



INNOVATIVE HR PRACTICES IN INDIAN COMPANIES

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Abstract

Organizational innovation has been viewed as an essential weapon for organizations to compete in this competitive business environment, HRM Practice attract, develop, motivate and retain employees. They also ensure effective implementation and the survival of the organization and its members. Everyone wants to do business with us; this change has given lot of opportunities to our country to grow further but it posed lot of challenges in front of us like Indian companies gained confidence to acquire foreign giant companies and try to establish themselves very competitive than the foreign companies. At the same time we have to give emphasis on the various challenges before us like the gap between people in the corporate world and those in the rural areas and so on. The present research paper aims at the concept of innovative practice in HR in a wide way and also extracts the facts to find out how the Indian companies face HR problems and innovative methods followed to recruit the and tricks to retain them.

Key Worlds: Innovative HR Practice, Environment, Motivate, Opportunities, Giant, Tricks.

Introduction

Innovative HR practices build competencies and capabilities for superior and winning performances today and simultaneously create long term fertility for innovation of business ideas and strategies for future. India now becomes a player in the global stage. Everyone wants to do business with us, this change has given lot of opportunities to our country to grow further but it posed lot of challenges in front of us like Indian companies gained confidence to acquire foreign giant companies and try to establish themselves very competitive than the foreign companies at the same time we have to give emphasis on the various challenges before us like the gap between people in the corporate world and those in the rural areas is becoming serious concern and the wage differentials between blue collared workers and senior managers, the candidates having good education and communication skills getting more chance in the job market than other people lesser than them, attrition levels are all time high in India for example business process outsourcing facing problems with talent retention.

The success of any business depends as much on appropriate, effective, well- communicated, HR and business practices as it depends on meeting the requirements of mandated laws and regulations. In fact, good planning and the development of effective practices make regulatory compliance much easier. Human resource practices helps in increasing the productivity and quality, and to gain the competitive advantage of a workforce strategically aligned with the organization's goals and objectives.

“Human resource management means employing people, developing their resources, utilizing, maintaining and compensating their services in tune with the job and organizational requirements with a view to contribute to the goals of the organization individual and the society.”

Objectives of the Study

1. The extent to which HR managers believe that innovation in HR practices are important for achieving goals of the organization
2. The major areas in which innovation is required in best practices
3. The extent to which Indian companies have succeeded in inculcating (challenges facing) innovative HR practices

Methodology

Date Collection

- **Primary data**
Primary data will be collected through a questionnaire, with personal information.
- **Secondary data**
Secondary data from various journals, survey reports of business and academics and through internet.

Sampling Technique

Random sampling technique was used in the survey method.

Scope of the study

It makes to understand about the Innovative HR Practices in Indian companies. Personal interaction is to understand the efficiency of the performance.



Literature Review

In this article HRM is conceptualized as carefully designed combinations of such practices geared towards improving organizational effectiveness and hence better performance outcomes. Wright and McMahan (1992: 298) define it as: 'the planned HR deployments and activities intended to enable an organization to achieve its goals'

(Delery and Doty, 1996:805).HR deployments reflect the central assumptions behind the positive conceptualization of what HRM is and does: namely, that it responds accurately and effectively to the organization's environment and complements other organizational systems and contingencies (Boselie et. al., 2005).

Baeet al.,(2003) in their study of HR strategy in Pacific Rim countries found that in general, the effect of high-performance work system worked effectively on, though under tremendously variable conditions.

The current challenges caused by the globalisation pressures in the realm of economics behaves work communities to review their personnel training and management practices (Pitkanen 2007). Companies must develop a customer-oriented workforce to deliver service quality, which is met through training (Kundu 2000).

"Bracing for MNC Competition through Innovative HRM Practices : The way ahead for Indian Firms", (March-April 2006) defines innovative HRM practices as "Any intentional introduction of HRM programme, policy, practice or system designed to influence or adapt employee the skills, behaviors, and interactions of employees and have the potential to provide both the foundation for strategy formulation and the means of strategy implementation that is perceived to be new and creates current capabilities and competencies".

A recent study by **Edgar and Geare (2005)** also suggest that high levels of employee commitment is related to "appropriate" HRM practice and results from investing in HRM practices which benefit employees (not the number of HRM practices implemented) and whether they are being treated fairly.

Barney (1991) pointed out that firms could develop strategic capability and for attaining this, the strategic goal will be to create firms, which are more intelligent and flexible than their competitors. The human resource management function has emerged as one which act as differentiator among various firms.

Kundu and Malhan (2009) intended to assess the HR practices in insurance companies. Primary data based on two hundred eighteen respondents from four insurance companies (two multinational-7 branches and two Indian-7 branches) were analyzed to assess HR practices being practiced by insurance companies in India. Training and benefits 'was found highly in practice in the insurance companies. Further, performance appraisal, selection and socialization of employees, and HR planning and recruitment' were moderately practised in insurance companies.

According to Mishra and Pallavi (2010), the companies are taking up people related initiatives as there is a need to manage human resources advantageously, so as not to lose the competitive edge in talent that they have built. Innovative HR practices thus help in building competencies and capabilities of the workforce. In managing their human resources, companies had time and time again focused on values, invested in personnel, emphasized on meritocracy and consequently attaining excellence in HR processes. Innovative HR Practices by organisations can be witnessed, in recruitment and selection, reward and recognition, motivation, cost-cutting, training, performance appraisal, etc. Such HR practices have been said to be quite important so as to retain the best talent in an organization so as to cut the cost in such a competitive environment.

The Evolution of the Indian HRM

After India won independence in 1947, considerable changes happened in the personnel management approach of organizations. The post independence period encouraged a mixed economy as the growth model. Industrial organizations were broadly classified as the 'public sector' (including the administrative arm of government) and the 'private sector'. Public sector organisations were the largest employers and received huge investments. The Constitution of India had the objective of achieving a socialist society and various constitutional provisions supported protection for the working class and numerous legislations were introduced to protect workers. Along with industrialization, the trade union movement also grew rapidly in India and this acted as a catalyst for the development of personnel system. The workers became more aware about their rights and it was increasingly difficult to exploit them. In the 1970s and 1980s typical HRM functions in organisations included: (1) Personnel and administration, (2) Industrial Relations, and (3) Labor welfare. The prescribed and assumed role was "crisis driven" or "issue driven" (ChaterjeeB, 2006). The high level of union activism also led to the situation where the decision framework took a legal turn.



The Best Practices for Human Resources

Human resources best practices are functional activities and strategic plans that enable improved services to employees and increased profitability for the employer. The term "best practices" references actions that are successful methods for desired results.

Employer of Choice

Best practices for recruitment and selection include streamlining the hiring process through tools such as applicant tracking systems and communicating with applicants and candidates about the selection process.

Equal Opportunity

Best practices also include holding recruiters accountable for engaging in fair employment practices that treat applicants equally within regard to non-job-related factors such as age, sex, race, national origin and etc...

Employee Retention

Offering retention-focused benefits packages are among best practices in human resources. Attention to best practices in your organization's compensation and benefits structure improves job satisfaction, morale and employee retention, all of which have a positive effect on your company's bottom line.

Performance Management

Of all the HR disciplines, the employee relations discipline has the broadest reach. Human resources leaders generally have a common goal--to strengthen the employer-employee relationship. An effective way to strengthen the relationship is through a well-constructed performance management system. Employees need feedback.

1. HR is a potential employee's first impression
2. Put it in writing and set expectations upfront
3. Screen for culture fit
4. Understand motivation
5. Go hi-tech or go home
6. Be transparent
7. Create a talent community
8. Be consistent
9. Keep your eye out for who you want to hire
10. Be personally involved

Innovative HR Strategies

Some of the innovative HR strategies that can be followed by the corporate in meeting the current global challenges are discussed as follows:-

Attract and access the talented

In the current scenario there is a shortage of talented people, and hence there is a need to find out new ways to attract them to the organization. However, talented work force is not necessarily attracted by something as simple as a salary, so the most sensible strategy is to find more interesting ways to attract them.

Develop and grow the potential

Nowadays organizations need to recognize the aspirations of employees and focus on their growth and development. Many organizations provide job rotation opportunities to high – performing employees from operations division.

Engage and align the Best

Employee engagement has retained the focus of organizational leadership and many companies keep launching new practices to engage their employees. They are using innovative practices like " Loyalty Interview"- to find out what is it that makes its employees stay on, the feedback from loyal employees often reflects on the leadership style and is seen to work as a great motivation.

Transition

Movement of talent within the organization and outside of the organization sends strong signals to the employees about the organizations care and concern. Right from the induction, which is often the first impression the employees carries, to the exit interview, the sensitivity displayed by the organization has a lasting impact on all employees.



Green initiative (Go Green)

Some common green human resource initiatives include:- Using Web or teleconferencing to reduce travel (Virtual teams), Promoting the reduction of paper use, and Implementing wellness programs to foster employees' proper nutrition, fitness, and healthy living.

Green recruitment

Companies should start recruiting employees with green skills (use of technology instead of paper, transportation). Also companies should start recruiting using virtual means to recruit employees.

Innovative Practices in HR Areas,

1. Recruitment and selection

Proactive outreach and recruitment efforts that deliberately focus on increasing diversity can support an organization when engaging a new audience.

2. Learning and development

"Learning is the process whereby knowledge is created through the transformation of experience". His theories present a way of structuring and sequencing to improve learning. He suggests that learning is cyclical and involves three stages 1. Sensing and feeling 2. Watching and reflecting 3. Thinking and doing.

3. Rewards and recognition

"It requires a blending of creativity with business processes to ensure good ideas become of value to the company," and "Supporting a creative environment requires innovation to be recognized, nurtured, and rewarded."

4. Career planning

Career development process: to back up their vision of a career-resilient workforce that is committed to the organization's success with actual commitment in financial, human and technical resources.

5. Compensation and benefits

To retain and motivate employees during tough times, many organizations are forgoing traditional compensation strategies for more unique approaches. These companies are basing compensation decisions on employee contribution and achievement and encouraging retention by rewarding their "stars." By reviving career path strategies and introducing short- and long-term cash incentives, these companies are weathering the economic downturn and sometimes even thriving in the midst of it.

6. Leadership and development

Creating a pipeline of leadership talent is key to a business' future growth. It is imperative for the top level of an organization to make leadership talent management a priority, and put its money into long-term plans, as opposed to short-term ones.

7. Performance management

HR practices were explored in the present study which are: formation of performance matrix, goal review based appraisal, appraisal on fair objective data, 360 degree performance appraisal, option to challenge the appraisal and full awareness of the performance appraisal policy.

Challenges facing human resources

- 1. Technology** - Managing technological advancements must be made in conjunction with employees since these advancements must be inserted into daily operations and are a means, rather than an end. Certainly, an understanding of the part that technology plays in supporting human capital management is a main element of the success of Human Resources. Training in technology improves the efficiency of workers, and thereby increases profits. It also keeps employees abreast of new developments which assist them in their particular positions.
- 2. Recruitment and availability of skilled labor** - Human Resources must have selection tests that match positions in the company; a method of search for important communication skills and co-operative skills are also essential to a company's success.
- 3. Retention and Succession Planning of employees** - Human Resources must establish a strong rapport among employees so that the company's goals can be reached through harmony and motivation in the work place. Fair treatment is essential and justified promotion by means of better employee assessment is also requisite for retention of good employees. Further, recognition of employees as assets is necessary for the successful operation of a company, as well as planning for candidates to be promoted and for succession of retiring employees is needed.
- 4. Health and Welfare** - Provisions must be made for the care of employees. This can be in the form of health benefits and sick days. Workshops and company picnics, outings, holiday celebrations, etc. often boost morale.
- 5. Workforce diversity** - As required by law, diversity in the workplace must be maintained. Careful attention to equitable and harmonious arrangements in the workplace will ensure the success of such diversity.



6. **Industrial and Employee Relations** - Human Resources can assist in maintaining a rapport within a company as well as between its own company and others with whom it interacts in trade or otherwise. This may involve restructuring, outsourcing, and retirement. New insights on how to improve productivity, reduce costs, intervention, etc. are also essential components of good relations.

Challenges Facing HR in the Future

Innovative Human resource (HR) practices build up competencies and capabilities for performance of today to create long term investment for innovation of business ideas and strategies for the future. Work behavior which goes beyond the reach of organizational measures of job performance holds assurance for long term organizational success because there types of action are to improve organizational efficiency, and effectiveness.

In turn trends like these are changing the way firms are managed organizations today must wrestle with revolutionary trends accelerating product and technological change, globalizes competition, deregulation, demographic changes and trends towards a service society and the information. These trends have dramatically increased the degree of competition in virtually all industries, while forcing firms to cope with unprecedented product innovation and technological change. Companies in such an environment either become competitive high performers or they die.

1. **Retaining and Rewarding Talented Candidates:**

The HR professionals believe that in the next few years, major battle will be retaining talented and well-performing candidates. Moreover, it is going to become even worse to recognize and reward the real performers as the market competitiveness is growing and that needs more collaborated efforts to establish loyalty among employees.

2. **Developing Future Leaders:**

With growing options for top performing candidates, employers are in a great over how will they build the future pillars of the organization. The rising employee turnover rate is giving recruiters really a tough time with implementing practices to enhance employee engagement and make them stay for long in the organization.

3. **Establishing Healthy and Cooperative Corporate Culture:**

Corporate culture has become one of the deciding factors lately. Elevating market demands makes companies work more to grow, expand and sustain within the volatile market scenarios. This, thus directly or indirectly affects the organizational culture, as every resource is over-occupied with loads of work that may affect the healthy work culture at office leading more to clashes or office chaos.

4. **Attracting Top Talent to Organization:**

During any job interview, a candidate's job is to sell himself to the recruiters. Similarly, the recruiters also need to sell themselves before the candidate.

5. **Elevating Human Capital Investments**

Around two-fifth of HR professionals indicate that the biggest challenge for the coming decade will be acquiring human capital and optimizing human capital investments. On deeply analyzing the challenges, one thing that is clear is that the most difficult challenge that'll crop up is retaining good employees and attracting best candidates

6. **Flexible Work Arrangements**

The coming generation of employees emphasizes on working in flexible set-ups and the major concern must be kept on giving results and not on working in a traditional 9 to 6 set-up. This does not disrupts the company decorum or discipline, it will just allow individuals to work the way they want and exhibit better productivity.

7. **Clear & Transparent Work Culture & Open Leadership**

Employees demand it greatly, but are seen rarely! That's a fact! Maximum organizations fail to establish a culture of clear and transparent work communication or open leadership that somewhere affects the employee morale and his dedication to work..

8. **Career Advancement Opportunities for Employees**

If the company takes employee career development seriously and strives to work for it as well, then definitely you can shine out over your competitors who are also looking to grab talented prospects for the same jobs.

9. **Better Compensations**

If you have a start performer, you need to take good care of the compensation you offer. These days' employers are largely playing on this factor with awarding employees lucrative reward packages and attracting more talent towards them. Thus, recruiters need to fold up their sleeves to attract the real talent to themselves to stay ahead of their counterparts.



Findings & Suggestions

The human resource management practices are playing vital role for the development of any business or sector. From the study it was found that, right from new hire to orientation period, there are many differences in the implementation of HR practices in the selected companies. The importance of human resources in the organizational point of view is need of the hour especially in the era of globalization. The effectiveness of human resources is directly influencing the organizational productivity.

The results provide a significant new insight for practitioners into the design and implementation of need-based, proactive and people-sensitive HR practices to bring about desired outcomes.

Conclusion

It is found that convergence of practices of different companies in different HR areas, if any company wants to apply those practices that will benefit for the company to become more competitive in the global market. In general, best practice and other models view human resources management as an important role in supporting organizational strategy and objectives. All the approaches agree that organizational strategy is a key factor to be considered while formulating HR practices. There is a collective view that linking HR practice policies and process to the business strategy will lead to the achievement of better personnel performance while sustaining competitive advantage.

A competitive world, organizations should come up with innovative ideas to run the organization successfully. Also every organization should follow the green initiative practices and take up their social responsibility seriously. Human Resource leaders should follow creative & green innovative HR practices such that it should help to develop the employer as well as employee and the environment around us. It is most important to note that innovation like any organizational outcome, has multiple determinants in particular, it should emphasize the implementation of a set of practices which enhance innovation. Example recruitment and selection, learning and development, systematic performance management, leadership, employee knowledge and etc... the state of innovation HR practices is changing in India and organizations are professionalizing their recruitment and competitiveness in the days to come.

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