest potential sustainable development can only be realized if there is effective integration between HR strategies and the corporate strategy. All the

measurement systems which target about the functionality of business houses needs to determine about the degree to which the aforesaid integration prevails.

According to Schavan, 2009 there are changes in the external business world and there is need to administer these changes in a way that helps in better management of organizations in the long run. Business owners or the enterprise itself needs viability in future and this can be gained when there is high degree integration between the various levels of planning and strategy formulation. The need for dealing with such practices demands a clear cut definition of sustainability which defines it as adaptability towards such strategies which are efficient for meeting up with the needs and wants of the consumers. This match between needs and services must be met anyhow in spite of the constant changes taking place in the business environment as said by Smith, 1993.

Bruce, 1992 explains that business enterprise and the entrepreneur must take account of various business models and principles which are based on sustainability. According to him sustainable development is not only limited to consumers or business but also to the stakeholders. Their rights should be protected and the objectives should be set in a way which will enhance the use of human resources. The spirit of this concept of sustainability can be highlighted keeping in mind about the purpose of business. The purpose of business is not only limited to earn profits but at the same time making the world a better place to live (Nemetz 2002).

As recommended by World Commission on Environment and Development, there should be high emphasis on to the economic development of nation as well as wellbeing of the stakeholders associated with business. This is the key strategy for transforming an entrepreneur into a masterpreneur. Drayton 2002, claims that form becoming an efficient entrepreneur one should have the skills to fulfill the needs of shareholders, lenders, customers, employees, suppliers and communities, that too in an overwhelming manner. If any potential entrepreneur can do that in spite of the pressure and threats of the external business environment then surely he can be termed as masterpreneur and his organization will be sustainable in nature.

Battilana and Dorad 2010, also envisaged the sustainability for organizations that are keen to manage in this ever changing global world. They say that organizations only work on two major principles which indicate the need for using unprecedented ways which will help in implementing the institutional logics. This they have termed as a model of sustainability

and it named as “ready-to-wear” model. The role of this model can be justified both in case of sustainability for the companies as well as transformation of the entrepreneurs into masterpreneurs. In line with this entire discussion the masterpreneurs can be differentiated from the entrepreneurs. The masterpreneurs are the key change agents who hold the capability to transform the scenario in a way where competition becomes obsolete rather than the organization becoming obsolete (Nemetz 2003).

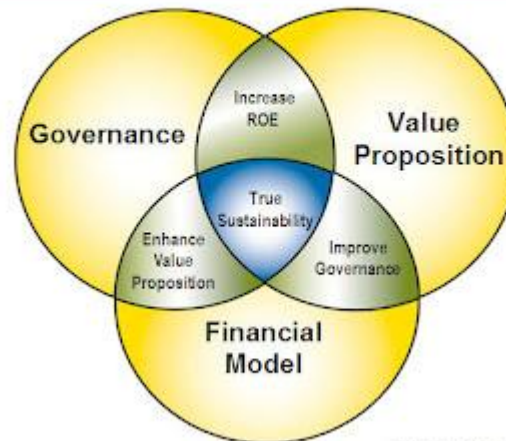
Hart and Christensen 2002, talk about the great leap or the paradigm shift which again is an issue to be covered within the scope of this article. It is suggested in various researches that for being sustainable the organizations are required to create a unique identity in the business world. This fact can be further elaborated in line with Blue Ocean and Red Ocean strategies for generating profits in business. The Blue Ocean strategy when followed will allow the business houses to make the completion obsolete rather than organization itself. This is what is the key trait or attribute required for becoming a masterpreneur rather than an ordinary entrepreneur, who succumbs to external changes in the business environment (O’Riordan and Voisey 2012).

According to Zahra 1991, claims that in order to become a sustainable organization the focus is crucially laid on the hiring of the human resource as well as their socialization policies. This states that the approach of a masterpreneur is not only linked with hiring the best talent but at the same time it is also associated with efficient utilization. In the similar manner the focus for integrating HR strategies with the corporate strategies demands for dealing with the issues which are prevailing in the competitive business environment. The survey conducted by Economist Intelligence Unit in the year 2011 states that analysis of as much as 280 finance executives are of the view to develop the organizations in a way which is viable and functional in the long run. The sustainability formula for this purpose exemplifies addition between leadership, adaptability and program capacity and this leads to sustainability (Kell and Levin 2002).

### **Transformation of Entrepreneur to Masterpreneur**

Hawkin, Lovins and Lovins 1999, has defined a new sustainability formula for the companies which states that governance, value proposition and financial model are all important features for any company to be successful. This can be illustrated with this diagram shown below.

### The Sustainability Formula



Source: CUNA Mutual Group – EDU Analysts

Figure 1: Source (Pearce and Barbier 2000).

There is need to emphasize on all these components and the area in which these three areas are overlapping each other explains about the propensity to which any particular organization is capable of being sustainable. According to Venkataraman 1997 the integration of the HR policies and practices with the corporate strategy will help in dealing with the issues of an unbalanced business environment. There is need to align the HR practices in a way that all the objectives of the overall corporate strategy are met and hence this will help an organization in becoming sustainable. The integration of strategies will also lead to transformation among the entrepreneurs into masterpreneurs also. A true masterpreneur can be defined as one who has mastery in skills like contingency management, leadership, risk calculation, foresightedness and realization of opportunities (Pearce and Barbier 2000).

As per the views of Holliday, Schmidheiny and Watts 2002 the number of HR policies and various functions of this domain are the baseline in order for an entrepreneur to become a masterpreneur. The formula so explained with which any organization can become sustainable highlights the crucial role which is to be played by the HR practices. The specific practices which demand more of attention are more and more use of IT, development of HR capital, efficient management of change, career path development and other analytical techniques. The use of information and technology will help the entrepreneur in making effective utilization of the resources like skill set available with him (Reed 2001).

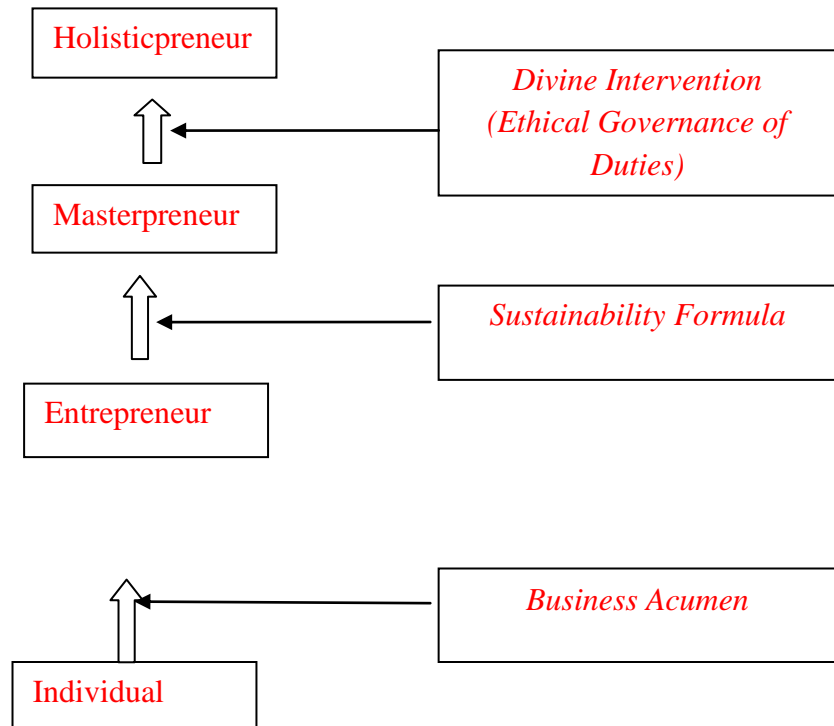
In line with the sustainability formula it is important to consider the real time examples in our external environment. These examples are to be considered two ways that

how do they classify and fit in the category of a masterpreneur and why others don't. There can be several categories in which these masterpreneurs can be identified such as education and business. This classification exemplifies the strong correlation between sustainability and individual skills and hence it can be eventually stated that masterpreneurs are not those specified to business only. They are the wizards who have the ability to keep their interest a going concern while the external circumstances are not in favor.

In the field of business founder, Jamsetji Nusserwanji Tata, of most prominent business house, the TATA group was surely a masterpreneur. As he was not only the force behind but behind resource mobilization in tough circumstance and fighting against all the odds when there were many apprehensions. But at the same time the other leaders of the TATA family in spite of working with all the odds will not classify for this category. Similarly in case of education, Pandit Hiralal Shastri, founder of Banasthali Vidyapith will surely be termed as a masterpreneur. He laid foundation of a residential women's university which offers an integrated system extending from the primary to the Ph.D. level. The location where he decided to locate Banasthali was remote and was totally cut off from all the developmental activities being carried out in the cities.

At the same time a state like Rajasthan where there was no scope for educating girl child, it was a visionary like him who dreamt of establishing an institution. A perfect blend of all the essential components for sustainability were there such as governance, a perfect financial model as well as value proposition too. In line with this discussion it can be stated that there are stages in which progressive development of an individual to a masterpreneur can be explained. The progression of an ordinary individual towards becoming an entrepreneur is solely governed by the business acumen present in him. His inclination towards trade will only define how he is going to deal with financial aspects.

Further becoming a masterpreneur is possible by following the sustainability formula which comprises of three elements, Governance, Financial Model and Value Proposition. Post that there is scope for further transformation to become a Holisticpreneur. This is in best interest for the society and the mankind as the acts and trade are governed by the ethical dimensions with each and every prospect of business and this is what is explained in the model proposed in this article. The diagram explains about continuous development of an individual into a holisticpreneur and this will best serve the purpose of business and well as social development too.



**Figure: Progression of an Individual to become a Holisticpreneur**

Human resource is assigned with a new term altogether which is human capital and here one can justify that human resource is believed to be as important as money. Once this belief manifests within the mind, body and soul of the entrepreneur it can be evidently stated he is set off on the track to become a masterpreneur (Margolis and Walsh 2003).

### **Organizational Sustainability: The Masterpreneur Way**

Sustainability holds a different meaning in the organizational context as it is comprised of various aspects. The very first consideration in the preview of sustainability as far as the organizations are concerned is related with costs which are incurred on all such decisions. The overall impact cost which is related with integration of HR policies with the overall corporate strategy is inclusive of various other costs that too at different organizational levels as shown in the diagram below.

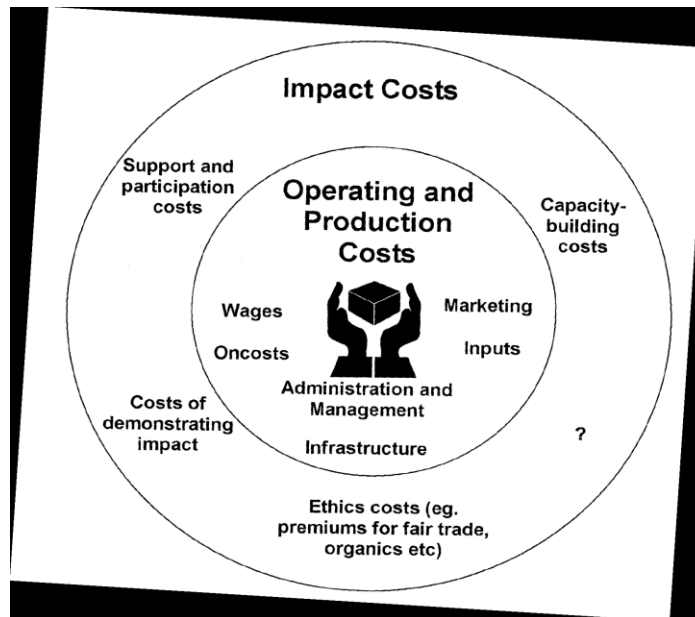


Figure 2: Source (McDonough and Braungart 2002).

The marketing costs, wages for the ideal HR pool and the administration cost at the managerial level is crucial for integration of HR policies with the corporate policies. At the higher level there is operating and production cost involved which will help in actual implementation of the masterpreneurial approach and hence the entire cost so involved will be termed as the impact cost (McDonough and Braungart 2002).

It is important to mention that sustainability refers to overall sustainability of the organization. But there are many components in this overall stability and these components can be shown in the table below (O’Riordan and Voisey 2012). There are various levels of stability and each and every level or component is linked with each other. Some of the elements or levels can be mentioned as operational sustainability, functional sustainability, impact sustainability and the balance sheet sustainability. All these types or levels of sustainability if maintained will transform the overall sustainability of the organization. The entrepreneur who is capable to handle all these forms of sustainability can surely be termed as a masterpreneur (Pezzey 1992).



Impact Viability	Operational Viability	Operational Sustainability	Financial Sustainability	Balance Sheet Sustainability	Impact Sustainability
Ensuring best fit for impact	Ensuring a viable business	Covering Costs/ Breaking Even	Generating a surplus	Building equity	Maximising enduring impact
<ul style="list-style-type: none"> <li>Is a social enterprise the best way to achieve maximum impact in relation to our social purpose?</li> <li>Can we demonstrate the viability of this social enterprise in achieving the intended impact either qualitatively or quantitatively?</li> </ul>	<ul style="list-style-type: none"> <li>Is the business of the enterprise viable?</li> <li>Are we able to meet our operating costs?</li> <li>Are we costing our goods and services appropriately to cover all our expenses?</li> </ul>	<ul style="list-style-type: none"> <li>Can we consistently cover the costs of our operations and all associated overheads and on-costs?</li> <li>Is our cash flow adequate, do we have adequate liquid funds?</li> <li>Have we been able to project and plan for our operational costs into the future and meet our financial obligations over time?</li> </ul>	<ul style="list-style-type: none"> <li>Are we generating a profit or surplus?</li> <li>Is our surplus adequate to meet our ongoing growth and development needs?</li> <li>Do we have adequate plans and projections in place that will help us to shape our financial future?</li> <li>Are we confident that we are making use of our current resources most effectively and efficiently?</li> </ul>	<ul style="list-style-type: none"> <li>Are we building equity and savings over time?</li> <li>Could we weather a financial storm or change in our circumstances?</li> <li>Have we built up our asset base over time?</li> <li>How long would our savings allow us to continue operating if we lost a major source of income?</li> </ul>	<ul style="list-style-type: none"> <li>Are we delivering the sort of social impact that we envisaged we would?</li> <li>Are we able to sustain and depend this impact over time?</li> <li>Are we finding ways to 'measure' and 'report' on our social impact?</li> </ul>

Figure 3: Source (Pezzey 1992).

Although it is evident that business cannot run in isolation but the term social enterprise in the table above refers to a firm which is functional and approachable with most of the parts of the society (Pearce and Barbier 2000). The role of these levels of sustainability can be explained treating this table as a quantum when any masterpreneur is capable of achieving impact visibility then only he can approach towards operational viability, operational sustainability then financial stability, balance sheet stability and last but not the least the impact stability which is also referred as the overall stability. This rate of forward movement will define the extent to which the reconciliation of differences between the approach of an entrepreneur and masterpreneur will take place (Sharma and Chrisman 1999).

## Conclusion

Sustainability is the most important question keeping in mind about the ever challenging and changing scenario in the external business world. The entire discussion so carried out in this paper talks about the need and importance of organizational stability so that transformation if an entrepreneur to become a masterpreneur can be carried out. Other elements mentioned also highlight about the various HR policies and costs which are to be incurred to bring about this paradigm shift.

Most of the organizations all over the globe are suffering though global economic turbulence and in such an environment business viability in the long run is a serious question which is to be answered. The only answer which seems fruitful is the change to be brought about in the approach with which organizations are lead. This change of approach is

necessary for both organizational viability and entrepreneurial viability. This will lead to actual transformation of entrepreneurs into masterpreneurs.

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